

**CITY OF ORANGEBURG,  
SOUTH CAROLINA**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

**CITY OF ORANGEBURG, SOUTH CAROLINA**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2022, 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Change in Accounting Principle***

As discussed in Notes 1 and 6 to the financial statements, as of October 1, 2021, the City adopted new accounting guidance, GASBS No. 87, *Leases*. Our opinions are not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 5 through 14), the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – General Fund (on page 70), the Schedule of Changes in the City's Total OPEB Liability and Related Ratios (on page 71), the Schedule of City's Proportionate Share of the Net Pension Liability (on page 72), and the Schedule of City Contributions (on pages 73 through 74) be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The 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, the Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96), as required by the State of South Carolina, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (collectively, the "supplementary information"), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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**Other Reporting Required By *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Columbia, South Carolina  
October 25, 2023

# CITY OF ORANGEBURG, SOUTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The Management's Discussion and Analysis of the Annual Financial Statements of the City of Orangeburg, South Carolina (the "City") provides an overall narrative and analysis of the City's financial statements for the fiscal year ended September 30, 2022. 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, 2022, are as follows:

- The Government's combined net position totaled \$310 million.
- The Government's total net position increased by \$500 thousand, primarily due to continued positive operating trends as it related to the Department of Public Utilities.
- The required contribution rates for the South Carolina Retirement System (SCRS) and South Carolina Police Officers Retirement System (PORS) increased effective July 1, 2022.

### 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### 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. During 2022, the City moved the operations of the Pro Shop and the Hillcrest Golf Course into the General Fund.

### 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### *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 funds: 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. During 2022, the City moved the operations of the Pro Shop and the Hillcrest Golf Course into the General Fund.

### *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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Government-Wide Financial Analysis

	Governmental	Business-type	Total	Governmental	Business-type	Total
	Activities	Activities		Activities	Activities	
	2022	2022	2022	2021	2021	2021
Current and other assets	\$ 20,946,156	\$ 82,618,063	\$ 103,564,219	\$ 16,400,055	\$ 95,527,325	\$ 111,927,380
Capital assets	39,161,868	293,242,429	332,404,297	38,350,088	281,410,101	319,760,189
Total assets	<u>60,108,024</u>	<u>375,860,492</u>	<u>435,968,516</u>	<u>54,750,143</u>	<u>376,937,426</u>	<u>431,687,569</u>
Deferred outflow s of resources	<u>2,442,694</u>	<u>2,976,019</u>	<u>5,418,713</u>	<u>2,174,456</u>	<u>3,860,856</u>	<u>6,035,312</u>
Long-term liabilities	35,933,227	65,806,890	101,740,117	23,592,392	66,907,107	90,499,499
Other liabilities	4,265,610	21,965,979	26,231,589	4,701,699	24,533,674	29,235,373
Total liabilities	<u>40,198,837</u>	<u>87,772,869</u>	<u>127,971,706</u>	<u>28,294,091</u>	<u>91,440,781</u>	<u>119,734,872</u>
Deferred inflow s of resources	<u>1,363,662</u>	<u>1,899,835</u>	<u>3,263,497</u>	<u>3,743,075</u>	<u>4,576,714</u>	<u>8,319,789</u>
Net position:						
Net investment in capital assets	31,249,016	270,064,895	301,313,911	33,964,352	259,967,709	293,932,061
Restricted	4,547,435	2,242,375	6,789,810	3,568,129	2,225,063	5,793,192
Unrestricted	<u>(14,808,232)</u>	<u>16,856,537</u>	<u>2,048,305</u>	<u>(12,645,048)</u>	<u>22,588,015</u>	<u>9,942,967</u>
Total net position	<u>\$ 20,988,219</u>	<u>\$ 289,163,807</u>	<u>\$ 310,152,026</u>	<u>\$ 24,887,433</u>	<u>\$ 284,780,787</u>	<u>\$ 309,668,220</u>

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### 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 \$310,152,026 as of September 30, 2022.

The largest portion of the City's net position, \$301 million, or 97%, reflects its net investment in capital assets such as land, buildings, equipment and infrastructure (road, bridges, sidewalks, water lines and sewer lines) less any related debt used to acquire those assets that is still outstanding. This portion of net position includes both the City's governmental activities and its business-type activities (including the Department of Public Utilities).

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

An additional portion of the City's net position, \$6.8 million or 2% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$2 million or 1% may be used to meet the City's ongoing obligations to citizens and creditors.

### Changes in Net Position

**Governmental activities.** Governmental activities decreased the City's net position by \$3.9 million. Key elements of this increase are as follows:

**Governmental Revenues** Charges for services (33%), property tax (28%), capital grants and contributions (3%), and other taxes (28%) continue as the main source of revenue of the City amounting to 92% in 2022, compared to 89% in 2021.

**Governmental Functional Expenses:** As reflected in the summary of Changes in Net Position, the Government expended 42.3% of the appropriations for judicial and public safety expenses. The Government continues to commit substantial financial resources for the safety of its citizens. Other expenses accounted for the remaining 57.7%.

**Business-type activities:** Business-type activities increased the Government's net position by approximately \$4.4 million. A significant portion of the increase was the result of the revenues received in the Department of Public Utilities Fund, which rose in 2022 to approximately \$111.6 million from \$104.5 million in 2021.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### The City's Changes in Net Position

	Governmental	Business-type	Total	Governmental	Business-type	Total
	Activities	Activities		Activities	Activities	
	2022	2022		2021	2021	
Revenues:						
Program revenues:						
Charges for services	\$ 4,814,605	\$ 112,024,363	\$ 116,838,968	\$ 3,641,472	\$ 103,841,440	\$ 107,482,912
Operating grants and contributions	1,342,625	-	1,342,625	1,470,659	-	1,470,659
Capital grants and contributions	394,241	1,987,816	2,382,057	374,651	1,354,762	1,729,413
General revenues:						
Property taxes	4,145,915	-	4,145,915	3,929,059	-	3,929,059
Other taxes	4,154,941	-	4,154,941	3,967,704	-	3,967,704
Unrestricted investment loss	(96,204)	(1,615,645)	(1,711,849)	63,620	100,114	163,734
Miscellaneous	-	333,698	333,698	-	400,323	400,323
Total revenues	<u>14,756,123</u>	<u>112,730,232</u>	<u>127,486,355</u>	<u>13,447,165</u>	<u>105,696,639</u>	<u>119,143,804</u>
Expenses:						
General government	2,450,804	-	2,450,804	2,395,818	-	2,395,818
Judicial	433,843	-	433,843	394,908	-	394,908
Public safety	10,473,209	-	10,473,209	8,804,626	-	8,804,626
Public works	3,991,927	-	3,991,927	3,278,499	-	3,278,499
Culture and recreation	5,828,775	-	5,828,775	3,883,474	-	3,883,474
Housing and development	-	-	-	2,000	-	2,000
Tourism	110,460	-	110,460	22,831	-	22,831
Non-departmental	1,968,981	-	1,968,981	1,194,653	-	1,194,653
Interest on long-term debt	520,520	-	520,520	134,259	-	134,259
Public utilities	-	99,853,862	99,853,862	-	90,935,662	90,935,662
Municipal airport	-	1,370,168	1,370,168	-	1,235,883	1,235,883
Pro shop	-	-	-	-	66,826	66,826
Golf course	-	-	-	-	411,060	411,060
Total expenses	<u>25,778,519</u>	<u>101,224,030</u>	<u>127,002,549</u>	<u>20,111,068</u>	<u>92,649,431</u>	<u>112,760,499</u>
Increase (decrease) in net position before transfers	(11,022,396)	11,506,202	483,806	(6,663,903)	13,047,208	6,383,305
Transfers	7,123,182	(7,123,182)	-	5,612,699	(5,612,699)	-
Change in net position	(3,899,214)	4,383,020	483,806	(1,051,204)	7,434,509	6,383,305
Net position, beginning	24,887,433	284,780,787	309,668,220	25,938,637	277,346,278	303,284,915
Net position, ending	<u>\$ 20,988,219</u>	<u>\$ 289,163,807</u>	<u>\$ 310,152,026</u>	<u>\$ 24,887,433</u>	<u>\$ 284,780,787</u>	<u>\$ 309,668,220</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

#### Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of usable resources. Such information is useful in assessing the City's financial requirements. In particular, the unassigned fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year. The combined fund balance of all the governmental funds is \$16.4 million, of which \$4.5 million, or 27%, 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 \$5.6 million, of which \$4.5 million or 80% was unassigned. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. As of September 30, 2022, total unassigned fund balance, represents 18.4% of total general fund expenditures.

The fund balance of the General Fund decreased by \$2,404,382, or 30%. Key factors to this decrease result from a deficiency of revenues under expenditures of \$12,546,949. Additionally, this deficiency was partially offset by transfers from other funds of \$7,253,249, and proceeds from the issuance of debt and leases of \$2,889,318 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 lower than the budgeted amount by approximately \$2,093,562 or (15%). 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 \$444,722 or 1.8%. The individual departments within the General Fund show both positive and negative fluctuations, with the negative fluctuations outweighing the positive. Net other financing sources for the General Fund were higher than the budgeted amounts by approximately \$129,206.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### 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, \$17.9 million. Nonmajor Enterprise funds, (\$1,002,122) deficit as follows: Municipal Airport, (\$1,002,122) deficit; Pro Shop Fund \$0; and Hillcrest Golf Course Fund \$0. The total growth in net position for previously mentioned funds were \$3.3 million for the Department of Public Utilities and an increase of \$1,055,986 for total nonmajor enterprise funds enumerated as follows: (\$111,715), (\$49,594), and \$1,217,295, 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, 2022, amounts to \$332.4 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the City, such as roads, bridges, streets and sidewalks, drainage systems, utility systems and other similar items.

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

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

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Land	\$ 3,641,492	\$ 3,847,375	\$ 7,488,867
Land and site improvements	17,001,641	1,518,334	18,519,975
Building and building improvements	9,348,551	3,839,446	13,187,997
Utility systems	-	217,537,478	217,537,478
Infrastructure	3,882,026	-	3,882,026
Vehicles, machinery and equipment	5,279,957	10,245,752	15,525,709
Construction in progress	8,201	56,254,044	56,262,245
	<u>\$ 39,161,868</u>	<u>\$ 293,242,429</u>	<u>\$ 332,404,297</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, 2022, the City had a total of \$101.7 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, \$33 million consists of notes and bonds payable backed by the revenues of the Department of Public Utilities, \$52 million represents the City's liabilities for pensions and OPEB benefits, \$3.9 million represents the City's Hospitality and Accommodations Tax Revenue Bond, \$7 million represents the City's Installment Purchase Revenue Bond, and \$2.6 million consists of financed purchase obligations 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	
	2022	2021	2022	2021	2022	2021
Notes payable from						
direct borrow ings	\$ -	\$ -	\$ 20,291,907	\$ 21,711,574	\$ 20,291,907	\$ 21,711,574
Financed purchases	2,617,113	216,210	-	-	2,617,113	216,210
Bonds payable from						
direct borrow ings	10,875,974	4,169,526	12,740,338	13,606,031	23,616,312	17,775,557
Other long-term						
obligations	22,440,140	23,447,980	32,774,645	31,589,502	55,214,785	55,037,482
Total debt	<u>\$ 35,933,227</u>	<u>\$ 27,833,716</u>	<u>\$ 65,806,890</u>	<u>\$ 66,907,107</u>	<u>\$ 101,740,117</u>	<u>\$ 94,740,823</u>

Of the total liabilities outstanding as September 30, 2022, 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, 2022, 1% each. This causes the City to come up with additional resources to continue this required benefit. Employees will receive a 3% cost of living increase on October 1, 2022. There are over \$50,000 in payouts budgeted for comp time reimbursement for all employees with a comp time balance. This disbursement will relieve the City of this liability. The City plans to eliminate comp time but may revisit at a future date.

