

**CITY OF ORANGEBURG,
SOUTH CAROLINA**

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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TABLE OF CONTENTS

	Page Number
FINANCIAL SECTION	
Independent Auditor’s Report.....	1 - 3
Management’s Discussion and Analysis	4 - 12
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	13
Statement of Activities.....	14
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Net Position - Proprietary Funds	19
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	20
Statement of Cash Flows – Proprietary Funds	21 and 22
Statement of Fiduciary Net Position – Fiduciary Fund	23
Statement of Changes in Fiduciary Net Position – Fiduciary Fund.....	24
Notes to Financial Statements	25 - 66
Required Supplementary Information:	
General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual	67
Schedule of Changes in the City’s Total OPEB Liability and Related Ratios	68
Schedule of City’s Proportionate Share of the Net Pension Liability	69
Schedule of City Contributions.....	70 and 71
Other Supplementary Information:	
Schedule of Revenues – General Fund – Budget (GAAP Basis) and Actual	72
Schedule of Expenditures – General Fund – Budget (GAAP Basis) and Actual	73 - 77
Department of Public Utilities Fund – Schedule of Revenues, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual.....	78
Combining Balance Sheet – Nonmajor Governmental Funds.....	79 and 80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	81 and 82

CITY OF ORANGEBURG, SOUTH CAROLINA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

TABLE OF CONTENTS

	Page Number
FINANCIAL SECTION (CONTINUED)	
Other Supplementary Information (Continued):	
Schedules of Revenues, Expenditures and Changes in Fund	
Balance – Budget and Actual –	
Budgetary Comparison Schedule – Local Hospitality and Accommodation Tax Fund	83
Budgetary Comparison Schedule – Victims Advocate Fund	84
Combining Statement of Net Position – Nonmajor Proprietary Funds.....	85
Combining Statement of Revenues, Expenses and Changes in	
Fund Net Position – Nonmajor Proprietary Funds	86
Combining Statement of Cash Flows – Nonmajor Proprietary Funds.....	87 and 88
Uniform Schedule of Court Fines, Assessments and Surcharges	
(Per ACT 96).....	89 and 90
 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 <i>Government Auditing Standards</i>	91 and 92
Schedule of Findings and Responses	97

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, 2020, 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, 2020, 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.

Emphasis of Matter

As discussed in Note 12, the City of Orangeburg, South Carolina implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, as of October 1, 2019. This standard significantly changed the accounting for the City of Orangeburg, South Carolina's fiduciary activities. Our opinions are not modified with respect to the matter.

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 12), the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) 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 Schedules of Revenues and Expenditures – General Fund – Budget (GAAP Basis) and Actual, the Schedule of Revenues, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual – Department of Public Utilities Fund, the combining and individual nonmajor fund financial statements and schedules, and the Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96) 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 Schedule of Revenues, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual – Department of Public Utilities Fund, the combining and individual nonmajor fund financial statements and schedules, and the Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96), 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 24, 2021, 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.



Columbia, South Carolina
March 24, 2021

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, 2020. 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, 2020, are as follows:

- The Government's combined net position totaled \$303.3 million.
- The Government's total net position increased by \$8.1 million, primarily due to continued positive operating trends as it related to the Department of Public Utilities.
- The City added major capital items including six new public safety vehicles, two pick-up trucks and a new garbage truck 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 1% cost of living increase was given to all applicable full-time employees effective October 1, 2019.
- 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 2 mill increase in property taxes for fiscal year 2019-20 resulting in an increase in revenue of approximately \$76,000.
- The new sports complex was completed and became fully functional in fiscal year 2020.

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 statements.

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
	2020	2020	2020	2019	2019	2019
Current and other assets	\$ 14,231,992	\$ 105,070,749	\$ 119,302,741	\$ 15,503,118	\$ 84,102,006	\$ 99,605,124
Capital assets	39,760,896	265,380,277	305,141,173	38,253,866	258,879,626	297,133,492
Total assets	<u>53,992,888</u>	<u>370,451,026</u>	<u>424,443,914</u>	<u>53,756,984</u>	<u>342,981,632</u>	<u>396,738,616</u>
Deferred outflow s of resources	2,942,640	3,786,317	6,728,957	1,681,489	1,781,413	3,462,902
Long-term liabilities	27,511,376	72,316,425	99,827,801	26,040,610	56,051,423	82,092,033
Other liabilities	2,072,225	23,032,095	25,104,320	2,433,208	18,222,411	20,655,619
Total liabilities	<u>29,583,601</u>	<u>95,348,520</u>	<u>124,932,121</u>	<u>28,473,818</u>	<u>74,273,834</u>	<u>102,747,652</u>
Deferred inflow s of resources	1,413,290	1,542,545	2,955,835	1,038,770	1,228,290	2,267,060
Net position:						
Net investment						
in capital assets	34,675,885	242,917,323	277,593,208	33,225,694	234,398,449	267,624,143
Restricted	3,584,808	2,122,048	5,706,856	4,066,878	2,095,018	6,161,896
Unrestricted	<u>(12,322,056)</u>	<u>32,306,907</u>	<u>19,984,851</u>	<u>(11,366,687)</u>	<u>32,767,454</u>	<u>21,400,767</u>
Total net position	<u>\$ 25,938,637</u>	<u>\$ 277,346,278</u>	<u>\$ 303,284,915</u>	<u>\$ 25,925,885</u>	<u>\$ 269,260,921</u>	<u>\$ 295,186,806</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 \$303,284,915 as of September 30, 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The largest portion of the City's net position, \$277 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, \$5.7 million or 2% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$19.8 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 \$13,000. Key elements of this increase are as follows:

Governmental Revenues Charges for services (29%), property tax (29%), capital grants and contributions (8%), and other taxes (28%) continue as the main source of revenue of the City amounting to 94% in 2020, compared to 92% in 2019.

Governmental Functional Expenses: As reflected in the summary of Changes in Net Position, the Government expended 44.5% of the appropriations for judicial and public safety expenditures. The Government continues to commit substantial financial resources for the safety of its citizens. Other expenditures accounted for the remaining 55.5%.

Business-type activities: Business-type activities increased the Government's net position by approximately \$8 million. A significant portion of the increase was the result of the revenues received in the Department of Public Utilities Fund, which rose in 2020 to approximately \$104.5 million from \$104.3 million in 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City's Changes in Net Position

	Governmental	Business-type	Total	Governmental	Business-type	Total
	Activities	Activities		Activities	Activities	
	2020	2020		2019	2019	
Revenues:						
Program revenues:						
Charges for services	\$ 3,834,617	\$ 100,646,168	\$ 104,480,785	\$ 4,086,384	\$ 103,337,210	\$ 107,423,594
Operating grants and contributions	701,919	-	701,919	966,045	-	966,045
Capital grants and contributions	1,055,543	2,954,488	4,010,031	3,273,997	1,864,960	5,138,957
General revenues:						
Property taxes	3,866,600	-	3,866,600	3,724,990	-	3,724,990
Other taxes	3,772,255	-	3,772,255	3,914,717	-	3,914,717
Unrestricted investment earnings	82,192	1,650,657	1,732,849	296,461	1,572,177	1,868,638
Miscellaneous	-	412,443	412,443	-	351,219	351,219
Total revenues	<u>13,313,126</u>	<u>105,663,756</u>	<u>118,976,882</u>	<u>16,262,594</u>	<u>107,125,566</u>	<u>123,388,160</u>
Expenses:						
General government	2,710,092	-	2,710,092	2,482,767	-	2,482,767
Judicial	427,511	-	427,511	381,486	-	381,486
Public safety	8,034,418	-	8,034,418	9,739,763	-	9,739,763
Public works	2,424,035	-	2,424,035	3,234,999	-	3,234,999
Culture and recreation	3,591,073	-	3,591,073	3,879,654	-	3,879,654
Housing and development	6,004	-	6,004	-	-	-
Tourism	73,336	-	73,336	84,872	-	84,872
Non-departmental	1,575,503	-	1,575,503	792,897	-	792,897
Interest on long-term debt	149,020	-	149,020	157,953	-	157,953
Public utilities	-	90,354,955	90,354,955	-	91,589,200	91,589,200
Municipal airport	-	880,290	880,290	-	1,155,055	1,155,055
Pro shop	-	49,272	49,272	-	57,591	57,591
Golf course	-	603,264	603,264	-	768,375	768,375
Total expenses	<u>18,990,992</u>	<u>91,887,781</u>	<u>110,878,773</u>	<u>20,754,391</u>	<u>93,570,221</u>	<u>114,324,612</u>
Increase (decrease) in net position before transfers	(5,677,866)	13,775,975	8,098,109	(4,491,797)	13,555,345	9,063,548
Transfers	5,690,618	(5,690,618)	-	5,644,335	(5,644,335)	-
Change in net position	12,752	8,085,357	8,098,109	1,152,538	7,911,010	9,063,548
Net position, beginning	25,925,885	269,260,921	295,186,806	24,773,347	261,349,911	286,123,258
Net position, ending	<u>\$ 25,938,637</u>	<u>\$ 277,346,278</u>	<u>\$ 303,284,915</u>	<u>\$ 25,925,885</u>	<u>\$ 269,260,921</u>	<u>\$ 295,186,806</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 \$12.0 million, of which \$7.7 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 \$8.5 million, of which \$7.7 million or 91% 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, 2020, total unassigned fund balance, represents 41.8% of total general fund expenditures.

The fund balance of the General Fund decreased by \$599,421, or 6.6%. Key factors to this decrease result from a deficiency of revenues under expenditures of \$7,056,418. Additionally, this deficiency was partially offset by transfers from other funds of \$6,206,957, proceeds from the issuance of capital leases of \$799,630 and proceeds from the sale capital assets of \$50,410 which resulted in the overall decrease 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 \$23,491 or (0.22%). The individual sources within the revenues fluctuated both positively and negatively.

The actual operating expenditures for the General Fund were higher than the budgeted amount by approximately \$556,325 or 3.10%. 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 \$101,348 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, (\$1,716,500) deficit as follows: Municipal Airport, (\$366,000) deficit; Pro Shop Fund \$49,500; and Hillcrest Golf Course Fund (\$1,400,000) deficit. The total growth in net position for previously mentioned funds were \$8.5 million for the Department of Public Utilities and a decrease of \$429,700 for total nonmajor enterprise funds enumerated as follows: (\$62,700), \$0, and (\$367,000), 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, 2020, amounts to \$305 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	\$ 3,223,582	\$ 3,847,375	\$ 7,070,957
Land and site improvements	19,424,281	-	19,424,281
Buildings	8,398,657	4,706,219	13,104,876
Building improvements	1,331,821	2,720,769	4,052,590
Utility systems	-	218,722,172	218,722,172
Infrastructure	4,659,423	-	4,659,423
Vehicles, machinery and equipment	2,723,132	11,365,300	14,088,432
Construction in progress	-	24,018,442	24,018,442
	<u>\$ 39,760,896</u>	<u>\$ 265,380,277</u>	<u>\$ 305,141,173</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-term Liabilities

As of September 30, 2020, the City had a total of \$99.8 million in outstanding long-term liabilities 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, \$23.1 million consists of notes payable backed by the revenues of the Department of Public Utilities, \$54.9 million represents the City's liabilities for pensions and OPEB benefits, \$4.5 million represents the City's Hospitality and Accommodations Tax Revenue Bond, \$14.4 million represents the City's Combined Public Utilities System Revenue Bond, and \$630,540 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 Long-term Liabilities

	Governmental Activities		Businesss-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Notes payable from direct borrowings	\$ -	\$ -	\$ 23,107,838	\$ 24,481,177	\$ 23,107,838	\$ 24,481,177
Capital leases	630,540	297,477	-	-	630,540	297,477
Bonds payable from direct borrowings	4,454,471	4,730,695	14,449,615	-	18,904,086	4,730,695
Other long-term obligations	22,426,365	21,012,438	34,759,071	31,570,246	57,185,436	52,582,684
Total debt	\$ 27,511,376	\$ 26,040,610	\$ 72,316,524	\$ 56,051,423	\$ 99,827,900	\$ 82,092,033

Of the total liabilities outstanding as September 30, 2020, 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, 2021, 1% each. This causes the City to come up with additional resources to continue this required benefit.

Due to COVID-19, revenues are anticipated as being below budget due to the businesses being shut down by the Governor and people not shopping or eating in the City which has a direct impact on our business license revenue and hospitality revenue. The City did not shut down as we continued our services to our citizens. The City did not furlough any employees during this fiscal year as well.