COVID-19 continues to impact City business owners, residents, visitors, and employees. Steps continue to be taken to protect employees so they can remain healthy and keep the City operating. We do not anticipate revenues returning to pre-COVID numbers this year, which will affect business license tax revenue along with hospitality tax.

The City was unable to reach an agreement with Orangeburg County on a fire tax district. Therefore, we are obtaining the most recent ownership data from the County of Orangeburg to reach all property owners within the Fire District. The City anticipates an increase in fire district tax revenue of \$250,000 as a result of obtaining current ownership information.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### **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, 2022**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business- type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 15,713,858	\$ 14,911,317	\$ 30,625,175
Investments	3,047,077	36,607,036	39,654,113
Taxes receivable, net of allowances	501,000	-	501,000
Accounts receivable, net of allowances	159,596	13,532,717	13,692,313
Due from other governments	291,689	294,449	586,138
Internal balances	1,000,176	(1,000,176)	-
Inventories	180,034	9,392,308	9,572,342
Prepaid expenses	52,726	749,547	802,273
Restricted assets, cash and cash equivalents	-	8,130,865	8,130,865
Capital assets:			
Nondepreciable	3,649,693	60,101,419	63,751,112
Depreciable, net of accumulated depreciation and amortization	35,512,175	233,141,010	268,653,185
Total assets	<u>60,108,024</u>	<u>375,860,492</u>	<u>435,968,516</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	1,835,530	2,271,201	4,106,731
Other postemployment benefits	607,164	704,818	1,311,982
Total deferred outflows of resources	<u>2,442,694</u>	<u>2,976,019</u>	<u>5,418,713</u>
<b>LIABILITIES</b>			
Accounts payable	631,713	9,251,112	9,882,825
Accrued liabilities	890,741	1,452,087	2,342,828
Unearned revenue	2,743,156	5,349,290	8,092,446
Payable from restricted assets - customer deposits	-	5,913,490	5,913,490
Total other postemployment benefit liability	2,629,781	4,831,936	7,461,717
Note payable due within one year	-	1,443,558	1,443,558
Note payable due in more than one year	-	18,848,349	18,848,349
Financed purchase obligations due within one year	744,497	-	744,497
Financed purchase obligations due in more than one year	1,872,616	-	1,872,616
Bonds payable due within one year	302,418	888,383	1,190,801
Bonds payable due in more than one year	10,573,556	11,851,955	22,425,511
Leases payable due within one year	274,312	-	274,312
Leases payable due in more than one year	681,897	-	681,897
Compensated absences due within one year	432,325	1,198,073	1,630,398
Compensated absences due in more than one year	432,325	195,089	627,414
Net pension liability	17,989,500	26,549,547	44,539,047
Total liabilities	<u>40,198,837</u>	<u>87,772,869</u>	<u>127,971,706</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension	475,269	267,874	743,143
Other postemployment benefits	888,393	1,631,961	2,520,354
Total deferred inflows of resources	<u>1,363,662</u>	<u>1,899,835</u>	<u>3,263,497</u>
<b>NET POSITION</b>			
Net investment in capital assets	31,249,016	270,064,895	301,313,911
Restricted for:			
Public safety	300,528	-	300,528
Public works	83,613	-	83,613
Culture and recreation	1,175,593	-	1,175,593
Housing and development	6,902	-	6,902
Tourism	171,263	-	171,263
Capital outlay	2,339,837	-	2,339,837
Self insurance	-	25,000	25,000
Debt service	469,699	2,217,375	2,687,074
Unrestricted	(14,808,232)	16,856,537	2,048,305
Total net position	<u>\$ 20,988,219</u>	<u>\$ 289,163,807</u>	<u>\$ 310,152,026</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, 2022**

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
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 2,450,804	\$ 457,282	\$ 817,110	\$ -	\$ (1,176,412)	\$ -	\$ (1,176,412)
Judicial	433,843	-	-	-	(433,843)	-	(433,843)
Public safety	10,473,209	979,183	49,041	126,082	(9,318,903)	-	(9,318,903)
Public works	3,991,927	2,865,185	87,486	-	(1,039,256)	-	(1,039,256)
Culture and recreation	5,828,775	512,955	1,400	268,159	(5,046,261)	-	(5,046,261)
Tourism	110,460	-	387,588	-	277,128	-	277,128
Non-departmental	1,968,981	-	-	-	(1,968,981)	-	(1,968,981)
Interest on long-term debt	520,520	-	-	-	(520,520)	-	(520,520)
Total governmental activities	<u>25,778,519</u>	<u>4,814,605</u>	<u>1,342,625</u>	<u>394,241</u>	<u>(19,227,048)</u>	<u>-</u>	<u>(19,227,048)</u>
Business-type activities:							
Public utilities	99,853,862	111,600,987	-	523,670	-	12,270,795	12,270,795
Municipal airport	1,370,168	423,376	-	835,077	-	(111,715)	(111,715)
Golf course	-	-	-	629,069	-	629,069	629,069
Total business-type activities	<u>101,224,030</u>	<u>112,024,363</u>	<u>-</u>	<u>1,987,816</u>	<u>-</u>	<u>12,788,149</u>	<u>12,788,149</u>
Total primary government	<u>\$ 127,002,549</u>	<u>\$ 116,838,968</u>	<u>\$ 1,342,625</u>	<u>\$ 2,382,057</u>	<u>(19,227,048)</u>	<u>12,788,149</u>	<u>(6,438,899)</u>
General revenues:							
Property taxes					4,145,915	-	4,145,915
Franchise taxes					176,405	-	176,405
Sales taxes					12,289	-	12,289
Other taxes					3,966,247	-	3,966,247
Unrestricted investment losses					(96,204)	(1,615,645)	(1,711,849)
Miscellaneous					-	333,698	333,698
Transfers					7,123,182	(7,123,182)	-
Total general revenues and transfers					<u>15,327,834</u>	<u>(8,405,129)</u>	<u>6,922,705</u>
Change in net position					(3,899,214)	4,383,020	483,806
Net position, beginning of year					24,887,433	284,780,787	309,668,220
Net position, end of year					<u>\$ 20,988,219</u>	<u>\$ 289,163,807</u>	<u>\$ 310,152,026</u>

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

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022**

	<u>General</u>	<u>County Capital One Percent</u>	<u>ARPA Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,284,563	\$ 186,202	\$ 2,900,767	\$ 9,342,326	\$ 15,713,858
Investments	3,047,077	-	-	-	3,047,077
Taxes receivable, net of allowance	501,000	-	-	-	501,000
Accounts receivable	47,759	-	-	111,837	159,596
Due from other governments	132,491	-	-	159,198	291,689
Due from other funds	109,976	738,438	-	239,852	1,088,266
Prepaid expenditures	52,726	-	-	-	52,726
Inventory	180,034	-	-	-	180,034
Advance to other funds	895,351	-	-	-	895,351
Total assets	<u>\$ 8,250,977</u>	<u>\$ 924,640</u>	<u>\$ 2,900,767</u>	<u>\$ 9,853,213</u>	<u>\$ 21,929,597</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 631,624	\$ -	\$ -	\$ 89	\$ 631,713
Accrued liabilities	756,878	-	-	210	757,088
Unearned revenue	3,391	-	2,739,765	-	2,743,156
Due to other funds	817,288	-	161,002	5,151	983,441
Total liabilities	<u>2,209,181</u>	<u>-</u>	<u>2,900,767</u>	<u>5,450</u>	<u>5,115,398</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	411,758	-	-	-	411,758
Total deferred inflows of resources	<u>411,758</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>411,758</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid expenditures	52,726	-	-	-	52,726
Inventory	180,034	-	-	-	180,034
Advances to other funds	895,351	-	-	-	895,351
Restricted for:					
Housing and development	-	-	-	6,902	6,902
Public safety	-	-	-	300,528	300,528
Public works	-	-	-	83,613	83,613
Culture and recreation	-	-	-	1,175,593	1,175,593
Tourism	-	-	-	171,263	171,263
Capital outlay	-	924,640	-	7,640,165	8,564,805
Debt service	-	-	-	469,699	469,699
Committed to:					
Capital outlay	212	-	-	-	212
Assigned to:					
Self insurance reserve	18,538	-	-	-	18,538
Unassigned	4,483,177	-	-	-	4,483,177
Total fund balances	<u>5,630,038</u>	<u>924,640</u>	<u>-</u>	<u>9,847,763</u>	<u>16,402,441</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,250,977</u>	<u>\$ 924,640</u>	<u>\$ 2,900,767</u>	<u>\$ 9,853,213</u>	<u>\$ 21,929,597</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, 2022**

Total fund balances - governmental funds	\$	16,402,441
Amounts reported for governmental activities in the Statement of Net Position are different because of the following:		
Capital assets (including right-to-use leased assets) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Cost of assets	\$	76,382,696
Accumulated depreciation and amortization		<u>(37,220,828)</u>
		39,161,868
Revenues in the Statement of Activities that do not provide current financial resources are reported as unavailable revenues in the funds.		
		411,758
Certain long-term liabilities are not due and payable in the current period and are, therefore, not reported in the funds:		
Financed purchase obligations	\$	(2,617,113)
Net pension liability, net of deferred outflows of resources and deferred inflows of resources		(16,629,239)
Total other postemployment benefits liability, net of deferred outflows of resources and deferred inflows of resources		(2,911,010)
Bonds payable		(10,875,974)
Leases payable		(956,209)
Accrued interest payable		(133,653)
Compensated absences payable		<u>(864,650)</u>
		<u>(34,987,848)</u>
Net position of governmental activities	\$	<u><u>20,988,219</u></u>