The City is continuing to reach an agreement with Orangeburg County on a fire tax district which will increase our revenues for fire protection and we can discontinue the outdated fire contract system. This will ensure that all citizens in the City Fire District not in the City Limits are equitably paying for their fire protection services.

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, 2020**

	Primary Government		
	Governmental	Business-	Total
	Activities	type Activities	
ASSETS			
Cash and cash equivalents	\$ 9,294,551	\$ 50,187,087	\$ 59,481,638
Investments	3,182,408	32,455,325	35,637,733
Taxes receivable, net of allowances	182,958	-	182,958
Accounts receivable, net of allowances	532,126	10,551,376	11,083,502
Notes receivable	-	141,422	141,422
Due from other governments	183,682	-	183,682
Internal balances	725,987	(725,987)	-
Inventories	70,204	4,404,299	4,474,503
Prepaid expenses	60,076	582,363	642,439
Restricted assets, cash and cash equivalents	-	7,474,864	7,474,864
Capital assets			
Nondepreciable	3,223,582	27,865,817	31,089,399
Depreciable, net of accumulated depreciation	36,537,314	237,514,460	274,051,774
Total assets	<u>53,992,888</u>	<u>370,451,026</u>	<u>424,443,914</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	2,509,559	3,195,680	5,705,239
Other postemployment benefits	433,081	590,637	1,023,718
Total deferred outflows of resources	<u>2,942,640</u>	<u>3,786,317</u>	<u>6,728,957</u>
LIABILITIES			
Accounts payable	760,293	7,395,084	8,155,377
Accrued liabilities	1,311,932	1,663,846	2,975,778
Unearned revenue	-	8,595,250	8,595,250
Payable from restricted assets - customer deposits	-	5,377,816	5,377,816
Total other postemployment benefit liability	3,195,313	5,785,624	8,980,937
Note payable due within one year	-	1,396,264	1,396,264
Note payable due in more than one year	-	21,711,574	21,711,574
Capital leases due within one year	414,330	-	414,330
Capital leases due in more than one year	216,210	-	216,210
Bonds payable due within one year	284,945	843,584	1,128,529
Bonds payable due in more than one year	4,169,526	13,606,031	17,775,557
Compensated absences due within one year	445,225	826,215	1,271,440
Compensated absences due in more than one year	445,225	476,329	921,554
Net pension liability	<u>18,340,602</u>	<u>27,670,903</u>	<u>46,011,505</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	747,751	337,481	1,085,232
Other postemployment benefits	665,539	1,205,064	1,870,603
Total deferred inflows of resources	<u>1,413,290</u>	<u>1,542,545</u>	<u>2,955,835</u>
NET POSITION			
Net investment in capital assets	34,675,885	242,917,323	277,593,208
Restricted for:			
Public safety	221,242	-	221,242
Public works	91,510	-	91,510
Culture and recreation	1,157,950	-	1,157,950
Housing and development	8,900	-	8,900
Tourism	82,669	-	82,669
Capital outlay	2,022,537	-	2,022,537
Self insurance	-	25,000	25,000
Debt service	-	2,097,048	2,097,048
Unrestricted	(12,322,056)	32,306,907	19,984,851
Total net position	<u>\$ 25,938,637</u>	<u>\$ 277,346,278</u>	<u>\$ 303,284,915</u>

The accompanying notes are an integral part of these financial statements

CITY OF ORANGEBURG, SOUTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business -type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,710,092	\$ 132,606	\$ 473,451	\$ -	\$ (2,104,035)	\$ -	\$ (2,104,035)
Judicial	427,511	-	-	-	(427,511)	-	(427,511)
Public safety	8,034,418	1,078,147	52,238	92,618	(6,811,415)	-	(6,811,415)
Public works	2,424,035	2,524,180	19,171	8,404	127,720	-	127,720
Culture and recreation	3,591,073	99,684	31,984	954,521	(2,504,884)	-	(2,504,884)
Housing and development	6,004	-	-	-	(6,004)	-	(6,004)
Tourism	73,336	-	125,075	-	51,739	-	51,739
Non-departmental	1,575,503	-	-	-	(1,575,503)	-	(1,575,503)
Interest on long-term debt	149,020	-	-	-	(149,020)	-	(149,020)
Total governmental activities	<u>18,990,992</u>	<u>3,834,617</u>	<u>701,919</u>	<u>1,055,543</u>	<u>(13,398,913)</u>	<u>-</u>	<u>(13,398,913)</u>
Business-type activities:							
Public utilities	90,354,955	99,934,893	-	2,562,697	-	12,142,635	12,142,635
Municipal airport	880,290	425,741	-	391,791	-	(62,758)	(62,758)
Pro shop	49,272	67,543	-	-	-	18,271	18,271
Golf course	603,264	217,991	-	-	-	(385,273)	(385,273)
Total business-type activities	<u>91,887,781</u>	<u>100,646,168</u>	<u>-</u>	<u>2,954,488</u>	<u>-</u>	<u>11,712,875</u>	<u>11,712,875</u>
Total primary government	<u>\$ 110,878,773</u>	<u>\$ 104,480,785</u>	<u>\$ 701,919</u>	<u>\$ 4,010,031</u>	<u>(13,398,913)</u>	<u>11,712,875</u>	<u>(1,686,038)</u>
General revenues:							
Property taxes					3,866,600	-	3,866,600
Franchise taxes					161,804	-	161,804
Other taxes					3,610,451	-	3,610,451
Unrestricted investment earnings					82,192	1,650,657	1,732,849
Miscellaneous					-	412,443	412,443
Transfers					5,690,618	(5,690,618)	-
Total general revenues and transfers					<u>13,411,665</u>	<u>(3,627,518)</u>	<u>9,784,147</u>
Change in net position					12,752	8,085,357	8,098,109
Net position, beginning of year					25,925,885	269,260,921	295,186,806
Net position, end of year					<u>\$ 25,938,637</u>	<u>\$ 277,346,278</u>	<u>\$ 303,284,915</u>

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

CITY OF ORANGEBURG, SOUTH CAROLINA

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

	<u>General</u>	<u>County Capital One Percent</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 6,819,402	\$ 423,965	\$ 2,051,184	\$ 9,294,551
Investments	3,182,408	-	-	3,182,408
Taxes receivable, net of allowance	182,958	-	-	182,958
Accounts receivable	443,153	-	88,973	532,126
Due from other governments	155,044	-	28,638	183,682
Due from other funds	123,070	582,158	463,795	1,169,023
Prepaid expenditures	60,076	-	-	60,076
Inventory	70,204	-	-	70,204
Advance to other funds	610,372	-	-	610,372
Total assets	<u>\$ 11,646,687</u>	<u>\$ 1,006,123</u>	<u>\$ 2,632,590</u>	<u>\$ 15,285,400</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 709,384	\$ -	\$ 50,909	\$ 760,293
Accrued liabilities	1,266,251	-	30	1,266,281
Due to other funds	1,045,953	-	7,455	1,053,408
Total liabilities	<u>3,021,588</u>	<u>-</u>	<u>58,394</u>	<u>3,079,982</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	124,013	-	-	124,013
Total deferred inflows of resources	<u>124,013</u>	<u>-</u>	<u>-</u>	<u>124,013</u>
FUND BALANCES				
Nonspendable:				
Prepaid expenditures	60,076	-	-	60,076
Inventory	70,204	-	-	70,204
Advances to other funds	610,372	-	-	610,372
Restricted for:				
Housing and development	-	-	8,900	8,900
Public safety	-	-	221,242	221,242
Public works	-	-	91,510	91,510
Culture and recreation	-	-	1,157,950	1,157,950
Tourism	-	-	82,669	82,669
Capital outlay	-	1,006,123	1,016,414	2,022,537
Committed to:				
Capital outlay	212	-	-	212
Assigned to:				
Self insurance reserve	18,354	-	-	18,354
Unassigned	7,741,868	-	(4,489)	7,737,379
Total fund balances	<u>8,501,086</u>	<u>1,006,123</u>	<u>2,574,196</u>	<u>12,081,405</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,646,687</u>	<u>\$ 1,006,123</u>	<u>\$ 2,632,590</u>	<u>\$ 15,285,400</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, 2020

Total fund balances - governmental funds		\$ 12,081,405
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	\$ 70,206,072	
Accumulated depreciation	<u>(30,445,176)</u>	
		39,760,896
Revenues in the Statement of Activities that do not provide current financial resources are reported as unavailable revenues in the funds:		
		124,013
Certain long-term liabilities are not due and payable in the current period and are therefore not reported in the funds:		
Capital leases payable	\$ (630,540)	
Net pension liability, net of deferred outflows of resources and deferred inflows of resources	(16,578,794)	
Total other postemployment benefits liability, net of deferred outflows of resources and deferred inflows of resources	(3,427,771)	
Bonds payable	(4,454,471)	
Accrued interest payable	(45,651)	
Compensated absences payable	<u>(890,450)</u>	
		<u>(26,027,677)</u>
Net position of governmental activities		<u>\$ 25,938,637</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, 2020**

	<u>General</u>	<u>County Capital One Percent</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Property taxes	\$ 3,868,383	\$ -	\$ -	\$ 3,868,383
Franchise taxes	161,804	-	-	161,804
Other taxes	2,445,443	-	1,165,008	3,610,451
Licenses and permits	1,199,016	-	-	1,199,016
Intergovernmental	553,264	954,521	217,693	1,725,478
Charges for services	2,113,420	-	6,778	2,120,198
Fines and forfeitures	272,929	-	30,407	303,336
Interest revenue	47,097	15,739	19,356	82,192
Other revenues	212,067	-	31,984	244,051
Total revenues	<u>10,873,423</u>	<u>970,260</u>	<u>1,471,226</u>	<u>13,314,909</u>
Expenditures				
Current:				
General government	2,704,942	-	-	2,704,942
Judicial	404,649	-	-	404,649
Public safety	8,082,264	-	163,101	8,245,365
Public works	2,730,217	-	6,600	2,736,817
Housing and development	-	-	6,004	6,004
Culture and recreation	2,552,959	-	649,904	3,202,863
Tourism	-	-	73,336	73,336
Non-departmental	1,575,503	-	-	1,575,503
Capital outlay	-	1,097,637	-	1,097,637
Debt service:				
Principal	466,567	-	276,224	742,791
Interest	12,740	-	138,900	151,640
Total expenditures	<u>18,529,841</u>	<u>1,097,637</u>	<u>1,314,069</u>	<u>20,941,547</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,656,418)</u>	<u>(127,377)</u>	<u>157,157</u>	<u>(7,626,638)</u>
Other financing sources (uses):				
Proceeds from issuance of capital lease	799,630	-	-	799,630
Proceeds from sale of assets	50,410	-	-	50,410
Transfers in	6,206,957	-	30,242	6,237,199
Transfers out	-	-	(546,581)	(546,581)
Total other financing sources (uses), net	<u>7,056,997</u>	<u>-</u>	<u>(516,339)</u>	<u>6,540,658</u>
Net change in fund balances	<u>(599,421)</u>	<u>(127,377)</u>	<u>(359,182)</u>	<u>(1,085,980)</u>
Fund balance, beginning of year	<u>9,100,507</u>	<u>1,133,500</u>	<u>2,933,378</u>	<u>13,167,385</u>
Fund balance, end of year	<u>\$ 8,501,086</u>	<u>\$ 1,006,123</u>	<u>\$ 2,574,196</u>	<u>\$ 12,081,405</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, 2020**

Net change in fund balances - total governmental funds.	\$	(1,085,980)
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Amounts reported for governmental activities in the Statement of Activities are different because:

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

Capital outlay	\$	2,983,713	
Depreciation expense		<u>(1,476,683)</u>	1,507,030

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(1,783)
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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.

Proceeds from issuance of capital lease	\$	(799,630)	
Principal repayments		<u>742,791</u>	(56,839)

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	\$	82,314	
Accrued interest		2,620	
Claims and judgements payable		175,000	
Net pension liability, net of related deferred inflows and outflows of resources		(728,572)	
Total other postemployment benefits liability, net of related deferred inflows and outflows of resources		<u>118,962</u>	<u>(349,676)</u>

Change in net position of governmental activities	\$	<u>12,752</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, 2020**

	Department of Public Utilities	Nonmajor Enterprise Funds	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 50,186,387	\$ 700	\$ 50,187,087
Investments	32,455,325	-	32,455,325
Accounts receivable, net of allowance	10,549,627	1,749	10,551,376
Due from other funds	-	12,892	12,892
Prepaid expenses	579,734	2,629	582,363
Inventory	4,322,410	81,889	4,404,299
Restricted cash	7,474,864	-	7,474,864
Total current assets	<u>105,568,347</u>	<u>99,859</u>	<u>105,668,206</u>
NONCURRENT ASSETS			
Note receivable	141,422	-	141,422
Capital assets:			
Nondepreciable	26,539,864	1,325,953	27,865,817
Depreciable, net of accumulated depreciation	<u>233,376,693</u>	<u>4,137,767</u>	<u>237,514,460</u>
Total noncurrent assets	<u>260,057,979</u>	<u>5,463,720</u>	<u>265,521,699</u>
Total assets	<u>365,626,326</u>	<u>5,563,579</u>	<u>371,189,905</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	3,095,521	100,159	3,195,680
Other postemployment benefits	553,028	37,609	590,637
Total deferred outflows of resources	<u>3,648,549</u>	<u>137,768</u>	<u>3,786,317</u>
LIABILITIES			
CURRENT LIABILITIES			
Payable from current assets:			
Accounts payable	7,351,537	43,547	7,395,084
Unearned revenue	8,593,671	1,579	8,595,250
Accrued expenses	1,647,065	16,781	1,663,846
Due to other funds	115,615	12,892	128,507
Compensated absences - current portion	795,556	30,659	826,215
	<u>18,503,444</u>	<u>105,458</u>	<u>18,608,902</u>
Payable from restricted assets:			
Customer deposits	5,377,816	-	5,377,816
Bonds and notes payable - current portion	2,239,848	-	2,239,848
	<u>7,617,664</u>	<u>-</u>	<u>7,617,664</u>
Total current liabilities	<u>26,121,108</u>	<u>105,458</u>	<u>26,226,566</u>
NONCURRENT LIABILITIES			
Advance from other funds	-	610,372	610,372
Bonds and notes payable - long term portion	35,317,605	-	35,317,605
Net pension liability	26,778,611	892,292	27,670,903
Total other postemployment benefit liability	5,508,148	277,476	5,785,624
Compensated absences - long term portion	476,329	-	476,329
Total noncurrent liabilities	<u>68,080,693</u>	<u>1,780,140</u>	<u>69,860,833</u>
Total liabilities	<u>94,201,801</u>	<u>1,885,598</u>	<u>96,087,399</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	326,334	11,147	337,481
Other postemployment benefits	1,147,270	57,794	1,205,064
Total deferred outflows of resources	<u>1,473,604</u>	<u>68,941</u>	<u>1,542,545</u>
NET POSITION			
Net investment in capital assets	237,453,603	5,463,720	242,917,323
Restricted for self insurance	25,000	-	25,000
Restricted for debt service	2,097,048	-	2,097,048
Unrestricted	34,023,819	(1,716,912)	32,306,907
Total net position	<u>\$ 273,599,470</u>	<u>\$ 3,746,808</u>	<u>\$ 277,346,278</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, 2020**

	Department of Public Utilities	Nonmajor Enterprise Funds	Total
OPERATING REVENUES			
Charges for services	\$ 99,934,893	\$ 678,615	\$ 100,613,508
Miscellaneous	-	32,660	32,660
Total operating revenues	<u>99,934,893</u>	<u>711,275</u>	<u>100,646,168</u>
OPERATING EXPENSES			
Cost of sales and service	49,499,383	304,265	49,803,648
Operations and maintenance	12,297,337	28,103	12,325,440
Administration	14,912,821	752,375	15,665,196
Depreciation expense	11,787,818	448,083	12,235,901
Total operating expenses	<u>88,497,359</u>	<u>1,532,826</u>	<u>90,030,185</u>
Operating income (loss)	<u>11,437,534</u>	<u>(821,551)</u>	<u>10,615,983</u>
NONOPERATING REVENUES (EXPENSES)			
Loss on disposal of assets	(1,141,074)	-	(1,141,074)
Interest expense	(716,522)	-	(716,522)
Interest income	1,650,657	-	1,650,657
Other nonoperating income	412,443	-	412,443
Total nonoperating revenues, net	<u>205,504</u>	<u>-</u>	<u>205,504</u>
Income (loss) before contributions and transfers	<u>11,643,038</u>	<u>(821,551)</u>	<u>10,821,487</u>
CAPITAL CONTRIBUTIONS			
	<u>2,562,697</u>	<u>391,791</u>	<u>2,954,488</u>
TRANSFERS			
Transfers in	-	18,271	18,271
Transfers out	(5,690,618)	(18,271)	(5,708,889)
Total transfers	<u>(5,690,618)</u>	<u>-</u>	<u>(5,690,618)</u>
Change in net position	8,515,117	(429,760)	8,085,357
NET POSITION, beginning of year	<u>265,084,353</u>	<u>4,176,568</u>	<u>269,260,921</u>
NET POSITION, end of year	<u>\$ 273,599,470</u>	<u>\$ 3,746,808</u>	<u>\$ 277,346,278</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, 2020**

	Department of Public Utilities	Nonmajor Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 105,571,681	\$ 723,441	\$ 106,295,122
Payments to suppliers	(60,548,010)	(395,564)	(60,943,574)
Payments to employees	(12,939,483)	(670,715)	(13,610,198)
Other receipts	412,443	-	412,443
Internal activity-payments from other funds	11,179	158,777	169,956
Net cash provided by (used in) operating activities	<u>32,507,810</u>	<u>(184,061)</u>	<u>32,323,749</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Transfers in	-	18,271	18,271
Transfers out	(5,690,618)	(18,271)	(5,708,889)
Principal payments on notes receivable	450,199	-	450,199
Net cash used in noncapital and related financing activities	<u>(5,240,419)</u>	<u>-</u>	<u>(5,240,419)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisitions of capital assets	(19,778,550)	(207,730)	(19,986,280)
Proceeds from sale of capital assets	108,654	-	108,654
Proceeds from issuance of revenue bonds	15,000,000	-	15,000,000
Principal payments on notes payable	(1,923,724)	-	(1,923,724)
Capital grants received	2,562,697	391,791	2,954,488
Interest paid	(716,522)	-	(716,522)
Net cash provided by (used in) capital and related financing activities	<u>(4,747,445)</u>	<u>184,061</u>	<u>(4,563,384)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(8,217,345)	-	(8,217,345)
Proceeds from sale of investments	6,892,100	-	6,892,100
Interest received	1,650,657	-	1,650,657
Net cash provided by investing activities	<u>325,412</u>	<u>-</u>	<u>325,412</u>
Change in cash and cash equivalents	22,845,358	-	22,845,358
Cash and cash equivalents:			
Beginning of year	<u>34,815,893</u>	<u>700</u>	<u>34,816,593</u>
End of year	<u>\$ 57,661,251</u>	<u>\$ 700</u>	<u>\$ 57,661,951</u>
Classified as:			
Cash and cash equivalents	\$ 50,186,387	\$ 700	\$ 50,187,087
Restricted cash	7,474,864	-	7,474,864
	<u>\$ 57,661,251</u>	<u>\$ 700</u>	<u>\$ 57,661,951</u>

(Continued)

CITY OF ORANGEBURG, SOUTH CAROLINA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	Department of Public Utilities	Nonmajor Enterprise Funds	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 11,437,534	\$ (821,551)	\$ 10,615,983
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	11,787,818	448,083	12,235,901
Other revenues	412,443	-	412,443
Change in assets and liabilities:			
Decrease in accounts receivable	1,744,593	24,901	1,769,494
Increase in due from other funds	-	(4,861)	(4,861)
(Increase) decrease in prepaid expenses	202,592	(2,629)	199,963
Decrease in inventory	590,399	21,849	612,248
Increase in deferred outflows of resources-pension	(1,501,968)	(47,502)	(1,549,470)
Increase in deferred outflows of resources other postemployment benefits	(433,380)	(22,054)	(455,434)
Decrease in accounts payable	(77,343)	(7,203)	(84,546)
Increase (decrease) in accrued expenses	485,629	(4,020)	481,609
Increase in customer deposits	533,062	-	533,062
Increase (decrease) in unearned revenue	3,892,195	(12,735)	3,879,460
Increase (decrease) in due to other funds	11,179	(29,144)	(17,965)
Increase in advance from other funds	-	192,782	192,782
Decrease in deferred inflows of resources-pension	(186,546)	(10,004)	(196,550)
Increase in deferred inflows of resources other postemployment benefits	487,516	23,289	510,805
Increase in net pension liability	2,950,214	89,733	3,039,947
Decrease in other post employment benefit obligation	(18,536)	(11,565)	(30,101)
Increase (decrease) in compensated absences	190,409	(11,430)	178,979
Net cash provided by operating activities	<u>\$ 32,507,810</u>	<u>\$ (184,061)</u>	<u>\$ 32,323,749</u>

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

CITY OF ORANGEBURG, SOUTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
SEPTEMBER 30, 2020

	<u>Custodial Fund</u>
	<u>Delinquent Tax Fund</u>
ASSETS	
Cash and cash equivalents	\$ 13,364
Total assets	<u>13,364</u>
LIABILITIES	
Due to others	<u>-</u>
Total liabilities	<u>-</u>
NET POSITION	
Restricted:	
Individuals, organizations, and other governments	<u>13,364</u>
Total net position	<u>\$ 13,364</u>

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

CITY OF ORANGEBURG, SOUTH CAROLINA

**STATEMENT OF CHANGES IN
FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	Custodial Fund
	Delinquent Tax Fund
ADDITIONS	
Sale of property and redemptions	\$ 95,946
Miscellaneous	674
Restitutions	
Total additions	96,620
DEDUCTIONS	
Redemption refunds	68,987
Delinquent tax fees	35,857
Other custodial fees	612
Total deductions	105,456
Change in net position	(8,836)
NET POSITION, beginning of year, restated	22,200
NET POSITION, end of year	\$ 13,364

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

CITY OF ORANGEBURG, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

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), housing and development (community development) 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. Custodial funds are reported using the economic resources measurement focus and the accrual basis of accounting. 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 custodial in nature and is used to account for assets held by the government in a trustee capacity or as an agent on behalf of others. The Delinquent Tax Fund accounts for the receipts and disbursements from delinquent property tax sales.

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 City 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 (LGIP) are carried at fair value. The total fair value of the LGIP 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, 2020, 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, 2020.

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 and total OPEB liabilities and is amortized into pension and OPEB 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, 2021.

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 total other postemployment benefits liability and is amortized into 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 City 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, 2020, expenses exceeded appropriations as follows:

	<u>Excess</u>
General Fund	\$ (556,325)

The over expenditures in the General Fund was funded by transfers from other funds.

Deficit Fund Net Position

The Hillcrest Golf Course Fund had a deficit net position of \$1,118,411 as of September 30, 2020. The deficit in the Hillcrest Golf Course Fund will be eliminated through future revenues and transfers from other funds. The Victim's Advocate Fund had a deficit fund balance of \$4,489 as of September 30, 2020. The deficit in the Victim's Advocate Fund will be eliminated through future revenues.