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

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	<u>General</u>	<u>County Capital One Percent</u>	<u>ARPA Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Property taxes	\$ 3,872,177	\$ -	\$ -	\$ -	\$ 3,872,177
Franchise taxes	176,405	-	-	-	176,405
Sales taxes	12,289	-	-	-	12,289
Other taxes	2,537,261	-	-	1,428,986	3,966,247
Licenses and permits	1,586,572	-	-	-	1,586,572
Intergovernmental	514,096	268,159	439,541	513,670	1,735,466
Charges for services	2,434,642	-	-	16,715	2,451,357
Fines and forfeitures	254,486	-	-	20,926	275,412
Investment income (loss)	(108,455)	47	908	11,296	(96,204)
Other revenues	501,140	-	-	1,524	502,664
Total revenues	<u>11,780,613</u>	<u>268,206</u>	<u>440,449</u>	<u>1,993,117</u>	<u>14,482,385</u>
<b>Expenditures</b>					
Current:					
General government	3,262,807	-	161,002	-	3,423,809
Judicial	443,760	-	-	-	443,760
Public safety	11,617,559	-	-	117,297	11,734,856
Public works	2,844,424	-	-	7,293	2,851,717
Culture and recreation	3,655,535	-	-	979,866	4,635,401
Tourism	-	-	-	110,460	110,460
Non-departmental	1,968,981	-	-	-	1,968,981
Capital outlay	-	77,174	-	-	77,174
Debt service:					
Principal	493,287	-	-	293,552	786,839
Interest	41,209	-	-	122,871	164,080
Bond issuance cost	-	-	-	265,000	265,000
Total expenditures	<u>24,327,562</u>	<u>77,174</u>	<u>161,002</u>	<u>1,896,339</u>	<u>26,462,077</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,546,949)</u>	<u>191,032</u>	<u>279,447</u>	<u>96,778</u>	<u>(11,979,692)</u>
<b>Other financing sources (uses):</b>					
Proceeds from issuance of debt	2,889,318	-	-	7,000,000	9,889,318
Transfers in	8,074,391	-	-	451,353	8,525,744
Transfers out	<u>(821,142)</u>	<u>-</u>	<u>(279,447)</u>	<u>(534,889)</u>	<u>(1,635,478)</u>
Total other financing sources (uses), net	<u>10,142,567</u>	<u>-</u>	<u>(279,447)</u>	<u>6,916,464</u>	<u>16,779,584</u>
Net change in fund balances	(2,404,382)	191,032	-	7,013,242	4,799,892
Fund balance, beginning of year	<u>8,034,420</u>	<u>733,608</u>	<u>-</u>	<u>2,834,521</u>	<u>11,602,549</u>
Fund balance, end of year	<u>\$ 5,630,038</u>	<u>\$ 924,640</u>	<u>\$ -</u>	<u>\$ 9,847,763</u>	<u>\$ 16,402,441</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, 2022**

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Net change in fund balances - total governmental funds.	\$	4,799,892
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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 or amortization expense. This is the amount by which depreciation and amortization expense exceeded capital outlays in the current period.

Capital outlay	\$	4,014,240	
Depreciation and amortization expense		<u>(4,396,457)</u>	(382,217)

The net effect of various miscellaneous transactions (i.e., sales and donations) involving capital assets.		232,916
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		273,738
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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 financed purchase obligations	\$	(2,617,113)	
Proceeds from issuance of installment purchase revenue bonds		(7,000,000)	
Proceeds from issuance of leases payable		(272,205)	
Principal repayments		<u>786,839</u>	(9,102,479)

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	\$	86,334	
Accrued interest		(91,440)	
Net pension liability, net of related deferred inflows and outflows of resources		(297,051)	
Total other postemployment benefits liability, net of related deferred inflows and outflows of resources		<u>581,093</u>	<u>278,936</u>

Change in net position of governmental activities	\$	<u><u>(3,899,214)</u></u>
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**CITY OF ORANGEBURG, SOUTH CAROLINA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2022**

<b>ASSETS</b>	<b>Department of Public Utilities</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 14,911,117	\$ 200	\$ 14,911,317
Investments	36,607,036	-	36,607,036
Accounts receivable, net of allowance	13,531,095	1,622	13,532,717
Due from other governments	-	294,449	294,449
Prepaid expenses	748,463	1,084	749,547
Inventory	9,347,404	44,904	9,392,308
Restricted cash	8,130,865	-	8,130,865
Total current assets	<u>83,275,980</u>	<u>342,259</u>	<u>83,618,239</u>
<b>NONCURRENT ASSETS</b>			
Capital assets:			
Nondepreciable	57,646,882	2,454,537	60,101,419
Depreciable, net of accumulated depreciation	230,697,332	2,443,678	233,141,010
Total noncurrent assets	<u>288,344,214</u>	<u>4,898,215</u>	<u>293,242,429</u>
Total assets	<u>371,620,194</u>	<u>5,240,474</u>	<u>376,860,668</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	2,245,294	25,907	2,271,201
Other postemployment benefits	676,807	28,011	704,818
Total deferred outflows of resources	<u>2,922,101</u>	<u>53,918</u>	<u>2,976,019</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Payable from current assets:			
Accounts payable	9,240,700	10,412	9,251,112
Unearned revenue	5,349,290	-	5,349,290
Accrued expenses	1,449,525	2,562	1,452,087
Due to other funds	104,825	-	104,825
Compensated absences - current portion	1,194,306	3,767	1,198,073
	<u>17,338,646</u>	<u>16,741</u>	<u>17,355,387</u>
Payable from restricted assets:			
Customer deposits	5,913,490	-	5,913,490
Bonds and notes payable - current portion	2,331,941	-	2,331,941
	<u>8,245,431</u>	<u>-</u>	<u>8,245,431</u>
Total current liabilities	<u>25,584,077</u>	<u>16,741</u>	<u>25,600,818</u>
<b>NONCURRENT LIABILITIES</b>			
Advance from other funds	-	895,351	895,351
Bonds and notes payable - long term portion	30,700,304	-	30,700,304
Net pension liability	26,230,044	319,503	26,549,547
Total other postemployment benefit liability	4,710,214	121,722	4,831,936
Compensated absences - long term portion	195,089	-	195,089
Total noncurrent liabilities	<u>61,835,651</u>	<u>1,336,576</u>	<u>63,172,227</u>
Total liabilities	<u>87,419,728</u>	<u>1,353,317</u>	<u>88,773,045</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension	263,878	3,996	267,874
Other postemployment benefits	1,590,975	40,986	1,631,961
Total deferred outflows of resources	<u>1,854,853</u>	<u>44,982</u>	<u>1,899,835</u>
<b>NET POSITION</b>			
Net investment in capital assets	265,166,680	4,898,215	270,064,895
Restricted for self insurance	25,000	-	25,000
Restricted for debt service	2,217,375	-	2,217,375
Unrestricted	17,858,659	(1,002,122)	16,856,537
Total net position	<u>\$ 285,267,714</u>	<u>\$ 3,896,093</u>	<u>\$ 289,163,807</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, 2022**

	Department of Public Utilities	Nonmajor Enterprise Funds	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ 111,600,987	\$ 422,452	\$ 112,023,439
Miscellaneous	-	924	924
Total operating revenues	<u>111,600,987</u>	<u>423,376</u>	<u>112,024,363</u>
<b>OPERATING EXPENSES</b>			
Cost of sales and service	56,846,206	297,716	57,143,922
Operations and maintenance	13,941,152	8,746	13,949,898
Administration	15,507,116	398,329	15,905,445
Depreciation expense	12,142,979	665,377	12,808,356
Total operating expenses	<u>98,437,453</u>	<u>1,370,168</u>	<u>99,807,621</u>
Operating income (loss)	<u>13,163,534</u>	<u>(946,792)</u>	<u>12,216,742</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Loss on disposal of assets	(659,694)	-	(659,694)
Interest expense	(756,715)	-	(756,715)
Investment income (loss)	(1,615,645)	-	(1,615,645)
Other nonoperating income	333,698	-	333,698
Total nonoperating expenses, net	<u>(2,698,356)</u>	<u>-</u>	<u>(2,698,356)</u>
Income (loss) before contributions and transfers	<u>10,465,178</u>	<u>(946,792)</u>	<u>9,518,386</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>523,670</u>	<u>1,231,230</u>	<u>1,754,900</u>
<b>TRANSFERS</b>			
Transfers in	-	821,142	821,142
Transfers out	(7,661,814)	(49,594)	(7,711,408)
Total transfers	<u>(7,661,814)</u>	<u>771,548</u>	<u>(6,890,266)</u>
Change in net position	3,327,034	1,055,986	4,383,020
<b>NET POSITION, beginning of year</b>	<u>281,940,680</u>	<u>2,840,107</u>	<u>284,780,787</u>
<b>NET POSITION, end of year</b>	<u>\$ 285,267,714</u>	<u>\$ 3,896,093</u>	<u>\$ 289,163,807</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, 2022**

	<b>Department of Public Utilities</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 104,705,452	\$ 130,428	\$ 104,835,880
Payments to suppliers	(73,163,744)	(294,728)	(73,458,472)
Payments to employees	(16,854,144)	(976,004)	(17,830,148)
Other receipts	333,698	-	333,698
Internal activity-payments from other funds	421	32,694	33,115
Net cash provided by (used in) operating activities	<u>15,021,683</u>	<u>(1,107,610)</u>	<u>13,914,073</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Transfers in	-	821,142	821,142
Transfers out	(7,661,814)	(49,594)	(7,711,408)
Intergovernmental revenue	-	629,069	629,069
Net cash provided by (used in) noncapital and related financing activities	<u>(7,661,814)</u>	<u>1,400,617</u>	<u>(6,261,197)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisitions of capital assets	(24,588,796)	(1,128,584)	(25,717,380)
Proceeds from sale of capital assets	184,086	-	184,086
Principal payments on notes payable	(2,285,360)	-	(2,285,360)
Capital grants received	523,670	835,077	1,358,747
Interest paid	(756,715)	-	(756,715)
Net cash used in capital and related financing activities	<u>(26,923,115)</u>	<u>(293,507)</u>	<u>(27,216,622)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investments	(26,040,678)	-	(26,040,678)
Proceeds from sale of investments	19,602,726	-	19,602,726
Interest received	662,247	-	662,247
Net cash used in investing activities	<u>(5,775,705)</u>	<u>-</u>	<u>(5,775,705)</u>
Change in cash and cash equivalents	(25,338,951)	(500)	(25,339,451)
<b>Cash and cash equivalents:</b>			
Beginning of year	<u>48,380,933</u>	<u>700</u>	<u>48,381,633</u>
End of year	<u>\$ 23,041,982</u>	<u>\$ 200</u>	<u>\$ 23,042,182</u>
<b>Classified as:</b>			
Cash and cash equivalents	\$ 14,911,117	\$ 200	\$ 14,911,317
Restricted cash	8,130,865	-	8,130,865
	<u>\$ 23,041,982</u>	<u>\$ 200</u>	<u>\$ 23,042,182</u>