NOTE 3. CASH AND INVESTMENTS

Total cash and investments as of September 30, 2020, are summarized as follows:

Amounts as presented on the entity-wide Statement of Net Position:	
Cash and cash equivalents	\$ 59,481,638
Investments	35,637,733
Restricted cash and cash equivalents	7,474,864
Amounts as presented on the fiduciary Statement of Net Position:	
Cash and cash equivalents - Agency Fund	13,364
Total	<u>\$ 102,607,599</u>
Cash and investments deposited with financial institutions	\$ 58,089,141
South Carolina Local Government Investment Pool	44,518,458
Total	<u>\$ 102,607,599</u>

At September 30, 2020, 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, 2020, 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, 2020, the City had the following investments:

Investment	Fair Value	Percentage of Portfolio	Credit Rating
U.S. Treasuries	\$ 19,370,650	54.4%	AAA/AA+
U.S. Agencies	12,706,594	35.7%	AAA/AA+
Mutual funds	3,560,489	9.9%	N/A
	<u>\$ 35,637,733</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, 2020:

Investment	Level 1	Level 2	Level 3	Fair Value
U.S. Treasury securities	\$ 17,253,990	\$ 2,116,660	\$ -	\$ 19,370,650
U.S. Agency securities	11,429,575	1,277,019	-	12,706,594
Mutual funds	3,560,489	-	-	3,560,489
Total investments measured				
at fair value	\$ 32,244,054	\$ 3,393,679	\$ -	\$ 35,637,733
Total investments				\$ 35,637,733

The City's investment in mutual funds, 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 and U.S. Treasuries 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 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, 2020, 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	\$ 19,370,650	\$ 4,784,510	\$ 14,586,140	\$ -
U.S. Agency Securities	12,706,594	3,514,262	9,192,332	-
Mutual Funds	3,560,489	3,560,489	-	-
Total fair value	<u>\$ 35,637,733</u>	<u>\$ 11,859,261</u>	<u>\$ 23,778,472</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, 2020, 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	\$ 209,400	\$ -	\$ -	\$ -	\$ 209,400
Accounts	443,153	88,973	12,054,627	1,749	12,588,502
Notes	-	-	141,422	-	141,422
Due from other governments	155,044	28,638	-	-	183,682
Gross receivables	<u>807,597</u>	<u>117,611</u>	<u>12,196,049</u>	<u>1,749</u>	<u>13,123,006</u>
Less allowance for uncollectibles	(26,442)	-	(1,505,000)	-	(1,531,442)
Net total receivable	<u>\$ 781,155</u>	<u>\$ 117,611</u>	<u>\$ 10,691,049</u>	<u>\$ 1,749</u>	<u>\$ 11,591,564</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 2021. At September 30, 2020, the unpaid balance of the note receivable was \$141,422.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended September 30, 2020, 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	\$ 2,324,924	\$ 906,128	\$ -	\$ (7,470)	\$ 3,223,582
Construction in progress	17,409,066	932,947	-	(18,342,013)	-
Total capital assets, not being depreciated	<u>19,733,990</u>	<u>1,839,075</u>	<u>-</u>	<u>(18,349,483)</u>	<u>3,223,582</u>
Capital assets, being depreciated:					
Land and site improvements	4,799,947	283,868	-	18,312,874	23,396,689
Buildings	15,299,720	-	-	-	15,299,720
Building improvements	3,097,944	8,000	-	-	3,105,944
Vehicles	7,383,111	368,397	-	36,609	7,788,117
Machinery and equipment	3,798,046	107,110	-	-	3,905,156
Infrastructure	9,009,275	-	-	-	9,009,275
Furniture and fixtures	1,549,044	39,530	-	-	1,588,574
Computer equipment	1,463,606	337,733	(18,108)	-	1,783,231
Tools and other	1,113,420	-	(7,636)	-	1,105,784
Total capital assets, being depreciated	<u>47,514,113</u>	<u>1,144,638</u>	<u>(25,744)</u>	<u>18,349,483</u>	<u>66,982,490</u>
Less accumulated depreciation for:					
Land and site improvements	(3,861,180)	(111,228)	-	-	(3,972,408)
Buildings	(6,717,961)	(183,102)	-	-	(6,901,063)
Building improvements	(1,428,706)	(345,417)	-	-	(1,774,123)
Vehicles	(6,831,652)	(295,342)	-	-	(7,126,994)
Machinery and equipment	(2,367,909)	(76,716)	-	-	(2,444,625)
Infrastructure	(4,166,581)	(183,271)	-	-	(4,349,852)
Furniture and fixtures	(1,438,464)	(23,857)	-	-	(1,462,321)
Computer equipment	(1,243,198)	(158,313)	18,108	-	(1,383,403)
Tools and other	(938,586)	(99,437)	7,636	-	(1,030,387)
Total accumulated depreciation	<u>(28,994,237)</u>	<u>(1,476,683)</u>	<u>25,744</u>	<u>-</u>	<u>(30,445,176)</u>
Total capital assets, being depreciated, net	<u>18,519,876</u>	<u>(332,045)</u>	<u>-</u>	<u>18,349,483</u>	<u>36,537,314</u>
Governmental activities capital assets, net	<u>\$ 38,253,866</u>	<u>\$ 1,507,030</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,760,896</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the business-type activities for the year ended September 30, 2020, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities:					
Capital assets, not being depreciated:					
Land	\$ 3,792,707	\$ 54,668	\$ -	\$ -	\$ 3,847,375
Construction in progress	14,057,223	17,387,314	-	(7,426,095)	24,018,442
Total capital assets, not being depreciated	<u>17,849,930</u>	<u>17,441,982</u>	<u>-</u>	<u>(7,426,095)</u>	<u>27,865,817</u>
Capital assets, being depreciated:					
Buildings and improvements	10,372,031	211,595	(121,866)	-	10,461,760
Electric division	151,827,736	494,475	(1,876,527)	4,341,590	154,787,274
Gas division	35,438,042	133,938	(119,935)	1,085,177	36,537,222
Water division	109,474,663	152,830	(318,916)	1,365,046	110,673,623
Wastewater division	101,943,922	59,748	(54,184)	634,282	102,583,768
Land improvements	13,824,011	156,391	-	-	13,980,402
Tools and equipment	17,584,626	1,318,566	(136,683)	-	18,766,509
Furniture and fixtures	976,437	16,755	(976)	-	992,216
Total capital assets, being depreciated	<u>441,441,468</u>	<u>2,544,298</u>	<u>(2,629,087)</u>	<u>7,426,095</u>	<u>448,782,774</u>
Less accumulated depreciation for:					
Buildings and improvements	(5,434,131)	(351,546)	30,136	-	(5,755,541)
Electric division	(85,199,053)	(4,673,337)	935,926	-	(88,936,464)
Gas division	(14,970,742)	(874,569)	60,224	-	(15,785,087)
Water division	(40,390,623)	(2,431,214)	190,515	-	(42,631,322)
Wastewater division	(36,216,205)	(2,344,821)	54,184	-	(38,506,842)
Land improvements	(10,914,976)	(344,657)	-	-	(11,259,633)
Tools and equipment	(6,417,303)	(1,185,066)	107,396	-	(7,494,973)
Furniture and fixtures	(868,739)	(30,691)	978	-	(898,452)
Total accumulated depreciation	<u>(200,411,772)</u>	<u>(12,235,901)</u>	<u>1,379,359</u>	<u>-</u>	<u>(211,268,314)</u>
Total capital assets, being depreciated, net	<u>241,029,696</u>	<u>(9,691,603)</u>	<u>(1,249,728)</u>	<u>7,426,095</u>	<u>237,514,460</u>
Business-type activities capital assets, net	<u>\$ 258,879,626</u>	<u>\$ 7,750,379</u>	<u>\$ (1,249,728)</u>	<u>\$ -</u>	<u>\$ 265,380,277</u>

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

Governmental activities:	
General government	\$ 59,377
Public safety	422,155
Public works	548,201
Culture and recreation	446,950
Total depreciation expense - governmental activities	<u>\$ 1,476,683</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	\$ 11,787,818
Municipal airport	388,857
Golf course	59,226
Total depreciation expense - business-type activities	<u>\$ 12,235,901</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 as well as to defray the costs of the construction of a Department of Public Utilities Operations Center. The primary source of revenue repayment of the bonds is the Local Hospitality and Accommodations Fund and the revenues derived from the operation of the City's Combined Public Utility System.

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

Other Postemployment Benefits 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, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases	\$ 297,477	\$ 799,630	\$ (466,567)	\$ 630,540	\$ 414,330
Revenue Bonds payable					
from direct borrow ings	4,730,695	-	(276,224)	4,454,471	284,945
Compensated absences	972,764	315,597	(397,911)	890,450	445,225
Net pension liability	16,711,171	3,697,795	(2,068,364)	18,340,602	-
Total other postemployment benefit liability	<u>3,328,503</u>	<u>517,687</u>	<u>(650,877)</u>	<u>3,195,313</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 26,040,610</u>	<u>\$ 5,330,709</u>	<u>\$ (3,859,943)</u>	<u>\$ 27,511,376</u>	<u>\$ 1,144,500</u>
Business-type activities:					
Notes payable					
from direct borrow ings	\$ 24,481,177	\$ -	\$ (1,373,339)	\$ 23,107,838	\$ 1,396,264
Revenue Bonds payable					
from direct borrow ings	-	15,000,000	(550,385)	14,449,615	843,584
Compensated absences	1,123,565	878,252	(699,273)	1,302,544	826,215
Net pension liability	24,630,956	5,399,644	(2,359,697)	27,670,903	-
Total other postemployment benefit liability	<u>5,815,725</u>	<u>937,356</u>	<u>(967,457)</u>	<u>5,785,624</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$ 56,051,423</u>	<u>\$ 22,215,252</u>	<u>\$ (5,950,151)</u>	<u>\$ 72,316,524</u>	<u>\$ 3,066,063</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%. The formal approval of each note payable was provided for under various revenue bond ordinances passed by City Council which stipulates that the notes are payable solely from the revenues of the operations of the system. All issuances of the notes are considered parity notes and have equal standing. The notes are secured by all revenues which remain after paying the cost of the operation and maintenance of the system of the Department.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued)

The bond ordinances require the Department to maintain various funds as long as the bonds are outstanding. The gross revenue fund, the operating and maintenance fund, the debt service fund, the depreciation fund, and the contingent fund are maintained to provide for payment of principal, interest, operating contingencies and depreciation. These funds are invested in obligations of the U.S. Government. As of September 30, 2020, balances in all funds met the requirements. Additional such debt can be issued only if (1) there are no defaults in payments of interest and principal of any existing debt having claim on the revenues of the system, (2) existing debt cushion funds have been maintained as required, and (3) the net earnings of the system for the fiscal year in which debt is to be issued should not be less than 120 percent of the highest combined annual principal requirements of any succeeding fiscal year on all such debt outstanding and all such debt then proposed to be issued.

Notes payable from business-type activities at September 30, 2020, are as follows:

	Interest Rate	Balance at September 30, 2020
State Revolving Fund, Series 2009A	1.84%	\$ 2,037,262
State Revolving Fund, Series 2009B	1.68%	450,068
State Revolving Fund, Series 2014	1.68%	20,620,508
		\$ 23,107,838

The annual requirements for debt service on notes payable outstanding at September 30, 2020, are summarized as follows:

	Principal	Interest	Total
Year ending September 30,			
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	1,467,949	309,951	1,777,900
2025	1,492,852	285,048	1,777,900
2026 - 2030	7,647,669	1,033,910	8,681,579
2031 - 2035	7,012,808	418,136	7,430,944
2036	1,227,071	11,419	1,238,490
	\$ 23,107,838	\$ 3,132,675	\$ 26,240,513

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Bonds Payable

Governmental Activities

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. The bonds are payable from and are secured by a pledge of and a lien upon, revenues received by the City from the State Accommodations Tax. 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, 2020, are as follows:

	Interest Rate	Balance at September 30, 2020
Accommodations and Hospitality Tax Revenue Bond, 2018	2.96%	\$ 4,454,471
		\$ 4,454,471

The annual requirements for debt service on bonds payable outstanding at September 30, 2020, are summarized as follows:

	Principal	Interest	Total
Year ending September 30,			
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	320,955	95,468	416,423
2026 - 2030	1,756,329	325,785	2,082,114
2031 - 2033	1,184,999	63,456	1,248,455
	\$ 4,454,471	\$ 958,213	\$ 5,412,684

Business-type Activities

In 2020, the City issued Combined Public Utility System Revenue Bonds, Series 2020 in a direct borrowing transaction. The bonds were issued in the amount of \$15,000,000 to defray the costs of the construction of a Department of Public Utilities Operations Center to consist of a new crew quarters, assembly building and covered equipment and inventory storage area. The bonds are payable from and are secured by the revenues derived from the operation of the City's Combined Public Utility System. The bonds are payable in monthly installments of principal and interest commencing on February 15, 2020, and ending on January 15, 2035, in the amount of \$100,655 and bear interest at 2.59%.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

Business-type Activities (Continued)

The bonds are subject to option redemption in whole, but not in part, at any time, at a redemption price equal to 101% of the principal amount to be redeemed, plus accrued interest to the date of redemption, to and including June 15, 2027, and thereafter at par, plus accrued interest to the date of redemption. The bond agreement includes various events of default, and upon the occurrence of such an event the bondholders of the outstanding bonds may, by notice in writing to the City, declare the principal balance immediately due and payable.