**(Continued)**

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	<u>Department of Public Utilities</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ 13,163,534	\$ (946,792)	\$ 12,216,742
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	12,142,979	665,377	12,808,356
Other revenues	333,698	-	333,698
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(3,564,983)	2,508	(3,562,475)
Decrease in due from other funds	-	19,982	19,982
Increase in due from other governments	-	(294,449)	(294,449)
Decrease in prepaid expenses	52,164	892	53,056
(Increase) decrease in inventory	(4,588,014)	120,289	(4,467,725)
Decrease in deferred outflows of resources-pension	815,344	41,159	856,503
Decrease in deferred outflows of resources other postemployment benefits	21,199	7,135	28,334
Increase (decrease) in accounts payable	1,815,756	(69,990)	1,745,766
Decrease in accrued expenses	(1,317,330)	(5,986)	(1,323,316)
Increase in customer deposits	343,708	-	343,708
Decrease in unearned revenue	(3,330,552)	(3,301)	(3,333,853)
Increase (decrease) in due to other funds	421	(19,982)	(19,561)
Increase in advance from other funds	-	1,043	1,043
Decrease in deferred inflows of resources-pension	(3,310,262)	(101,601)	(3,411,863)
Increase (decrease) in deferred inflows of resources other postemployment benefits	737,599	(2,615)	734,984
Increase (decrease) in net pension liability	2,629,383	(332,442)	2,296,941
Decrease in other post employment benefit obligation	(1,059,532)	(173,070)	(1,232,602)
Increase (decrease) in compensated absences	136,571	(15,767)	120,804
Net cash provided by (used in) operating activities	<u>\$ 15,021,683</u>	<u>\$ (1,107,610)</u>	<u>\$ 13,914,073</u>
<b>NONCASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Transfer of capital assets to other funds	\$ -	\$ (232,916)	\$ (232,916)
Decrease in the fair value of investments	(2,277,892)	-	(2,277,892)
	<u>\$ (2,277,892)</u>	<u>\$ (232,916)</u>	<u>\$ (2,510,808)</u>

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
SEPTEMBER 30, 2022**

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	<u>Custodial Fund</u>
	<u>Delinquent Tax Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,328
Total assets	<u>3,328</u>
<b>NET POSITION</b>	
Restricted:	
Individuals, organizations, and other governments	3,328
Total net position	<u>\$ 3,328</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, 2022**

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	<u>Custodial Fund</u>
	<u>Delinquent Tax Fund</u>
<b>ADDITIONS</b>	
Sale of property and redemptions	\$ 4,695
Total additions	<u>4,695</u>
<b>DEDUCTIONS</b>	
Delinquent tax fees	1,367
Total deductions	<u>1,367</u>
Change in net position	3,328
<b>NET POSITION, beginning of year</b>	<u>-</u>
<b>NET POSITION, end of year</b>	<u>\$ 3,328</u>

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

# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### A. Reporting Entity

The City of Orangeburg, South Carolina operates under a charter originally granted by the State of South Carolina on December 24, 1883. The government is a municipal corporation governed by an elected Mayor and six-member council. The City provides the following services: general government (administrative services, elections, community planning and development), judicial (municipal court), public safety (police, fire, and communications), public works (building inspection, parking and municipal buildings, sanitation, and streets), 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 discretely presented component units and one (1) blended component unit.

The **Orangeburg Redevelopment Corporation** (the “Corporation”) is a single purpose corporate entity, established in 2022, which has a leasehold interest in certain City facilities. Its Board is comprised of several employees and elected officials of the City. The Corporation issued \$7,000,000 of financing in the form of installment purchase revenue bonds during 2022 to finance the purchase of acquiring and equipping a city hall facility. The assets, debts, and activities of the Corporation are reported in the governmental activities of the City. The Corporation does not issue separate audited financial statements.

#### 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

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

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

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. 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 leases, compensated absences, pensions, other postemployment benefits and claims and judgments, are recorded only when payment is due. 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.

## NOTES TO FINANCIAL STATEMENTS

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

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

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 **ARPA Fund** is used to account for the proceeds of the Coronavirus State and Local Fiscal Recovery Funds program under the American Rescue Plan Act (ARPA).

The City reports the following major proprietary fund:

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

Additionally, the City reports the following nonmajor fund types:

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

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

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

The **Fiduciary Fund** is 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

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### 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 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 budget of the Department of Public Utilities Fund is presented as other supplementary information. Additionally, the budget of the General Fund is 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 amortized cost which approximates fair value.

## NOTES TO FINANCIAL STATEMENTS

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

#### F. Receivables

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

Accounts receivable in the General Fund are comprised of franchise taxes, 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

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

#### I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2022, 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 notes receivable and has determined no provision for uncollectible amounts to be necessary.

#### 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 \$5,000 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 (including right-to-use leased assets) except land and construction in progress are depreciated/amortized. Useful lives for infrastructure are estimated based on the City's historical records of necessary improvements and replacements. Depreciation/amortization 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
Right-to-use vehicles and equipment	3 - 7
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

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

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

In addition to assets, the Statement of Net Position reports a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City has five (5) 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 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 third 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 fourth 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. 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, 2023.

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 assets 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 (4) 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

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

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

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

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

#### P. Fund Equity (Continued)

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

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

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

#### Q. Use of Estimates

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

#### R. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement System (SCRS) and the South Carolina Police 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

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

#### S. Leases

The City implemented GASBS No. 87, *Leases*, as of October 1, 2021. Accordingly, the City is a lessee for non-cancellable leases of certain vehicles and equipment. The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a re-measurement of its lease and will re-measure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets on the Statement of Net Position, and lease liabilities are reported with long-term debt on the Statement of Net Position.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2. LEGAL COMPLIANCE – BUDGETS

#### Excess of Expenditures over Appropriations

For the fiscal year ended September 30, 2022, expenses exceeded appropriations as follows:

	<b>Excess</b>
General Fund	\$ (444,722)
Public Utilities Fund	(887,184)

The over expenditures in the General Fund were funded by the use of available fund balance. The over expenditures in the Public Utilities Fund were funded by greater than budgeted revenues of \$1,986,698.

### NOTE 3. CASH AND INVESTMENTS

Total cash and investments as of September 30, 2022, are summarized as follows:

Amounts as presented in the entity-wide Statement of Net Position:	
Cash and cash equivalents	\$ 30,625,175
Investments	39,654,113
Restricted cash and cash equivalents	8,130,865
Amounts as presented in the Statement of Fiduciary Net Position:	
Cash and cash equivalents - Custodial Fund	3,328
Total	\$ 78,413,481
Cash and investments deposited with financial institutions	\$ 63,743,839
South Carolina Local Government Investment Pool	14,669,642
Total	\$ 78,413,481

At September 30, 2022, 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, 2022, 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, 2022, the City had the following investments:

<u>Investment</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>	<u>Credit Rating</u>
U.S. Treasuries	\$ 36,178,923	91.2%	AAA/AA+
U.S. Agencies	3,330,210	8.4%	AAA/AA+
Mutual funds	144,980	0.4%	N/A
	<u>\$ 39,654,113</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, 2022:

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
U.S. Treasury securities	\$ 36,178,923	\$ -	\$ -	\$ 36,178,923
U.S. Agency securities	3,330,210	-	-	3,330,210
Mutual funds	144,980	-	-	144,980
Total investments measured at fair value	<u>\$ 39,654,113</u>	<u>\$ -</u>	<u>\$ -</u>	<u>39,654,113</u>
Total investments				<u>\$ 39,654,113</u>

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 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, 2022, 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	\$ 36,178,923	\$ 8,713,385	\$ 27,465,538	\$ -
U.S. Agency Securities	3,330,210	3,330,210	-	-
Mutual Funds	144,980	144,980	-	-
Total fair value	<u>\$ 39,654,113</u>	<u>\$ 12,188,575</u>	<u>\$ 27,465,538</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, 2022, for the City's individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Department of Public Utilities</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 553,970	\$ -	\$ -	\$ -	\$ 553,970
Accounts	47,759	111,837	13,991,095	1,622	14,152,313
Due from other governments	132,491	159,198	-	294,449	586,138
Gross receivables	<u>734,220</u>	<u>271,035</u>	<u>13,991,095</u>	<u>296,071</u>	<u>15,292,421</u>
Less allowance for uncollectibles	(52,970)	-	(460,000)	-	(512,970)
Net total receivables	<u>\$ 681,250</u>	<u>\$ 271,035</u>	<u>\$ 13,531,095</u>	<u>\$ 296,071</u>	<u>\$ 14,779,451</u>