Bonds payable from business-type activities at September 30, 2020, are as follows:

	Interest Rate	Balance at September 30, 2020
Combine Public Utilities System Revenue Bonds, Series 2020	2.59%	\$ 14,449,615
		\$ 14,449,615

The annual requirements for debt service on bonds payable outstanding at September 30, 2020, are summarized as follows:

	Principal	Interest	Total
Year ending September 30,			
2021	\$ 843,584	\$ 364,278	\$ 1,207,862
2022	865,694	342,168	1,207,862
2023	888,383	319,479	1,207,862
2024	911,668	296,194	1,207,862
2025	935,562	272,300	1,207,862
2026 - 2030	5,058,731	980,577	6,039,308
2031 - 2035	4,945,993	288,073	5,234,066
	\$ 14,449,615	\$ 2,863,069	\$ 17,312,684

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Capital Lease Obligations

The City entered into an agreement lease in the amount of \$458,042 with a regional bank during 2018 for various equipment. This lease was paid in full during the fiscal year ended September 30, 2020.

The City entered into an agreement lease in the amount of \$610,234 with a regional bank during 2019 for various equipment. Payments are made annually at 2.35% for a term of three years.

The City entered into an agreement lease in the amount of \$655,517 with a regional bank during 2019 for various equipment. Payments are made annually at 1.04% for a term of three years.

The future minimum lease obligations as of September 30, 2020, were as follows:

	Governmental Activities
Fiscal year ending September 30,	
2021	\$ 423,466
2022	218,458
Total minimum lease payments	<u>641,924</u>
Less amount representing interest	(11,384)
Present value of future minimum lease payments	<u>\$ 630,540</u>

The carrying value of the assets acquired through capital leases as of September 30, 2020, were as follows:

	Governmental Activities
Equipment	\$ 1,046,664
Less: Accumulated depreciation	(346,998)
	<u>\$ 699,666</u>

The City reported depreciation expense for the year ended September 30, 2020, on assets acquired through capital leases in the amount of \$123,810.

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, 2020, is \$16,730.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. OPERATING LEASES (CONTINUED)

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

<u>Fiscal year ending September 30,</u>	<u>Amount</u>
2021	\$ 19,239
2022	19,239
2023	19,239
2024	19,239
2025	19,239
2026 - 2030	110,625
2031 - 2035	127,218
2036 - 2040	146,301
	<u>\$ 480,339</u>

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2020, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Public Utilities	\$ 115,615
General	Nonmajor Governmental Funds	7,455
County Capital One Percent Fund	General	582,158
Nonmajor Governmental Funds	General	463,795
Nonmajor Enterprise Funds	Nonmajor Enterprise Funds	12,892
		<u>\$ 1,181,915</u>

Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Enterprise Funds	\$ 610,372
		<u>\$ 610,372</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.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

The composition of interfund transfers for the year ended September 30, 2020, is as follows:

Transfer To	Transfer From			Total
	Department of Public Utilities	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	
General	\$ 5,690,618	\$ 516,339	\$ -	\$ 6,206,957
Nonmajor Governmental Funds	-	30,242	-	30,242
Nonmajor Enterprise Funds	-	-	18,271	18,271
Total	<u>\$ 5,690,618</u>	<u>\$ 546,581</u>	<u>\$ 18,271</u>	<u>\$ 6,255,470</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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

Risk Management (Continued)

Changes in the balance of the liability for health, dental and prescription claims during the fiscal year ended September 30, 2020, were as follows:

	<u>September 30, 2020</u>
Unpaid claims, beginning of fiscal year	\$ 297,077
Incurred claims and changes in estimates	3,437,561
Claim payments	<u>(3,423,944)</u>
Unpaid claims, end of fiscal year	<u>\$ 310,694</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.

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 ultimate disposition of these lawsuits and claims will not have a material adverse effect on the City's financial position.

Unemployment Compensation. The City makes payments to the South Carolina Department of Employment and Workforce on a reimbursement basis for costs incurred in the administration of the state unemployment compensation statutes. Claims incurred but not reported at September 30, 2020, are not significant.

Construction Commitments. At September 30, 2020, the City had construction commitments related to various capital projects for approximately \$23,995,062.

NOTES TO FINANCIAL STATEMENTS

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.

PEBA issues a Comprehensive Annual Financial Report containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The Comprehensive Annual Financial Report is publicly available through 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 that 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Plan Description: (Continued)

In addition to the SCRS pension plan, the City has also contributed to the South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan that 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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

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 8 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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Contributions:

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the board, effective on the following July 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July 1, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent. For the year ended September 30, 2020, the City contributed \$2,602,212 and \$666,858, to the SCRS and PORS plans, respectively.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Contributions (Continued):

Required employee contribution rates for the year ended September 30, 2020, 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

Required employer contribution rates for the year ended September 30, 2020, are as follows:

South Carolina Retirement System

Employee Class Two	15.41% of earnable compensation
Employee Class Three	15.41% of earnable compensation
Employer incidental death benefit	0.15% of earnable compensation

South Carolina Police Officers Retirement System

Employee Class Two	17.84% of earnable compensation
Employee Class Three	17.84% of earnable compensation
Employer incidental death benefit	0.20% of earnable compensation
Employer accidental death program	0.20% of earnable compensation

Net Pension Liability:

The June 30, 2020, (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, 2019 actuarial valuation. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2020, 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, 2020, (measurement date of June 30, 2020), 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	\$ 76,963,734	\$ 39,031,450	\$ 37,932,284	50.7%	0.148452%
PORS	\$ 19,603,251	\$ 11,524,030	\$ 8,079,221	58.8%	0.243628%

Actuarial Assumptions and Methods:

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019 for first use in the July 1, 2021 actuarial valuation.

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2019, valuations for SCRS and PORS.

	SCRS	PORS
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 2020 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component, which is summarized in the table on the following page.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Actuarial Assumptions and Methods (Continued):

Allocation / Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-term Expected Portfolio Real Rate of Return
Global Equity	51.0%		
Global Public Equity	35.0%	7.81%	2.73%
Private Equity	9.0%	8.91%	0.80%
Equity Options Strategies	7.0%	5.09%	0.36%
Real Assets	12.0%		
Real Estate (Private)	8.0%	5.55%	0.44%
Real Estate (REITs)	1.0%	7.78%	0.08%
Infrastructure (Private)	2.0%	4.88%	0.10%
Infrastructure (Public)	1.0%	7.05%	0.07%
Opportunistic	8.0%		
Global Tactical Asset Allocation	7.0%	3.56%	0.25%
Other Opportunistic Strategies	1.0%	4.41%	0.04%
Credit	15.0%		
High Yield Bonds/Bank Loans	4.0%	4.21%	0.17%
Emerging Markets Debt	4.0%	3.44%	0.14%
Private Debt	7.0%	5.79%	0.40%
Rate Sensitive	14.0%		
Core Fixed Income	13.0%	1.60%	0.21%
Cash and Short Duration (Net)	1.0%	0.56%	0.01%
	100%		
		Total expected real return	5.80%
		Inflation for actuarial purposes	2.25%
		Total expected nominal return	8.05%

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 Systems' 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	\$ 47,012,202	\$ 37,932,284	\$ 30,350,128
City's portion - PORS	\$ 10,695,528	\$ 8,079,221	\$ 5,978,494

Pension Expense:

For the year ended September 30, 2020, the City recognized its proportionate share of collective pension expense of \$4,244,236 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 \$24,395 for a total of \$4,268,631 for the SCRS plan. Additionally, for the year ended September 30, 2020, the City recognized its proportionate share of collective pension expense of \$1,163,791 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 (\$141,006) for a total of \$1,022,785 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, 2020, 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	\$ 437,688	\$ 143,438
Changes of assumptions	46,473	-
Net difference between projected and actual earnings on pension plan investments	2,790,236	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	393,636	322,234
Employer contributions subsequent to the measurement date	<u>679,468</u>	<u>-</u>
Total	<u>\$ 4,347,501</u>	<u>\$ 465,672</u>
PORS	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 171,700	\$ 35,563
Changes of assumptions	98,593	-
Net difference between projected and actual earnings on pension plan investments	827,296	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	112,215	583,997
Employer contributions subsequent to the measurement date	<u>147,934</u>	<u>-</u>
Total	<u>\$ 1,357,738</u>	<u>\$ 619,560</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 \$679,468 and \$147,934 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	SCRS	PORS
2021	\$ 662,123	\$ 188,150
2022	849,710	75,781
2023	978,522	132,311
2024	712,006	194,002

Pension Plan Fiduciary Net Position:

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued Comprehensive Annual Financial Report containing financial statements and required supplementary information for SCRS and PORS. The Comprehensive Annual Financial Report 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 (the "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 Plan.

Plan Membership

Membership of the Plan consisted of the following at September 30, 2019, the date of the latest actuarial valuation:

Active participants	171
Retirees and beneficiaries currently receiving benefits	103
Total	<u>274</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Other Postemployment Benefits (Continued)

Contributions

The City Council has elected to fund the 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, 2020, were \$676 for retirees only and \$1,326 for retiree family coverage. For the year ended September 30, 2020, the City contributed \$310,197 for the pay as you go benefits for the Plan.

Total OPEB Liability

The City’s total OPEB liability was measured as of September 30, 2019, and was determined by an actuarial valuation as of September 30, 2019.

Actuarial Assumptions

The total OPEB liability in the September 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate:	2.66% as of September 30, 2019 (measurement date)
Healthcare cost trend rate:	7.25% - 4.75%, Ultimate Trend by 2029
Inflation rate:	2.25%
Salary increase:	3.00% to 9.50%, including inflation
Participation rate:	100% for retirees aged 55 and above at retirement 50% for retirees aged up to 55 at retirement 25% for retiree spouse coverage for all ages

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.

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 2.66%. 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 2.66% as determined by the Bond Buyer 20-Bond GO Index Rate as of September 30, 2019 (the measurement date).

NOTES TO FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Other Postemployment Benefits (Continued)

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, 2020 (measurement date of September 30, 2019), were as follows:

	Total OPEB
Balance at September 30, 2018	\$ 9,144,228
Changes for the year:	
Service cost	189,179
Interest	375,731
Difference between actual and expected experience	(1,304,218)
Assumption changes	890,134
Benefit payments and implicit subsidy	(314,117)
Net changes	(163,291)
Balance at September 30, 2019	\$ 8,980,937

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.

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 (1.66%) or 1-percentage-point higher (3.66%) than the current discount rate:

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate			
Fiscal Year	1% Decrease (1.66%)	Current Discount Rate (2.66%)	1% Increase (3.66%)
2020	\$ 9,921,574	\$ 8,980,937	\$ 8,151,762

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

The table on the following page 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 (6.25% decreasing to 3.75%) or 1-percentage-point higher (8.25% decreasing to 5.75%) than the current healthcare cost trend rates:

NOTES TO FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Other Postemployment Benefits (Continued)

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

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate			
Fiscal Year	1% Decrease (6.25% decreasing to 3.75%)	Current Healthcare Cost Trend Rates (7.25% decreasing to 4.75%)	1% Increase (8.25% decreasing to 5.75%)
2020	\$ 8,327,778	\$ 8,980,937	\$ 9,744,349

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, 2020, and the current sharing pattern of costs between employer and inactive employees.

OPEB Expense

For the year ended September 30, 2020, the City recognized OPEB expense of \$216,307. The components of OPEB expense are detailed in the table below.

Description	2020
Service cost (annual cost of current service)	\$ 189,179
Interest on the total OPEB liability	375,731
Recognition of amortization - difference between expected and actual experience & assumption changes	(348,603)
Total aggregate OPEB expense	\$ 216,307

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

At September 30, 2020, 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	\$ -	\$ 1,184,311
Changes of assumptions	713,521	686,292
Employer contributions subsequent to the measurement date	310,197	-
Total	\$ 1,023,718	\$ 1,870,603

NOTES TO FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Other Postemployment Benefits (Continued)

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

City contributions subsequent to the measurement date of \$310,197 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, 2021.

As of September 30, 2020, other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Retiree Health Insurance Plan

Year ended September 30:

2021	\$	(348,603)
2022		(348,603)
2023		(294,403)
2024		(162,186)
2025		(3,287)

NOTE 11. TAX ABATEMENTS

As of September 30, 2020, the City's ad valorem property tax revenues were reduced by \$147,884 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.

NOTE 12. CHANGE IN ACCOUNTING PRINCIPLE

In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, the City is required to reevaluate the accounting treatment of fiduciary activities. The new standard requires the City to determine if funds are still considered fiduciary, and if so, if they are considered custodial funds under the new definitions of GASB Statement No. 84. Therefore, in conjunction with the implementation of GASB Statement No. 84, the following restatement was required to the beginning net position of the Fiduciary Activities to properly report the custodial funds.