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## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended September 30, 2022, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers and Reclassifications</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 3,382,963	\$ 258,529	\$ -	\$ -	\$ 3,641,492
Construction in progress	-	42,000	-	(33,799)	8,201
Total capital assets, not being depreciated	<u>3,382,963</u>	<u>300,529</u>	<u>-</u>	<u>(33,799)</u>	<u>3,649,693</u>
Capital assets, being depreciated/amortized:					
Land and site improvements	23,624,815	146,485	-	584,115	24,355,415
Buildings	15,306,819	266,492	-	411,355	15,984,666
Building improvements	3,105,944	-	-	-	3,105,944
Vehicles	8,391,417	2,912,963	(627,769)	21,543	10,698,154
Machinery and equipment	2,170,024	109,276	-	-	2,279,300
Infrastructure	9,009,275	-	-	-	9,009,275
Furniture and fixtures	1,590,694	-	-	28,888	1,619,582
Computer equipment	2,722,575	6,290	-	12,256	2,741,121
Right-to-use leased vehicles	503,806	272,205	-	-	776,011
Right-to-use leased equipment	457,275	-	-	-	457,275
Tools and other	1,111,792	-	-	594,468	1,706,260
Total capital assets, being depreciated/amortized	<u>67,994,436</u>	<u>3,713,711</u>	<u>(627,769)</u>	<u>1,652,625</u>	<u>72,733,003</u>
Less accumulated depreciation for:					
Land and site improvements	(5,131,433)	(1,638,226)	-	(584,115)	(7,353,774)
Buildings	(7,158,979)	(428,266)	-	-	(7,587,245)
Building improvements	(1,774,124)	(75,744)	-	(304,946)	(2,154,814)
Vehicles	(7,298,244)	(767,223)	627,769	-	(7,437,698)
Machinery and equipment	(1,527,757)	(217,650)	-	-	(1,745,407)
Infrastructure	(4,684,397)	(442,852)	-	-	(5,127,249)
Furniture and fixtures	(1,475,670)	(38,676)	-	(23,142)	(1,537,488)
Computer equipment	(1,968,794)	(485,191)	-	-	(2,453,985)
Right-to-use leased vehicles	-	(170,867)	-	-	(170,867)
Right-to-use leased equipment	-	(111,986)	-	-	(111,986)
Tools and other	(1,046,832)	(19,776)	-	(473,707)	(1,540,315)
Total accumulated depreciation/amortization	<u>(32,066,230)</u>	<u>(4,396,457)</u>	<u>627,769</u>	<u>(1,385,910)</u>	<u>(37,220,828)</u>
Total capital assets, being depreciated, net	<u>35,928,206</u>	<u>(682,746)</u>	<u>-</u>	<u>266,715</u>	<u>35,512,175</u>
Governmental activities capital assets, net	<u>\$ 39,311,169</u>	<u>\$ (382,217)</u>	<u>\$ -</u>	<u>\$ 232,916</u>	<u>\$ 39,161,868</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the governmental activities for the year ended September 30, 2022, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 3,847,375	\$ -	\$ -	\$ -	\$ 3,847,375
Construction in progress	39,721,294	25,715,083	-	(9,182,333)	56,254,044
Total capital assets, not being depreciated	<u>43,568,669</u>	<u>25,715,083</u>	<u>-</u>	<u>(9,182,333)</u>	<u>60,101,419</u>
Capital assets, being depreciated:					
Buildings and improvements	10,608,135	-	-	(411,356)	10,196,779
Electric division	160,432,921	2,297	(1,792,237)	4,574,619	163,217,600
Gas division	37,315,217	-	(66,894)	1,979,225	39,227,548
Water division	112,680,822	-	(27,773)	778,889	113,431,938
Wastewater division	102,114,906	-	(22,503)	456,244	102,548,647
Land improvements	13,980,402	-	-	(584,115)	13,396,287
Tools and equipment	18,752,608	-	(24,837)	644,175	19,371,946
Furniture and fixtures	1,081,090	-	-	125,825	1,206,915
Total capital assets, being depreciated	<u>456,966,101</u>	<u>2,297</u>	<u>(1,934,244)</u>	<u>7,563,506</u>	<u>462,597,660</u>
Less accumulated depreciation for:					
Buildings and improvements	(6,207,744)	(454,535)	-	304,946	(6,357,333)
Electric division	(91,918,985)	(4,762,884)	974,972	-	(95,706,897)
Gas division	(16,681,739)	(948,655)	43,403	-	(17,586,991)
Water division	(45,021,159)	(2,527,290)	24,749	-	(47,523,700)
Wastewater division	(37,754,189)	(2,338,981)	22,503	-	(40,070,667)
Land improvements	(11,954,872)	(507,196)	-	584,115	(11,877,953)
Tools and equipment	(8,660,355)	(1,230,489)	24,837	473,708	(9,392,299)
Furniture and fixtures	(925,626)	(38,326)	-	23,142	(940,810)
Total accumulated depreciation	<u>(219,124,669)</u>	<u>(12,808,356)</u>	<u>1,090,464</u>	<u>1,385,911</u>	<u>(229,456,650)</u>
Total capital assets, being depreciated, net	<u>237,841,432</u>	<u>(12,806,059)</u>	<u>(843,780)</u>	<u>8,949,417</u>	<u>233,141,010</u>
Business-type activities capital assets, net	<u>\$ 281,410,101</u>	<u>\$ 12,909,024</u>	<u>\$ (843,780)</u>	<u>\$ (232,916)</u>	<u>\$ 293,242,429</u>

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

Governmental activities:	
General government	\$ 165,453
Public safety	1,459,167
Public works	1,526,427
Culture and recreation	1,245,410
Total depreciation/amortization expense - governmental activities	<u>\$ 4,396,457</u>

## NOTES TO FINANCIAL STATEMENTS

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### 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	\$ 12,142,979
Municipal airport	665,377
Total depreciation expense - business-type activities	<u>\$ 12,808,356</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 certain facilities and buildings as well as to defray the costs of the construction of a Department of Public Utilities Operations Center and infrastructure. 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. The City's installment purchase revenues bonds are funded by the General Fund.

Leases Payable – The City periodically enters into leases for certain vehicles and equipment. These obligations are primarily funded by the General Fund.

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

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

Financed Purchase Obligations – The City periodically finances the purchase of various equipment with financed purchase agreements. These obligations are primarily 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, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Financed purchase obligations	\$ 216,210	\$ 2,617,113	\$ (216,210)	\$ 2,617,113	\$ 744,497
Revenue Bonds payable					
from direct borrow ings	4,169,526	7,000,000	(293,552)	10,875,974	302,418
Leases payable	961,081	272,205	(277,077)	956,209	274,312
Compensated absences	950,984	562,106	(648,440)	864,650	432,325
Net pension liability	18,340,602	2,574,882	(2,925,984)	17,989,500	-
Total other postemployment benefit liability	3,195,313	168,223	(733,755)	2,629,781	-
Governmental activities long-term liabilities	<u>\$ 27,833,716</u>	<u>\$ 13,194,529</u>	<u>\$ (5,095,018)</u>	<u>\$ 35,933,227</u>	<u>\$ 1,753,552</u>
Business-type activities:					
Notes payable					
from direct borrow ings	\$ 21,711,574	\$ -	\$ (1,419,667)	\$ 20,291,907	\$ 1,443,558
Revenue Bonds payable					
from direct borrow ings	13,606,031	-	(865,693)	12,740,338	888,383
Compensated absences	1,272,358	1,201,718	(1,080,914)	1,393,162	1,198,073
Net pension liability	24,252,606	5,799,547	(3,502,606)	26,549,547	-
Total other postemployment benefit liability	6,064,538	189,650	(1,422,252)	4,831,936	-
Business-type activities long-term liabilities	<u>\$ 66,907,107</u>	<u>\$ 7,190,915</u>	<u>\$ (8,291,132)</u>	<u>\$ 65,806,890</u>	<u>\$ 3,530,014</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, 2022, 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, 2022, are as follows:

	<b>Interest Rate</b>	<b>Balance at September 30, 2022</b>
State Revolving Fund, Series 2009A	1.84%	\$ 1,628,216
State Revolving Fund, Series 2009B	1.68%	356,872
State Revolving Fund, Series 2014	1.68%	18,306,819
		\$ 20,291,907

The annual requirements for debt service on notes payable outstanding at September 30, 2022, are summarized as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Year ending September 30,			
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	1,518,279	259,621	1,777,900
2027	1,544,242	233,659	1,777,901
2028 - 2032	7,319,754	778,402	8,098,156
2033 - 2036	5,505,273	191,782	5,697,055
	\$ 20,291,907	\$ 2,392,805	\$ 22,684,712

## 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%.

The City issued direct placement installment purchase revenue bonds through the Orangeburg Redevelopment Corporation during 2012 in the amount of \$7,000,000 to construct a new city hall facility. The bonds are secured by a base lease and trust agreement encompassing the to-be-constructed facility. Principal and interest payments on the bond are due in semi-annual installments through May 2032. The bond bears interest of 3.49%

Bonds payable from governmental-type activities at September 30, 2022, are as follows:

	Interest Rate	Balance at September 30, 2022
Accommodations and Hospitality Tax Revenue Bond, 2018	2.96%	\$ 3,875,974
Installment Purchase Revenue Bond, 2022	3.49%	7,000,000
		\$ 10,875,974

The annual requirements for debt service on revenue bonds payable outstanding at September 30, 2022, are summarized as follows:

	Principal	Interest	Total
Year ending September 30,			
2023	\$ 302,418	\$ 114,005	\$ 416,423
2024	311,272	105,151	416,423
2025	320,955	95,468	416,423
2026	330,650	85,773	416,423
2027	340,637	75,786	416,423
2028 - 2032	1,863,963	218,151	2,082,114
2033	406,079	9,531	415,610
	\$ 3,875,974	\$ 703,865	\$ 4,579,839

## NOTES TO FINANCIAL STATEMENTS

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

#### Bonds Payable

#### Governmental Activities

The annual requirements for debt service on installment purchase revenue bonds payable outstanding at September 30, 2022, are summarized as follows:

Year ending September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ 223,942	\$ 223,942
2024	-	244,300	244,300
2025	25,000	244,300	269,300
2026	75,000	243,428	318,428
2027	150,000	240,810	390,810
2028 - 2032	6,750,000	1,115,055	7,865,055
	<u>\$ 7,000,000</u>	<u>\$ 2,311,835</u>	<u>\$ 9,311,835</u>

#### 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 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%.

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.

## NOTES TO FINANCIAL STATEMENTS

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

#### Bonds Payable (Continued)

#### Business-type Activities (Continued)

Bonds payable from business-type activities at September 30, 2022, are as follows:

	Interest Rate	Balance at September 30, 2022
Combined Public Utilities System Revenue Bonds, Series 2020	2.59%	\$ 12,740,338
		\$ 12,740,338

The annual requirements for debt service on bonds payable outstanding at September 30, 2022, are summarized as follows:

	Principal	Interest	Total
Year ending September 30,			
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	960,083	247,779	1,207,862
2027	985,246	222,615	1,207,861
2028 - 2032	5,327,381	711,926	6,039,307
2033 - 2035	2,732,015	86,329	2,818,344
	\$ 12,740,338	\$ 2,156,622	\$ 14,896,960

#### Financed Purchase Obligations

The City entered into a financed purchase agreement 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. This obligation was paid in full during the fiscal year ended September 30, 2022.

The City entered into a financed purchase agreement in the amount of \$2,617,113 with a regional bank during 2022 for various equipment. Payments are made annually at 2.90% for a term of seven years.

## NOTES TO FINANCIAL STATEMENTS

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

#### Financed Purchase Obligations (Continued)

The annual requirements for debt service on financed purchase obligations outstanding at September 30, 2022, are summarized as follows:

Year ending September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 744,497	\$ 88,867	\$ 833,364
2024	362,257	54,425	416,682
2025	361,502	43,951	405,453
2026	372,021	33,432	405,453
2027	382,847	22,606	405,453
2028	393,989	11,465	405,454
	<u>\$ 2,617,113</u>	<u>\$ 254,746</u>	<u>\$ 2,871,859</u>

#### Leases

The City has entered into certain lease agreements (as lessee) with legally separate organizations for the right to use certain fleet vehicles and the associated equipment. Payments are due in monthly installments through 2027. As no interest rate is stated in the lease agreements, the City used its incremental borrowing rate as the discount rate for these leases.