REQUIRED SUPPLEMENTARY INFORMATION

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 3,801,131	\$ 3,860,333	\$ 3,868,383	\$ 8,050
Franchise taxes	147,000	157,000	161,804	4,804
Other taxes	2,362,016	2,467,016	2,445,443	(21,573)
Licenses and permits	1,216,256	1,132,556	1,199,016	66,460
Intergovernmental	418,443	456,215	553,264	97,049
Charges for services	2,848,690	2,127,708	2,113,420	(14,288)
Fines and forfeitures	495,400	360,630	272,929	(87,701)
Interest and penalties	160,000	50,000	47,097	(2,903)
Other revenues	245,598	238,474	212,067	(26,407)
Total revenues	<u>11,694,534</u>	<u>10,849,932</u>	<u>10,873,423</u>	<u>23,491</u>
Expenditures:				
Current:				
General government	2,588,304	2,613,354	2,704,942	(91,588)
Judicial	382,178	401,707	404,649	(2,942)
Public safety	11,102,961	7,879,711	8,082,264	(202,553)
Public works	2,559,927	2,662,791	2,730,217	(67,426)
Culture and recreation	2,918,289	2,541,464	2,552,959	(11,495)
Non-departmental	1,194,991	1,395,182	1,575,503	(180,321)
Debt Service:				
Principal	1,000,000	459,307	466,567	(7,260)
Interest	20,000	20,000	12,740	7,260
Total expenditures	<u>21,766,650</u>	<u>17,973,516</u>	<u>18,529,841</u>	<u>(556,325)</u>
Deficiency of revenues under expenditures	<u>(10,072,116)</u>	<u>(7,123,584)</u>	<u>(7,656,418)</u>	<u>(532,834)</u>
Other financing sources:				
Proceeds from issuance of capital lease	2,959,000	803,113	799,630	(3,483)
Proceeds from the sale of capital assets	70,000	50,000	50,410	410
Transfers in	7,043,119	6,305,232	6,206,957	(98,275)
Total other financing sources	<u>10,072,119</u>	<u>7,158,345</u>	<u>7,056,997</u>	<u>(101,348)</u>
Net change in fund balances	3	34,761	(599,421)	(634,182)
Fund balance, beginning of year	<u>9,100,507</u>	<u>9,100,507</u>	<u>9,100,507</u>	<u>-</u>
Fund balance, end of year	<u>\$ 9,100,510</u>	<u>\$ 9,135,268</u>	<u>\$ 8,501,086</u>	<u>\$ (634,182)</u>

CITY OF ORANGEBURG, SOUTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 189,179	\$ 213,065	\$ 241,515
Interest on total OPEB liability	375,731	338,374	290,803
Difference between actual and expected experience	(1,304,218)	(195,882)	(28,865)
Assumption changes	890,134	(586,120)	(673,229)
Benefit payments	<u>(314,117)</u>	<u>(205,124)</u>	<u>(348,149)</u>
Net change in total OPEB liability	<u>(163,291)</u>	<u>(435,687)</u>	<u>(517,925)</u>
Total OPEB liability - beginning	<u>9,144,228</u>	<u>9,579,915</u>	<u>10,097,840</u>
Total OPEB liability - ending	<u>\$ 8,980,937</u>	<u>\$ 9,144,228</u>	<u>\$ 9,579,915</u>
Covered-employee payroll	\$ 9,238,697	\$ 9,406,674	\$ 9,854,392
Total OPEB liability as a percentage of covered-employee payroll	97.21%	97.21%	97.21%

Notes to the Schedule:

This schedule will present 10 years of data as that information becomes available.

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

The discount rate changed from 2.93% as of September 30, 2016, to 3.57% as of September 30, 2017, to 4.18% as of September 30, 2018, to 2.66% as of September 30, 2019.

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,**

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
2020	0.148452%	\$ 37,932,284	\$ 13,764,484	275.6%	50.7%
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
2020	0.24363%	\$ 8,079,221	\$ 3,357,814	240.6%	58.8%
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 of City's Proportionate Share of the Net Pension Liability:

The assumptions used in the preparation of the above schedules are disclosed in Note 6 to the financial statements.

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	
2020	\$ 2,602,212	\$ 2,602,212	\$ -	\$ 16,723,730	15.56%	
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	
2020	\$ 666,858	\$ 666,858	\$ -	\$ 3,656,020	18.24%	
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 of City Contributions:

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 of City Pension Contributions (Continued):

The assumptions used in the preparation of the above schedules are as follows:

System	SCRS	PORS
Calculation date	July 1, 2018	July 1, 2018
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	29 years maximum, closed period	29 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%	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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes:				
Current taxes	\$ 3,477,931	\$ 3,565,990	\$ 3,613,515	\$ 47,525
Delinquent taxes	252,700	233,443	195,911	(37,532)
Other	70,500	60,900	58,957	(1,943)
Franchise taxes	147,000	157,000	161,804	4,804
Business taxes:				
Insurance	2,255,000	2,360,000	2,376,140	16,140
Other taxes	107,016	107,016	69,303	(37,713)
Licenses and permits:				
Business licenses	1,158,800	1,073,300	1,146,570	73,270
Permits	57,456	59,256	52,446	(6,810)
Intergovernmental:				
Local	67,147	51,200	53,872	2,672
State	351,296	364,611	411,920	47,309
Federal	-	40,404	87,472	47,068
Charges for services:				
Sanitation - commercial	415,542	418,086	449,745	31,659
Sanitation - residential	709,414	835,000	810,626	(24,374)
Fire service contracts	1,507,000	791,000	773,514	(17,486)
Recreation programs	203,084	76,122	74,347	(1,775)
Recreation department	13,650	7,500	5,188	(2,312)
Fines and forfeitures:				
Criminal fines	95,000	94,000	76,542	(17,458)
Traffic fines	350,000	220,000	149,653	(70,347)
Other	50,400	46,630	46,734	104
Interest and penalties	160,000	50,000	47,097	(2,903)
Other revenues:				
Rentals	47,000	20,000	16,520	(3,480)
Other	198,598	218,474	195,547	(22,927)
Total revenues	11,694,534	10,849,932	10,873,423	23,491

CITY OF ORANGEBURG, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES - GENERAL FUND
 BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures:				
General government:				
Executive department:				
Administrative division:				
Personnel	\$ 108,752	\$ 131,249	\$ 113,831	\$ 17,418
Utilities	3,250	3,400	3,927	(527)
Property and tort insurance	31	363	363	-
Operating	72,000	46,715	75,727	(29,012)
Total administrative division	184,033	181,727	193,848	(12,121)
Finance department:				
Finance and records division:				
Personnel	417,927	429,606	433,957	(4,351)
Utilities	4,589	4,695	4,707	(12)
Property and tort insurance	4,412	3,077	3,077	-
Operating	112,475	100,240	110,117	(9,877)
Total finance and records division	539,403	537,618	551,858	(14,240)
Information technology division:				
Personnel	87,535	86,968	89,417	(2,449)
Utilities	2,500	2,780	2,664	116
Property and tort insurance	2,037	2,316	2,316	-
Operating	213,190	245,870	254,012	(8,142)
Capital	238,500	258,000	259,450	(1,450)
Total information technology division	543,762	595,934	607,859	(11,925)
Total finance department	1,083,165	1,133,552	1,159,717	(26,165)
Administration department:				
Administrative division:				
Personnel	398,244	425,218	508,400	(83,182)
Utilities	3,500	5,003	5,027	(24)
Property and tort insurance	5,049	5,100	5,099	1
Operating	25,600	23,270	21,471	1,799
Total administrative division	432,393	458,591	539,997	(81,406)
Community planning and development division:				
Personnel	187,560	192,130	196,321	(4,191)
Utilities	1,980	1,300	1,028	272
Property and tort insurance	2,567	2,389	2,389	-
Operating	61,750	46,468	8,349	38,119
Total community planning and development division	253,857	242,287	208,087	34,200
Total administration department	686,250	700,878	748,084	(47,206)

(Continued)

CITY OF ORANGEBURG, SOUTH CAROLINA

**SCHEDULE OF EXPENDITURES - GENERAL FUND
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
General government (continued):				
Service department:				
Administrative division:				
Personnel	\$ 533,458	\$ 503,426	\$ 508,414	\$ (4,988)
Utilities	7,500	5,576	5,574	2
Property and tort insurance	27,948	28,386	28,387	(1)
Operating	65,950	59,809	60,918	(1,109)
Total administrative division	<u>634,856</u>	<u>597,197</u>	<u>603,293</u>	<u>(6,096)</u>
Total service department	<u>634,856</u>	<u>597,197</u>	<u>603,293</u>	<u>(6,096)</u>
Total general government	<u>2,588,304</u>	<u>2,613,354</u>	<u>2,704,942</u>	<u>(91,588)</u>
Judicial:				
Municipal court division:				
Personnel	327,632	352,732	358,309	(5,577)
Property and tort insurance	946	1,023	1,023	-
Operating	53,600	47,952	45,317	2,635
Total municipal court division	<u>382,178</u>	<u>401,707</u>	<u>404,649</u>	<u>(2,942)</u>
Total judicial	<u>382,178</u>	<u>401,707</u>	<u>404,649</u>	<u>(2,942)</u>
Public safety:				
Public safety department:				
Administrative division:				
Personnel	225,379	230,563	236,028	(5,465)
Utilities	115,000	134,000	128,982	5,018
Property and tort insurance	27,191	31,021	31,021	-
Operating	508,300	400,094	353,899	46,195
Total administrative division	<u>875,870</u>	<u>805,428</u>	<u>759,680</u>	<u>45,748</u>
Patrol division:				
Personnel	2,994,775	2,370,309	2,423,215	(52,906)
Property and tort insurance	90,571	89,154	89,190	(36)
Operating	274,270	290,255	294,916	(4,661)
Capital	125,772	82,523	114,219	(31,696)
Total patrol division	<u>3,485,388</u>	<u>2,832,241</u>	<u>2,921,540</u>	<u>(89,299)</u>
Special operations division:				
Personnel	2,158,148	2,175,335	2,326,010	(150,675)
Property and tort insurance	64,792	77,935	77,948	(13)
Operating	195,650	205,528	167,202	38,326
Capital	2,354,500	36,378	41,255	(4,877)
Total special operations division	<u>4,773,090</u>	<u>2,495,176</u>	<u>2,612,415</u>	<u>(117,239)</u>
Investigation division:				
Personnel	1,147,968	1,001,792	1,042,982	(41,190)
Property and tort insurance	35,939	34,877	34,900	(23)
Operating	60,900	51,749	46,490	5,259
Capital	76,000	72,368	72,575	(207)
Total investigation division	<u>1,320,807</u>	<u>1,160,786</u>	<u>1,196,947</u>	<u>(36,161)</u>

(Continued)

CITY OF ORANGEBURG, SOUTH CAROLINA

**SCHEDULE OF EXPENDITURES - GENERAL FUND
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	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	\$ -	\$ -	\$ -
Total highway safety DUI enforcement division	10,000	-	-	-
Forensic services division:				
Personnel	488,165	437,370	446,296	(8,926)
Property and tort insurance	5,321	8,039	8,035	4
Operating	144,320	140,671	137,351	3,320
Total forensic services division	637,806	586,080	591,682	(5,602)
Total public safety department	11,102,961	7,879,711	8,082,264	(202,553)
Total public safety	11,102,961	7,879,711	8,082,264	(202,553)
Public works:				
Public works department:				
Administrative division:				
Personnel	243,185	252,073	258,213	(6,140)
Utilities	5,000	4,436	4,444	(8)
Property and tort insurance	2,462	2,610	2,610	-
Operating	16,250	9,536	8,764	772
Total administrative division	266,897	268,655	274,031	(5,376)
Building inspection division:				
Personnel	181,061	188,822	193,913	(5,091)
Utilities	3,500	1,397	1,692	(295)
Property and tort insurance	4,658	4,101	4,101	-
Operating	17,600	22,866	22,629	237
Total building inspection division	206,819	217,186	222,335	(5,149)
Garage division:				
Personnel	342,007	354,498	357,420	(2,922)
Utilities	20,000	17,156	15,451	1,705
Property and tort insurance	6,071	6,676	6,676	-
Operating	50,900	38,674	94,982	(56,308)
Capital	15,500	10,670	10,670	-
Total garage division	434,478	427,674	485,199	(57,525)
Municipal buildings division:				
Personnel	61,949	57,022	58,871	(1,849)
Utilities	37,000	32,000	32,659	(659)
Property and tort insurance	6,433	8,240	8,240	-
Operating	35,000	40,434	44,794	(4,360)
Total municipal buildings division	140,382	137,696	144,564	(6,868)