Annual principal and interest requirements to maturity for the lease liability as of September 30, 2022, are as follows:

Year ending September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 274,312	\$ 21,827	\$ 296,139
2024	276,871	19,268	296,139
2025	289,254	16,669	305,923
2026	102,174	1,718	103,892
2027	13,598	222	13,820
	<u>\$ 956,209</u>	<u>\$ 59,704</u>	<u>\$ 1,015,913</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2022, is as follows:

**Due to/from other funds:**

Receivable Fund	Payable Fund	Amount
General Fund	Public Utilities Fund	\$ 104,825
General Fund	Nonmajor Governmental Funds	5,151
County Capital One Percent Fund	General Fund	738,438
Nonmajor Governmental Funds	General Fund	78,850
Nonmajor Governmental Funds	ARPA Fund	161,002
		<u>\$ 1,088,266</u>

**Advances to/from other funds:**

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Enterprise Funds	\$ 895,351
		<u>\$ 895,351</u>

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

The composition of interfund transfers for the year ended September 30, 2022, is as follows:

Transfer to	Transfer from					Total
	General	ARPA Fund	Department of Public Utilities	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	
General Fund	\$ -	\$ 279,447	\$ 7,210,461	\$ 534,889	\$ 49,594	\$ 8,074,391
Nonmajor Governmental Funds	-	-	451,353	-	-	451,353
Nonmajor Enterprise Funds	821,142	-	-	-	-	821,142
Total	<u>\$ 821,142</u>	<u>\$ 279,447</u>	<u>\$ 7,661,814</u>	<u>\$ 534,889</u>	<u>\$ 49,594</u>	<u>\$ 9,346,886</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. During fiscal year 2022, the City consolidated the financial activity of the Golf Course and Pro Shop enterprise funds into the General Fund. This resulted in certain transfers of capital assets or related items which are reflected in the Statement of Activities.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. COMMITMENTS AND CONTINGENT LIABILITIES

#### Risk Management

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

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

Beginning January 1, 2014, the City implemented a partial self-insurance program for medical insurance coverage for its employees. The City's health insurance plan has an individual stop loss insurance amount of \$125,000. Health claims are handled by an administrator. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

Changes in the balance of the liability for health, dental and prescription claims during the fiscal years ended September 30, 2022 and 2021, were as follows:

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Unpaid claims, beginning of fiscal year	\$ 287,832	\$ 310,694
Incurred claims and changes in estimates	4,807,877	3,463,760
Claim payments	(4,748,782)	(3,486,622)
Unpaid claims, end of fiscal year	<u>\$ 346,927</u>	<u>\$ 287,832</u>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 8. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

#### 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, 2022, are not significant.

**Construction Commitments.** At September 30, 2022, the City had construction commitments related to various capital projects of approximately \$23,747,827.

### NOTE 9. 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. EMPLOYEE BENEFITS (CONTINUED)

#### Retirement Plan (Continued)

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 an Annual Comprehensive Financial Report (ACFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The ACFR is publicly available through PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 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 ACFR 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.

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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. EMPLOYEE BENEFITS (CONTINUED)

#### Retirement Plan (Continued)

*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

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### NOTE 9. EMPLOYEE BENEFITS (CONTINUED)

#### Retirement Plan (Continued)

*Benefits (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

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### NOTE 9. 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. The Retirement Funding and Administration Act of 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. 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. In accordance with the legislative funding schedule, employer contribution rates will continue to increase by 1 percentage point each year until reaching 18.56 percent for SCRS and 21.24 percent for PORS but may be increased further, if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. The Board shall increase the employer contribution rates as necessary to meet the amortization period set in statute.

Pension reform legislation modified statute such that the employer contribution rates for SCRS and PORS to be further increased, not to exceed one-half of one percent in any one year, if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of SCRS and PORS to the maximum amortization period of 20 years from 30 years over a ten-year schedule, as determined by the annual actuarial valuations of the plan. Finally, under the revised statute, the contribution rates for SCRS and PORS may not be decreased until the plans are at least 85 percent funded.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. EMPLOYEE BENEFITS (CONTINUED)

#### Retirement Plan (Continued)

##### *Contributions (Continued):*

Required employee contribution rates for the year ended September 30, 2022, 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, 2022, are as follows:

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

Employee Class Two	16.41% of earnable compensation from October 1st through June 30th 17.41% of earnable compensation from July 1st through September 30th
Employee Class Three	16.41% of earnable compensation from October 1st through June 30th 17.41% of earnable compensation from July 1st through September 30th
Employer incidental death benefit	0.15% of earnable compensation

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

Employee Class Two	18.84% of earnable compensation from October 1st through June 30th 19.84% of earnable compensation from July 1st through September 30th
Employee Class Three	18.84% of earnable compensation from October 1st through June 30th 19.84% of earnable compensation from July 1st through September 30th
Employer incidental death benefit	0.20% of earnable compensation
Employer accidental death program	0.20% of earnable compensation

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. EMPLOYEE BENEFITS (CONTINUED)

#### Retirement Plan (Continued)

*Net Pension Liability:*

The June 30, 2022, (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, 2021 actuarial valuation. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2022, using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS. 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, 2022, (measurement date of June 30, 2022), the net pension liability amounts for SCRS and PORS plans are as follows:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' 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	\$ 56,454,779,872	\$ 32,212,626,932	\$ 24,242,152,940	57.1%	0.152132%
PORS	\$ 8,937,686,946	\$ 5,938,707,767	\$ 2,998,979,179	66.4%	0.255384%

*Actuarial Assumptions and Methods:*

Actuarial valuations of the ongoing 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.

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2021, valuations for SCRS and PORS.

	SCRS	PORS
Actuarial cost method	Entry Age Normal	Entry Age Normal
Actuarial assumptions:		
Investment rate of return	7.00%	7.00%
Projected salary increases	3.0% to 11.0% (varies by service)	3.5% to 10.5% (varies by service)
Includes inflation at	2.25%	2.25%
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. 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 assumptions, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

Former Job Class	Males	Females
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

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 2022 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. EMPLOYEE BENEFITS (CONTINUED)

#### Retirement Plan (Continued)

*Actuarial Assumptions and Methods (Continued):*

<u>Allocation / Exposure</u>	<u>Policy Target</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long-term Expected Portfolio Real Rate of Return</u>
Public Equity	46.0%	6.79%	3.12%
Bonds	26.0%	-0.35%	-0.09%
Private Equity	9.0%	8.75%	0.79%
Private Debt	7.0%	6.00%	0.42%
Real assets	12.0%		
Real estate	9.0%	4.12%	0.37%
Infrastructure	3.0%	5.88%	0.18%
	100%		
		Total expected real return	4.79%
		Inflation for actuarial purposes	2.25%
		Total expected nominal return	7.04%

*Discount Rate:*

The discount rate used to measure the total pension liability was 7 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.

<u>Sensitivity of the Net Position Liability to Changes in the Discount Rate</u>			
	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
City's portion - SCRS	\$ 47,284,879	\$ 36,880,131	\$ 28,229,936
City's portion - PORS	\$ 10,679,897	\$ 7,658,916	\$ 5,185,959

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. EMPLOYEE BENEFITS (CONTINUED)

#### Retirement Plan (Continued)

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

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS pension plans, respectively, from the following sources:

<b>SCRS</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 320,419	\$ 160,723
Changes of assumptions	1,182,832	-
Net difference between projected and actual earnings on pension plan investments	56,877	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	664,163	236,348
Employer contributions subsequent to the measurement date	<u>884,583</u>	<u>-</u>
Total	<u>\$ 3,108,874</u>	<u>\$ 397,071</u>
<b>PORS</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 128,501	\$ 151,404
Changes of assumptions	318,929	-
Net difference between projected and actual earnings on pension plan investments	23,128	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	307,723	194,668
Employer contributions subsequent to the measurement date	<u>219,576</u>	<u>-</u>
Total	<u>\$ 997,857</u>	<u>\$ 346,072</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. 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 \$884,583 and \$219,576 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended September 30:</b>	<b>SCRS</b>	<b>PORS</b>
2023	\$ 1,046,042	\$ 126,877
2024	689,703	186,017
2025	(870,335)	(178,385)
2026	961,810	297,700

*Pension Expense:*

For the year ended September 30, 2022, the City recognized its proportionate share of collective pension expense of \$3,094,752 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 \$186,885 for a total of \$3,281,637 for the SCRS plan. Additionally, for the year ended September 30, 2022, the City recognized its proportionate share of collective pension expense of \$746,028 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 (\$98,090) for a total of \$647,938 for the PORS plan.

*Pension Plan Fiduciary Net Position:*

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

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. 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, 2021, the date of the latest actuarial valuation:

Active participants	142
Retirees and beneficiaries currently receiving benefits	116
Total	<u>258</u>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. 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, 2022, were \$676 for retirees only and \$1,326 for retiree family coverage. For the year ended September 30, 2022, the City contributed \$709,042 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, 2021, and was determined by an actuarial valuation as of September 30, 2021.

##### *Actuarial Assumptions*

The total OPEB liability in the September 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate:	2.26% as of September 30, 2021 (measurement date)
Healthcare cost trend rate:	7.00% - 4.50%, Ultimate trend by 2031
Inflation rate:	2.25%
Salary increase:	3.00% to 10.50%, 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 PUB-2010 Mortality Table for Employees with a 135% multiplier to better reflect the anticipated experience and provide margin for future improvements in mortality.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the September 30, 2021, 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, 2021 valuation were based on a review of recent plan experience done concurrently with the September 30, 2021 valuation.

##### *Discount Rate*

The discount rate used to measure the total OPEB liability was 2.26%. 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 2.26% as determined by the Bond Buyer 20-Bond GO Index Rate as of September 30, 2021 (the measurement date).

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. 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, 2022 (measurement date of September 30, 2021), were as follows:

	<b>Total OPEB</b>
<b>Balance at September 30, 2020</b>	\$ 9,459,258
<b>Changes for the year:</b>	
Service cost	250,209
Interest	205,989
Difference between actual and expected experience	(1,997,716)
Assumption changes	(177,531)
Benefit payments and implicit subsidy	(278,492)
<b>Net changes</b>	(1,997,541)
<b>Balance at September 30, 2021</b>	\$ 7,461,717

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 or 1-percentage-point higher than the current discount rate:

<b>Sensitivity of the Total OPEB Liability to Changes in the Discount Rate</b>			
<b>Fiscal Year</b>	<b>1% Decrease (1.26%)</b>	<b>Current Discount Rate (2.26%)</b>	<b>1% Increase (3.26%)</b>
2022	\$ 8,260,770	\$ 7,461,717	\$ 6,763,576

*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 or 1-percentage-point higher than the current healthcare cost trend rates.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. EMPLOYEE BENEFITS (CONTINUED)

#### Other Postemployment Benefits (Continued)

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

<b>Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate</b>			
<b>Fiscal Year</b>	<b>1% Decrease (6.00% decreasing to 3.50%)</b>	<b>Current Healthcare Cost Trend Rates (7.00% decreasing to 4.50%)</b>	<b>1% Increase (8.00% decreasing to 5.50%)</b>
2022	\$ 6,991,070	\$ 7,461,717	\$ 8,009,507

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, 2022, and the current sharing pattern of costs between employer and inactive employees.

#### *OPEB Expense*

For the year ended September 30, 2022, the City recognized OPEB expense of (\$341,336). The components of OPEB expense are detailed in the table below.

<b>Description</b>	<b>2022</b>
Service cost (annual cost of current service)	\$ 250,209
Interest on the total OPEB liability	205,989
Recognition of amortization - difference between expected and actual experience & assumption changes	(797,534)
Total aggregate OPEB expense	\$ (341,336)

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

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 2,150,790
Changes of assumptions	602,940	369,564
Employer contributions subsequent to the measurement date	709,042	-
Total	\$ 1,311,982	\$ 2,520,354

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. 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 \$709,042 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, 2023.

As of September 30, 2022, other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Retiree Health Insurance Plan</u>	
Year ended September 30:	
2023	\$ (743,334)
2024	(611,117)
2025	(452,220)
2026	(110,743)

### NOTE 10. TAX ABATEMENTS

As of September 30, 2022, the City's ad valorem property tax revenues were reduced by \$121,848 under tax abatement agreements entered into by Orangeburg County. Such agreements, enacted under Title 12 of the South Carolina Code of Laws as the Fee-in-Lieu of Tax Act and the Special Source Revenue Credit Acts, allow the County to enter into negotiated fee-in-lieu of tax (FILOT) arrangements with entities in exchange for making investments in facilities and jobs in the County. The FILOT's typically include millage caps and reduced assessment ratios for entities who commit to certain investment and employment targets. Some FILOT's also include Special Source Revenue Credits (SSRC's) which further reduce the negotiated fee by a percentage for a set time period. The City is not reimbursed by the County for the foregone property tax revenues associated with the agreements.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**

**BUDGET (GAAP BASIS) AND ACTUAL**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 3,837,500	\$ 3,837,500	\$ 3,872,177	\$ 34,677
Franchise taxes	175,000	175,000	176,405	1,405
Sales taxes	-	9,000	12,289	3,289
Other taxes	2,624,016	2,631,516	2,537,261	(94,255)
Licenses and permits	1,184,656	1,184,656	1,586,572	401,916
Intergovernmental	2,322,115	2,334,115	514,096	(1,820,019)
Charges for services	2,664,098	2,969,898	2,434,642	(535,256)
Fines and forfeitures	272,400	272,400	254,486	(17,914)
Investment income (loss)	50,000	50,000	(108,455)	(158,455)
Other revenues	409,590	410,090	501,140	91,050
Total revenues	<u>13,539,375</u>	<u>13,874,175</u>	<u>11,780,613</u>	<u>(2,093,562)</u>
<b>Expenditures:</b>				
Current:				
General government	3,356,531	3,356,531	3,262,807	93,724
Judicial	406,688	406,688	443,760	(37,072)
Public safety	10,290,836	10,286,140	11,617,559	(1,331,419)
Public works	2,983,430	2,983,430	2,844,424	139,006
Culture and recreation	3,111,458	3,866,641	3,655,535	211,106
Non-departmental	2,401,145	2,401,145	1,968,981	432,164
Debt Service:				
Principal	1,296,239	541,056	493,287	47,769
Interest	41,209	41,209	41,209	-
Total expenditures	<u>23,887,536</u>	<u>23,882,840</u>	<u>24,327,562</u>	<u>(444,722)</u>
Deficiency of revenues under expenditures	<u>(10,348,161)</u>	<u>(10,008,665)</u>	<u>(12,546,949)</u>	<u>(2,538,284)</u>
<b>Other financing sources:</b>				
Issuance of debt	503,700	503,700	2,889,318	2,385,618
Sale of capital assets	150,000	150,000	-	(150,000)
Transfers in	9,694,461	9,359,661	8,074,391	(1,285,270)
Transfers out	-	-	(821,142)	(821,142)
Total other financing sources, net	<u>10,348,161</u>	<u>10,013,361</u>	<u>10,142,567</u>	<u>129,206</u>
Net change in fund balances	-	4,696	(2,404,382)	(2,409,078)
<b>Fund balance, beginning of year</b>	<u>8,034,420</u>	<u>8,034,420</u>	<u>8,034,420</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 8,034,420</u>	<u>\$ 8,039,116</u>	<u>\$ 5,630,038</u>	<u>\$ (2,409,078)</u>

**CITY OF ORANGEBURG, SOUTH CAROLINA**

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>					
Service cost	\$ 250,209	\$ 218,414	\$ 189,179	\$ 213,065	\$ 241,515
Interest on total OPEB liability	205,989	234,794	375,731	338,374	290,803
Difference between actual and expected experience	(1,997,716)	(66,976)	(1,304,218)	(195,882)	(28,865)
Assumption changes	(177,531)	402,286	890,134	(586,120)	(673,229)
Benefit payments	<u>(278,492)</u>	<u>(310,197)</u>	<u>(314,117)</u>	<u>(205,124)</u>	<u>(348,149)</u>
<b>Net change in total OPEB liability</b>	<u>(1,997,541)</u>	<u>478,321</u>	<u>(163,291)</u>	<u>(435,687)</u>	<u>(517,925)</u>
<b>Total OPEB liability - beginning</b>	<u>9,459,258</u>	<u>8,980,937</u>	<u>9,144,228</u>	<u>9,579,915</u>	<u>10,097,840</u>
<b>Total OPEB liability - ending</b>	<u>\$ 7,461,717</u>	<u>\$ 9,459,258</u>	<u>\$ 8,980,937</u>	<u>\$ 9,144,228</u>	<u>\$ 9,579,915</u>
<b>Covered-employee payroll</b>	\$ 8,528,295	\$ 9,416,097	\$ 9,238,697	\$ 9,406,674	\$ 9,854,392
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	87.49%	100.46%	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 are disclosed in Note 9 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, to 2.16% as of September 30, 2020, to 2.26% as of September 30, 2021.

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
2022	0.152132%	\$ 36,880,131	\$ 15,100,370	244.2%	57.1%
2021	0.152090%	32,914,165	14,887,497	221.1%	60.7%
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
2022	0.25538%	\$ 7,658,916	\$ 3,663,792	209.0%	66.4%
2021	0.24095%	6,199,393	3,471,235	178.6%	70.4%
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 9 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		Contribution deficiency (excess)	City's covered payroll	Contributions as a percentage of covered payroll
		statutorily required contribution	statutorily required contribution			
2022	\$ 3,089,216	\$ 3,089,216	\$	-	\$ 18,350,491	16.83%
2021	2,783,742	2,783,742		-	17,601,868	15.82%
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		Contribution deficiency (excess)	City's covered payroll	Contributions as a percentage of covered payroll
		statutorily required contribution	statutorily required contribution			
2022	\$ 801,824	\$ 801,824	\$	-	\$ 4,111,099	19.50%
2021	710,594	710,594		-	3,839,473	18.51%
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,

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### 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, 2020	July 1, 2020
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	27 year maximum, closed period	27 year maximum, closed period
Investment return	7.25%	7.25%
Inflation	2.25%	2.25%
Salary increases	3.00% plus step-rate increases for members with less than 21 years of service	3.50% plus step-rate increases for members with less than 15 years of service
Mortality	2016 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the year 2016. Male rates are multiplied by 100% for non-educators and 92% for educators. Female rates multiplied by 111% for non-educators and 98% for educators.	2016 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the year 2016. Male rates are multiplied by 125% and females rates are multiplied by 111%.

## **OTHER SUPPLEMENTARY INFORMATION**

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**SCHEDULE OF REVENUES - GENERAL FUND  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Property taxes:				
Current taxes	\$ 3,731,000	\$ 3,731,000	\$ 3,582,487	\$ (148,513)
Delinquent taxes	86,500	86,500	253,919	167,419
Other	20,000	20,000	35,771	15,771
Franchise taxes	175,000	175,000	176,405	1,405
Sales taxes	-	9,000	12,289	3,289
Business taxes:				
Insurance	2,510,000	2,510,000	2,473,915	(36,085)
Other taxes	114,016	121,516	63,346	(58,170)
Licenses and permits:				
Business licenses	1,115,250	1,115,250	1,296,566	181,316
Permits	69,406	69,406	290,006	220,600
Intergovernmental:				
Local	50,000	62,000	48,924	(13,076)
State	545,000	545,000	427,638	(117,362)
Federal	1,727,115	1,727,115	37,534	(1,689,581)
Charges for services:				
Sanitation - commercial	392,000	392,000	403,589	11,589
Sanitation - residential	778,000	778,000	852,814	74,814
Fire service contracts	1,250,000	1,250,000	703,100	(546,900)
Recreation programs	227,718	227,718	131,212	(96,506)
Recreation department	16,380	16,380	16,792	412
Golf course and pro shop	-	305,800	327,135	21,335
Fines and forfeitures:				
Criminal fines	80,000	80,000	63,161	(16,839)
Traffic fines	185,000	185,000	180,833	(4,167)
Other	7,400	7,400	10,492	3,092
Interest and penalties	50,000	50,000	(108,455)	(158,455)
Other revenues:				
Rentals	15,000	15,000	18,620	3,620
Other	394,590	395,090	482,520	87,430
<b>Total revenues</b>	<b>\$ 13,539,375</b>	<b>\$ 13,874,175</b>	<b>\$ 11,780,613</b>	<b>\$ (2,093,562)</b>

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**SCHEDULE OF EXPENDITURES - GENERAL FUND  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Expenditures:</b>				
General government:				
Executive department:				
Administrative division:				
Personnel	\$ 113,084	\$ 113,084	\$ 55,564	\$ 57,520
Utilities	7,000	7,000	8,705	(1,705)
Property and tort insurance	2,931	2,931	3,356	(425)
Operating	127,500	127,500	173,213	(45,713)
Total administrative division	250,515	250,515	240,838	9,677
Total executive department	250,515	250,515	240,838	9,677
Finance department:				
Finance and records division:				
Personnel	566,807	566,807	399,473	167,334
Utilities	4,700	4,700	6,897	(2,197)
Property and tort insurance	5,995	5,995	7,564	(1,569)
Operating	110,906	110,906	234,697	(123,791)
Total finance and records division	688,408	688,408	648,631	39,777
Information technology division:				
Personnel	121,764	121,764	173,554	(51,790)
Utilities	5,000	5,000	-	5,000
Property and tort insurance	4,818	4,818	5,516	(698)
Operating	573,780	573,780	335,430	238,350
Capital	-	-	67,380	(67,380)
Total information technology division	705,362	705,362	581,880	123,482
Total finance department	1,393,770	1,393,770	1,230,511	163,259
Administration department:				
Administrative division:				
Personnel	689,631	689,631	716,955	(27,324)
Utilities	8,193	8,193	5,864	2,329
Property and tort insurance	4,144	4,144	4,745	(601)
Operating	53,597	53,597	53,763	(166)
Total administrative division	755,565	755,565	781,327	(25,762)
Community planning and development division:				
Personnel	240,554	240,554	239,287	1,267
Utilities	1,300	1,300	2,757	(1,457)
Property and tort insurance	3,534	3,534	4,046	(512)
Operating	39,840	39,840	5,092	34,748
Total community planning and development division	285,228	285,228	251,182	34,046
Total administration department	1,040,793	1,040,793	1,032,509	8,284