(Continued)

CITY OF ORANGEBURG, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES - GENERAL FUND
 BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Public works (continued):				
Public works department (continued):				
Parking facilities division:				
Property and tort insurance	\$ 132	\$ 27	\$ 27	\$ -
Operating	4,000	3,600	3,606	(6)
Total parking facilities division	4,132	3,627	3,633	(6)
Sanitation division:				
Personnel	958,452	978,196	956,709	21,487
Utilities	6,000	5,020	5,516	(496)
Property and tort insurance	37,057	33,602	33,604	(2)
Operating	213,650	172,827	188,667	(15,840)
Capital	260,000	395,406	395,406	-
Total sanitation division	1,475,159	1,585,051	1,579,902	5,149
Street and maintenance division:				
Property and tort insurance	3,060	2,502	2,502	-
Operating	29,000	20,400	18,051	2,349
Total street and maintenance division	32,060	22,902	20,553	2,349
Total public works department	2,559,927	2,662,791	2,730,217	(67,426)
Total public works	2,559,927	2,662,791	2,730,217	(67,426)
Culture and recreation:				
Parks and recreation department:				
Administrative division:				
Personnel	250,069	260,854	267,623	(6,769)
Utilities	12,000	9,072	8,983	89
Property and tort insurance	12,317	4,460	4,460	-
Operating	8,900	4,829	4,378	451
Total administrative division	283,286	279,215	285,444	(6,229)
Recreation division:				
Personnel	377,476	364,327	311,042	53,285
Utilities	60,000	42,376	77,624	(35,248)
Property and tort insurance	6,293	3,175	3,175	-
Operating	168,850	103,799	86,355	17,444
Total recreation division	612,619	513,677	478,196	35,481
Gardens division:				
Personnel	652,962	659,437	629,571	29,866
Utilities	55,000	49,079	60,921	(11,842)
Property and tort insurance	43,995	25,983	28,285	(2,302)
Operating	90,650	85,198	100,290	(15,092)
Capital	3,500	3,524	3,524	-
Total gardens division	846,107	823,221	822,591	630

(Continued)

CITY OF ORANGEBURG, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES - GENERAL FUND
 BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Culture and recreation (continued):				
Parks and recreation department (continued):				
Parks and cemetery division:				
Personnel	\$ 597,201	\$ 542,592	\$ 562,536	\$ (19,944)
Utilities	20,000	18,463	21,537	(3,074)
Property and tort insurance	21,190	26,852	27,042	(190)
Operating	83,250	46,503	52,215	(5,712)
Capital	36,500	28,205	27,857	348
Total parks and cemetery division	<u>758,141</u>	<u>662,615</u>	<u>691,187</u>	<u>(28,572)</u>
Recreation complex division:				
Personnel	207,636	165,113	133,399	31,714
Utilities	25,000	-	49,665	(49,665)
Property and tort insurance	17,100	14,355	14,387	(32)
Operating	128,400	49,143	43,965	5,178
Capital	40,000	34,125	34,125	-
Total recreation complex division	<u>418,136</u>	<u>262,736</u>	<u>275,541</u>	<u>(12,805)</u>
Total parks and recreation department	<u>2,918,289</u>	<u>2,541,464</u>	<u>2,552,959</u>	<u>(11,495)</u>
Total culture and recreation	<u>2,918,289</u>	<u>2,541,464</u>	<u>2,552,959</u>	<u>(11,495)</u>
Non-departmental:				
Flood recovery	1,000	15,000	-	15,000
Employee Christmas	20,000	24,137	24,137	-
Building code enforcement	50,000	50,000	262	49,738
Annexation covenants	12,000	8,500	12,700	(4,200)
Operating/insurance coverage	100,000	105,001	307,810	(202,809)
Municipal Association	50,000	62,081	62,081	-
Commercial sanitation fees	270,000	260,092	263,093	(3,001)
Unemployment insurance	1,000	750	372	378
Special projects	50,000	25,000	17,645	7,355
Downtown revitalization	25,000	25,000	25,000	-
Retirees group insurance	37,500	210,000	223,772	(13,772)
Setoff debt	900	1,115	24,122	(23,007)
CDL drug and alcohol testing	900	1,630	1,630	-
Employee shots	500	-	-	-
Street lights	340,000	375,000	380,594	(5,594)
Christmas lights	5,000	5,731	5,731	-
Chamber dues	1,545	1,545	1,545	-
Fiber rental expense	21,600	21,600	19,800	1,800
Samaritan house	100,000	100,000	100,000	-
Merit increases	108,046	-	-	-
Total non-departmental	<u>1,194,991</u>	<u>1,395,182</u>	<u>1,575,503</u>	<u>(180,321)</u>
Debt Service:				
Principal	1,007,260	466,567	466,567	-
Interest	12,740	12,740	12,740	-
Total debt service	<u>1,020,000</u>	<u>479,307</u>	<u>479,307</u>	<u>-</u>
Total expenditures	<u>\$ 21,766,650</u>	<u>\$ 17,973,516</u>	<u>\$ 18,529,841</u>	<u>\$ (556,325)</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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Operating Revenues:				
Charges for services and fees	\$ 109,949,000	\$ 108,096,500	\$ 99,934,893	\$ (8,161,607)
Total operating revenues	<u>109,949,000</u>	<u>108,096,500</u>	<u>99,934,893</u>	<u>(8,161,607)</u>
Operating Expenses:				
Electricity purchased	51,339,000	51,339,000	45,779,691	5,559,309
Natural gas purchased	4,275,000	4,275,000	3,719,692	555,308
Operating and maintenance	12,575,000	12,575,000	12,297,337	277,663
Administrative	12,260,000	12,260,000	14,912,821	(2,652,821)
Depreciation and amortization	11,900,000	11,900,000	11,787,818	112,182
Total operating expenses	<u>92,349,000</u>	<u>92,349,000</u>	<u>88,497,359</u>	<u>3,851,641</u>
Operating income	<u>17,600,000</u>	<u>15,747,500</u>	<u>11,437,534</u>	<u>(4,309,966)</u>
Nonoperating Revenues (Expenses)				
Water and wastewater taps	300,000	300,000	289,822	(10,178)
Water and wastewater impact fees	205,000	205,000	122,621	(82,379)
Loss on disposal of capital assets	(900,000)	(900,000)	(1,141,074)	(241,074)
Interest income	490,000	490,000	1,650,657	1,160,657
Interest expense	(665,000)	(665,000)	(716,522)	(51,522)
Total nonoperating income (expense), net	<u>(570,000)</u>	<u>(570,000)</u>	<u>205,504</u>	<u>775,504</u>
Net income before capital contributions and transfers	<u>17,030,000</u>	<u>15,177,500</u>	<u>11,643,038</u>	<u>(3,534,462)</u>
Capital contributions	3,700,000	3,700,000	2,562,697	(1,137,303)
Transfers to other funds	(5,600,000)	(5,600,000)	(5,690,618)	(90,618)
Total capital contributions and transfers, net	<u>(1,900,000)</u>	<u>(1,900,000)</u>	<u>(3,127,921)</u>	<u>(1,227,921)</u>
Change in net position	15,130,000	13,277,500	8,515,117	(4,762,383)
NET POSITION, beginning of year	<u>265,084,353</u>	<u>265,084,353</u>	<u>265,084,353</u>	<u>-</u>
NET POSITION, end of year	<u>\$ 280,214,353</u>	<u>\$ 278,361,853</u>	<u>\$ 273,599,470</u>	<u>\$ (4,762,383)</u>

CITY OF ORANGEBURG, SOUTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

	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	\$ 77,606	\$ 11,654	\$ 29,888	\$ 42,500	\$ 1,629,772	\$ -
Accounts receivables	-	-	-	-	88,973	-
Due from other governments	-	-	-	28,638	-	-
Due from other funds	1,500	750	2,235	31,497	412,423	-
Total assets	\$ 79,106	\$ 12,404	\$ 32,123	\$ 102,635	\$ 2,131,168	\$ -
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ 19,966	\$ 27,084	\$ -
Accrued liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	4,489
Total liabilities	-	-	-	19,966	27,084	4,489
FUND BALANCES						
Restricted for:						
Housing and development	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	79,106	12,404	-	-	-	-
Culture and recreation	-	-	32,123	-	1,106,690	-
Tourism	-	-	-	82,669	-	-
Capital outlay	-	-	-	-	997,394	-
Committed to:						
Unassigned	-	-	-	-	-	(4,489)
Total fund balances	79,106	12,404	32,123	82,669	2,104,084	(4,489)
Total liabilities and fund balances	\$ 79,106	\$ 12,404	\$ 32,123	\$ 102,635	\$ 2,131,168	\$ -

							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		
\$ 63,223	\$ -	\$ 3,884	\$ 8,900	\$ 129,247	\$ 35,490	\$ 19,020	\$	2,051,184	
-	-	-	-	-	-	-		88,973	
-	-	-	-	-	-	-		28,638	
-	15,143	140	-	107	-	-		463,795	
<u>\$ 63,223</u>	<u>\$ 15,143</u>	<u>\$ 4,024</u>	<u>\$ 8,900</u>	<u>\$ 129,354</u>	<u>\$ 35,490</u>	<u>\$ 19,020</u>		<u>\$ 2,632,590</u>	
\$ 3,859	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$	50,909	
-	30	-	-	-	-	-		30	
2,966	-	-	-	-	-	-		7,455	
<u>6,825</u>	<u>30</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>58,394</u>	
-	-	-	8,900	-	-	-		8,900	
56,398	-	-	-	129,354	35,490	-		221,242	
-	-	-	-	-	-	-		91,510	
-	15,113	4,024	-	-	-	-		1,157,950	
-	-	-	-	-	-	-		82,669	
-	-	-	-	-	-	19,020		1,016,414	
-	-	-	-	-	-	-		(4,489)	
<u>56,398</u>	<u>15,113</u>	<u>4,024</u>	<u>8,900</u>	<u>129,354</u>	<u>35,490</u>	<u>19,020</u>		<u>2,574,196</u>	
<u>\$ 63,223</u>	<u>\$ 15,143</u>	<u>\$ 4,024</u>	<u>\$ 8,900</u>	<u>\$ 129,354</u>	<u>\$ 35,490</u>	<u>\$ 19,020</u>		<u>\$ 2,632,590</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, 2020**

	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:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-
Insurance premium taxes	-	-	-	-	-	-
Other taxes	-	-	-	-	1,165,008	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	125,075	-	-
Charges for services	4,618	750	-	-	-	-
Fines and forfeitures	-	-	-	-	-	18,050
Interest revenue	-	-	-	-	19,348	-
Other revenues	-	-	-	-	30,500	-
Total revenues	4,618	750	-	125,075	1,214,856	18,050
Expenditures:						
Current						
Public safety	-	-	-	-	-	-
Public works	2,300	4,300	-	-	-	-
Housing and development	-	-	-	-	-	-
Culture and recreation	-	-	3,188	-	617,016	-
Tourism	-	-	-	73,336	-	-
Debt service						
Principal	-	-	-	-	276,224	-
Interest	-	-	-	-	138,900	-
Total expenditures	2,300	4,300	3,188	73,336	1,032,140	-
Excess (deficiency) of revenues over (under) expenditures	2,318	(3,550)	(3,188)	51,739	182,716	18,050
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(27,491)	(480,000)	(25,000)
Total other financing sources (uses), net	-	-	-	(27,491)	(480,000)	(25,000)
Net change in fund balances	2,318	(3,550)	(3,188)	24,248	(297,284)	(6,950)
Fund balances, beginning of year	76,788	15,954	35,311	58,421	2,401,368	2,461
Fund balances (deficit), end of year	\$ 79,106	\$ 12,404	\$ 32,123	\$ 82,669	\$ 2,104,084	\$ (4,489)

						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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,165,008
6,400	-	-	-	86,218	-	-	217,693
-	400	1,010	-	-	-	-	6,778
-	-	-	-	-	12,357	-	30,407
-	-	-	-	-	8	-	19,356
-	1,484	-	-	-	-	-	31,984
<u>6,400</u>	<u>1,884</u>	<u>1,010</u>	<u>-</u>	<u>86,218</u>	<u>12,365</u>	<u>-</u>	<u>1,471,226</u>
87,456	-	-	-	74,894	751	-	163,101
-	-	-	-	-	-	-	6,600
-	-	-	6,004	-	-	-	6,004
-	28,478	1,222	-	-	-	-	649,904
-	-	-	-	-	-	-	73,336
-	-	-	-	-	-	-	276,224
-	-	-	-	-	-	-	138,900
<u>87,456</u>	<u>28,478</u>	<u>1,222</u>	<u>6,004</u>	<u>74,894</u>	<u>751</u>	<u>-</u>	<u>1,314,069</u>
(81,056)	(26,594)	(212)	(6,004)	11,324	11,614	-	157,157
10,242	20,000	-	-	-	-	-	30,242
-	(3,848)	-	-	-	(10,242)	-	(546,581)
<u>10,242</u>	<u>16,152</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,242)</u>	<u>-</u>	<u>(516,339)</u>
(70,814)	(10,442)	(212)	(6,004)	11,324	1,372	-	(359,182)
<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>
<u>\$ 56,398</u>	<u>\$ 15,113</u>	<u>\$ 4,024</u>	<u>\$ 8,900</u>	<u>\$ 129,354</u>	<u>\$ 35,490</u>	<u>\$ 19,020</u>	<u>\$ 2,574,196</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, 2020**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Other taxes	\$ 1,324,000	\$ 1,103,500	\$ 1,165,008	\$ 61,508
Intergovernmental	-	260,000	-	(260,000)
Interest income	60,000	22,000	19,348	(2,652)
Other revenues	16,000	31,000	30,500	(500)
Total revenues	<u>1,400,000</u>	<u>1,416,500</u>	<u>1,214,856</u>	<u>(201,644)</u>
Expenditures:				
Current				
Culture and recreation	415,800	722,117	617,016	105,101
Debt service				
Principal	277,525	278,616	276,224	2,392
Interest	138,900	138,900	138,900	-
Total expenditures	<u>832,225</u>	<u>1,139,633</u>	<u>1,032,140</u>	<u>107,493</u>
Excess of revenues over expenditures	<u>567,775</u>	<u>276,867</u>	<u>182,716</u>	<u>(94,151)</u>
Other financing uses				
Transfers out	<u>(480,000)</u>	<u>(480,000)</u>	<u>(480,000)</u>	<u>-</u>
Total other financing uses	<u>(480,000)</u>	<u>(480,000)</u>	<u>(480,000)</u>	<u>-</u>
Net change in fund balance	87,775	(203,133)	(297,284)	(94,151)
Fund balance, beginning of year	<u>2,401,368</u>	<u>2,401,368</u>	<u>2,401,368</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,489,143</u>	<u>\$ 2,198,235</u>	<u>\$ 2,104,084</u>	<u>\$ (94,151)</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, 2020**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 25,000	\$ 25,000	\$ 18,050	\$ (6,950)
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>18,050</u>	<u>(6,950)</u>
Culture and recreation	-	-	-	-
Housing and development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>25,000</u>	<u>25,000</u>	<u>18,050</u>	<u>(6,950)</u>
Other financing uses				
Proceeds from sale of assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(25,000)	(25,000)	(25,000)	-
Total other financing uses	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Net change in fund balance	-	-	(6,950)	(6,950)
Fund balance, beginning of year	<u>2,461</u>	<u>2,461</u>	<u>2,461</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,461</u>	<u>\$ 2,461</u>	<u>\$ (4,489)</u>	<u>\$ (6,950)</u>

CITY OF ORANGEBURG, SOUTH CAROLINA

**COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
SEPTEMBER 30, 2020**

	<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	471	-	1,278	1,749
Due from other funds	-	12,892	-	12,892
Prepaid expenses	1,206	-	1,423	2,629
Inventory	44,827	37,062	-	81,889
Total current assets	<u>46,704</u>	<u>49,954</u>	<u>3,201</u>	<u>99,859</u>
NONCURRENT ASSETS				
Capital assets:				
Nondepreciable	1,325,953	-	-	1,325,953
Depreciable, net of accumulated depreciation	3,856,077	-	281,690	4,137,767
Total noncurrent assets	<u>5,182,030</u>	<u>-</u>	<u>281,690</u>	<u>5,463,720</u>
Total assets	<u>5,228,734</u>	<u>49,954</u>	<u>284,891</u>	<u>5,563,579</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension	25,040	-	75,119	100,159
Other postemployment benefits	20,757	-	16,852	37,609
Total deferred outflows of resources	<u>45,797</u>	<u>-</u>	<u>91,971</u>	<u>137,768</u>
LIABILITIES				
CURRENT LIABILITIES				
Payable from current assets:				
Accounts payable	9,927	360	33,260	43,547
Unearned revenue	-	-	1,579	1,579
Accrued expenses	5,136	-	11,645	16,781
Due to other funds	-	-	12,892	12,892
Compensated absences - current portion	5,490	-	25,169	30,659
Total current liabilities	<u>20,553</u>	<u>360</u>	<u>84,545</u>	<u>105,458</u>
NONCURRENT LIABILITIES				
Advance from other funds	27,444	-	582,928	610,372
Net pension liability	223,073	-	669,219	892,292
Total other postemployment benefit liability	153,150	-	124,326	277,476
Total noncurrent liabilities	<u>403,667</u>	<u>-</u>	<u>1,376,473</u>	<u>1,780,140</u>
Total liabilities	<u>424,220</u>	<u>360</u>	<u>1,461,018</u>	<u>1,885,598</u>
DEFERRED INFLOWS OF RESOURCES				
Pension	2,787	-	8,360	11,147
Other postemployment benefits	31,899	-	25,895	57,794
Total deferred inflows of resources	<u>34,686</u>	<u>-</u>	<u>34,255</u>	<u>68,941</u>
NET POSITION (DEFICIT)				
Net investment in capital assets	5,182,030	-	281,690	5,463,720
Unrestricted	(366,405)	49,594	(1,400,101)	(1,716,912)
Total net position (deficit)	<u>\$ 4,815,625</u>	<u>\$ 49,594</u>	<u>\$ (1,118,411)</u>	<u>\$ 3,746,808</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, 2020

	<u>Municipal Airport</u>	<u>Pro Shop</u>	<u>Hillcrest Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
OPERATING REVENUES				
Charges for services	\$ 413,332	\$ 67,543	\$ 197,740	\$ 678,615
Miscellaneous	12,409	-	20,251	32,660
Total operating revenues	<u>425,741</u>	<u>67,543</u>	<u>217,991</u>	<u>711,275</u>
OPERATING EXPENSES				
Personnel costs	144,779	-	426,057	570,836
Cost of sales and service	228,384	48,131	27,750	304,265
Supplies	8,517	-	19,586	28,103
Administration	109,753	1,141	70,645	181,539
Depreciation expense	388,857	-	59,226	448,083
Total operating expenses	<u>880,290</u>	<u>49,272</u>	<u>603,264</u>	<u>1,532,826</u>
Operating income (loss) before transfers and capital contributions	<u>(454,549)</u>	<u>18,271</u>	<u>(385,273)</u>	<u>(821,551)</u>
CAPITAL CONTRIBUTIONS	<u>391,791</u>	<u>-</u>	<u>-</u>	<u>391,791</u>
TRANSFERS				
Transfers in	-	-	18,271	18,271
Transfers out	-	(18,271)	-	(18,271)
Total transfers	<u>-</u>	<u>(18,271)</u>	<u>18,271</u>	<u>-</u>
Change in net position	(62,758)	-	(367,002)	(429,760)
NET POSITION (DEFICIT), beginning of year	<u>4,878,383</u>	<u>49,594</u>	<u>(751,409)</u>	<u>4,176,568</u>
NET POSITION (DEFICIT), end of year	<u>\$ 4,815,625</u>	<u>\$ 49,594</u>	<u>\$ (1,118,411)</u>	<u>\$ 3,746,808</u>

CITY OF ORANGEBURG, SOUTH CAROLINA

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Municipal Airport	Pro Shop	Hillcrest Golf Course	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 440,744	\$ 67,543	\$ 215,154	\$ 723,441
Payments to suppliers	(228,071)	(44,411)	(123,082)	(395,564)
Payments to employees	(253,156)	-	(417,559)	(670,715)
Internal activity-payments from other funds	(194,916)	(4,861)	358,554	158,777
Net cash provided by (used in) operating activities	<u>(235,399)</u>	<u>18,271</u>	<u>33,067</u>	<u>(184,061)</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Transfers in	-	-	18,271	18,271
Transfers out	-	(18,271)	-	(18,271)
Net cash provided by (used in) noncapital and related financing activities	<u>-</u>	<u>(18,271)</u>	<u>18,271</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisitions of capital assets	(156,392)	-	(51,338)	(207,730)
Capital grants received	391,791	-	-	391,791
Net cash provided by (used in) capital and related financing activities	<u>235,399</u>	<u>-</u>	<u>(51,338)</u>	<u>184,061</u>
Change in cash and cash equivalents	-	-	-	-
Cash and cash equivalents:				
Beginning of year	200	-	500	700
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, 2020**

	<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)	\$ (454,549)	\$ 18,271	\$ (385,273)	\$ (821,551)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	388,857	-	59,226	448,083
Change in assets and liabilities:				
Decrease in accounts receivable	15,003	-	9,898	24,901
Increase in prepaid expenses	(1,206)	-	(1,423)	(2,629)
Decrease in inventory	14,528	7,321	-	21,849
Increase in due from other funds	-	(4,861)	-	(4,861)
Increase in deferred outflows of resources-pension	(11,876)	-	(35,626)	(47,502)
Increase in deferred outflows of resources - other postemployment benefit	(12,172)	-	(9,882)	(22,054)
Decrease in accounts payable	(4,492)	(2,460)	(251)	(7,203)
Decrease in accrued expenses	(593)	-	(3,427)	(4,020)
Decrease in unearned revenue	-	-	(12,735)	(12,735)
Decrease in due to other funds	-	-	(29,144)	(29,144)
Increase (decrease) in advance to other funds	(194,916)	-	387,698	192,782
Decrease in deferred inflows of resources-pension	(2,501)	-	(7,503)	(10,004)
Increase in deferred inflows of resources - other postemployment benefit	12,854	-	10,435	23,289
Decrease in total other postemployment benefits liability	(6,384)	-	(5,181)	(11,565)
Increase in net pension liability	22,433	-	67,300	89,733
Decrease in compensated absences	(385)	-	(11,045)	(11,430)
Net cash provided by (used in) operating activities	<u>\$ (235,399)</u>	<u>\$ 18,271</u>	<u>\$ 33,067</u>	<u>\$ (184,061)</u>

CITY OF ORANGEBURG, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
For The Year Ended September 30, 2020

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	\$ 219,186	\$ 219,186
Court fines and assessments remitted to State Treasurer	N/A	N/A	142,644	142,644
Total Court Fines and Assessments retained	N/A	N/A	\$ 76,542	\$ 76,542
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained	N/A	N/A	\$ 11,290	\$ 11,290
Assessments retained	N/A	N/A	6,760	6,760
Total Surcharges and Assessments retained for victim services	N/A	N/A	\$ 18,050	\$ 18,050

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	\$ 2,461	N/A	\$ 2,461
<u>Victim Service Revenue:</u>			
Victim Service Fines Retained by City/County Treasurer	-	N/A	-
Victim Service Assessments Retained by City/County Treasurer	6,760	N/A	6,760
Victim Service Surcharges Retained by City/County Treasurer	11,290	N/A	11,290
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)	\$ 20,511	N/A	\$ 20,511

CITY OF ORANGEBURG, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
For The Year Ended September 30, 2020

<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	25,000	N/A	25,000
Total Expenditures from Victim Service Fund/Program (B)	25,000	N/A	25,000
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	(4,489)	N/A	(4,489)
Less: Prior Year Fund Deficit Repayment	-	N/A	-
Carryforward Deficit – End of Year	\$ (4,489)	N/A	(4,489)

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, 2020, 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 24, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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 financial statements. 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 24, 2021

CITY OF ORANGEBURG, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting: Material weaknesses identified?	___ Yes <u>X</u> No
Significant deficiencies identified not considered to be material weaknesses?	___ Yes <u>X</u> No
Noncompliance material to financial statements noted?	___ Yes <u>X</u> No

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III
PRIOR YEAR FINDINGS AND RESPONSES

Not applicable.