**(Continued)**

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**SCHEDULE OF EXPENDITURES - GENERAL FUND  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Expenditures (Continued):</b>				
General government (Continued):				
Service department:				
Administrative division:				
Personnel	\$ 542,257	\$ 542,257	\$ 629,070	\$ (86,813)
Utilities	7,000	7,000	5,915	1,085
Property and tort insurance	13,096	13,096	14,994	(1,898)
Operating	82,100	82,100	87,197	(5,097)
Capital	27,000	27,000	21,773	5,227
Total administrative division	671,453	671,453	758,949	(87,496)
Total service department	671,453	671,453	758,949	(87,496)
Total general government	3,356,531	3,356,531	3,262,807	93,724
Judicial:				
Municipal court division:				
Personnel	357,806	357,806	397,684	(39,878)
Property and tort insurance	2,931	2,931	3,356	(425)
Operating	45,951	45,951	42,720	3,231
Total municipal court division	406,688	406,688	443,760	(37,072)
Total judicial	406,688	406,688	443,760	(37,072)
Public safety:				
Public safety department:				
Administrative division:				
Personnel	235,646	235,646	241,074	(5,428)
Utilities	135,000	135,000	145,593	(10,593)
Property and tort insurance	38,471	38,471	44,046	(5,575)
Operating	493,300	493,300	433,131	60,169
Capital	68,457	68,457	76,192	(7,735)
Total administrative division	970,874	970,874	940,036	30,838
Patrol division:				
Personnel	2,527,585	2,527,585	2,473,663	53,922
Property and tort insurance	45,212	45,212	51,764	(6,552)
Operating	690,928	690,928	362,068	328,860
Total patrol division	3,263,725	3,263,725	2,887,495	376,230
Special operations division:				
Personnel	2,662,033	2,662,033	2,980,434	(318,401)
Property and tort insurance	52,386	52,386	59,977	(7,591)
Operating	1,045,984	1,041,288	291,063	750,225
Capital	78,500	78,500	2,425,938	(2,347,438)
Total special operations division	3,838,903	3,834,207	5,757,412	(1,923,205)
Investigation division:				
Personnel	1,198,478	1,198,478	1,233,750	(35,272)
Property and tort insurance	29,409	29,409	33,671	(4,262)
Operating	131,695	131,695	73,715	57,980
Capital	6,535	6,535	6,250	285
Total investigation division	1,366,117	1,366,117	1,347,386	18,731

**(Continued)**

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**SCHEDULE OF EXPENDITURES - GENERAL FUND  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Expenditures (Continued):</b>				
Public safety (Continued):				
Public safety department (Continued):				
Highway safety DUI special enforcement division:				
Operating	\$ 64,782	\$ 64,782	\$ 3,006	\$ 61,776
Total highway safety DUI enforcement division	64,782	64,782	3,006	61,776
Forensic services division:				
Personnel	544,090	544,090	509,050	35,040
Property and tort insurance	4,725	4,725	5,408	(683)
Operating	172,620	172,620	167,766	4,854
Capital	65,000	65,000	-	65,000
Total forensic services division	786,435	786,435	682,224	104,211
Total public safety department	10,290,836	10,286,140	11,617,559	(1,331,419)
Total public safety	10,290,836	10,286,140	11,617,559	(1,331,419)
Public works:				
Public works department:				
Administrative division:				
Personnel	257,033	257,033	239,753	17,280
Utilities	5,392	5,392	3,739	1,653
Property and tort insurance	4,788	4,788	5,482	(694)
Operating	16,659	16,659	9,527	7,132
Total administrative division	283,872	283,872	258,501	25,371
Building inspection division:				
Personnel	186,674	186,674	205,837	(19,163)
Utilities	1,715	1,715	3,617	(1,902)
Property and tort insurance	4,650	4,650	5,324	(674)
Operating	42,023	42,023	20,641	21,382
Total building inspection division	235,062	235,062	235,419	(357)
Garage division:				
Personnel	350,785	350,785	360,435	(9,650)
Utilities	16,252	16,252	13,710	2,542
Property and tort insurance	7,560	7,560	8,656	(1,096)
Operating	62,152	62,152	97,449	(35,297)
Capital	5,700	5,700	40,564	(34,864)
Total garage division	442,449	442,449	520,814	(78,365)
Municipal buildings division:				
Personnel	62,324	62,324	64,757	(2,433)
Utilities	33,224	33,224	32,796	428
Property and tort insurance	17,175	17,175	19,664	(2,489)
Operating	82,400	82,400	83,837	(1,437)
Total municipal buildings division	195,123	195,123	201,054	(5,931)

**(Continued)**

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**SCHEDULE OF EXPENDITURES - GENERAL FUND  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Expenditures (Continued):</b>				
Public works (Continued):				
Public works department (Continued):				
Parking facilities division:				
Property and tort insurance	\$ 4,154	\$ 4,154	\$ 4,756	\$ (602)
Operating	2,700	2,700	2,900	(200)
Total parking facilities division	6,854	6,854	7,656	(802)
Sanitation division:				
Personnel	1,004,893	1,004,892	993,434	11,458
Utilities	6,000	6,000	4,842	1,158
Property and tort insurance	21,929	21,928	25,107	(3,179)
Operating	192,755	192,757	271,499	(78,742)
Capital	556,000	556,000	287,833	268,167
Total sanitation division	1,781,577	1,781,577	1,582,715	198,862
Street and maintenance division:				
Property and tort insurance	6,493	6,493	7,434	(941)
Operating	32,000	32,000	30,831	1,169
Total street and maintenance division	38,493	38,493	38,265	228
Total public works department	2,983,430	2,983,430	2,844,424	139,006
Total public works	2,983,430	2,983,430	2,844,424	139,006
Culture and recreation:				
Parks and recreation department:				
Administrative division:				
Personnel	258,789	258,789	279,796	(21,007)
Utilities	8,281	8,281	8,666	(385)
Property and tort insurance	6,234	6,234	7,136	(902)
Operating	9,250	9,250	8,023	1,227
Total administrative division	282,554	282,554	303,621	(21,067)
Recreation division:				
Personnel	511,779	511,779	389,042	122,737
Utilities	66,554	66,554	67,169	(615)
Property and tort insurance	19,181	19,181	21,961	(2,780)
Operating	182,364	179,164	129,463	49,701
Total recreation division	779,878	776,678	607,635	169,043
Gardens division:				
Personnel	679,281	679,281	658,074	21,207
Utilities	55,000	55,000	63,330	(8,330)
Property and tort insurance	15,162	15,162	17,359	(2,197)
Operating	103,558	103,558	112,644	(9,086)
Total gardens division	853,001	853,001	851,407	1,594

**(Continued)**

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**SCHEDULE OF EXPENDITURES - GENERAL FUND  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Expenditures (Continued):</b>				
Culture and recreation (Continued):				
Parks and recreation department (Continued):				
Parks and cemetery division:				
Personnel	\$ 619,096	\$ 619,096	\$ 673,767	\$ (54,671)
Utilities	18,469	18,469	25,497	(7,028)
Property and tort insurance	11,443	11,443	13,101	(1,658)
Operating	72,388	75,588	119,359	(43,771)
Total parks and cemetery division	<u>721,396</u>	<u>724,596</u>	<u>831,724</u>	<u>(107,128)</u>
Recreation complex division:				
Personnel	235,068	229,403	233,989	(4,586)
Utilities	75,000	80,665	66,781	13,884
Property and tort insurance	17,371	17,371	17,026	345
Operating	147,190	147,190	140,039	7,151
Total recreation complex division	<u>474,629</u>	<u>474,629</u>	<u>457,835</u>	<u>16,794</u>
Golf course division:				
Personnel	-	514,105	388,952	125,153
Utilities	-	31,000	34,975	(3,975)
Property and tort insurance	-	7,092	8,118	(1,026)
Operating	-	202,986	171,268	31,718
Total golf course division	<u>-</u>	<u>755,183</u>	<u>603,313</u>	<u>151,870</u>
Total parks and recreation department	<u>3,111,458</u>	<u>3,866,641</u>	<u>3,655,535</u>	<u>211,106</u>
Total culture and recreation	<u>3,111,458</u>	<u>3,866,641</u>	<u>3,655,535</u>	<u>211,106</u>
Non-departmental:				
Employee Christmas	35,000	35,000	34,547	453
Building code enforcement	50,000	50,000	-	50,000
Annexation covenants	18,000	18,000	16,075	1,925
Operating/insurance coverage	110,000	110,001	514,858	(404,857)
Municipal Association	50,000	50,000	54,599	(4,599)
Commercial sanitation fees	220,000	219,999	267,723	(47,724)
Unemployment insurance	12,500	12,500	4,196	8,304
Special projects	100,000	100,000	151,293	(51,293)
Downtown revitalization	25,000	25,000	12,500	12,500
Retirees group insurance	225,000	225,000	106,096	118,904
Setoff debt	500	500	14,317	(13,817)
CDL drug and alcohol testing	8,000	8,000	5,679	2,321
Employee shots	2,500	2,500	-	2,500
Street lights	372,000	372,000	380,594	(8,594)
Christmas lights	8,500	8,500	6,821	1,679
Chamber dues	1,545	1,545	1,545	-
Fiber rental expense	21,600	21,600	21,600	-
Merit increases	750,000	750,000	-	750,000
Banking fees	7,000	7,000	13,185	(6,185)
COVID-19	150,000	150,000	49,148	100,852
IPRB capital outlay	150,000	150,000	42,000	108,000
Lease capital outlay	84,000	84,000	272,205	(188,205)
Total non-departmental	<u>2,401,145</u>	<u>2,401,145</u>	<u>1,968,981</u>	<u>432,164</u>
Debt Service:				
Principal	1,296,239	541,056	493,287	47,769
Interest	41,209	41,209	41,209	-
Total debt service	<u>1,337,448</u>	<u>582,265</u>	<u>534,496</u>	<u>47,769</u>
<b>Total expenditures</b>	<b>\$ 23,887,536</b>	<b>\$ 23,882,840</b>	<b>\$ 24,327,562</b>	<b>\$ (444,722)</b>

**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, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Operating Revenues:</b>				
Charges for services and fees	\$ 100,798,000	\$ 107,901,392	\$ 111,600,987	\$ 3,699,595
Total operating revenues	<u>100,807,000</u>	<u>107,910,392</u>	<u>111,600,987</u>	<u>3,690,595</u>
<b>Operating Expenses:</b>				
Electricity purchased	44,730,000	51,000,000	51,126,162	(126,162)
Natural gas purchased	3,900,000	6,120,577	5,720,044	400,533
Operating and maintenance	12,825,000	13,312,000	13,941,152	(629,152)
Administrative	13,535,000	14,406,500	15,507,116	(1,100,616)
Depreciation and amortization	12,850,000	12,492,200	12,142,979	349,221
Total operating expenses	<u>87,840,000</u>	<u>97,331,277</u>	<u>98,437,453</u>	<u>(1,106,176)</u>
Operating income	<u>12,967,000</u>	<u>10,579,115</u>	<u>13,163,534</u>	<u>2,584,419</u>
<b>Nonoperating Revenues (Expenses)</b>				
Water and wastewater taps	505,000	400,300	218,472	(181,828)
Water and wastewater impact fees	-	-	115,226	115,226
Loss on disposal of capital assets	(900,000)	(935,000)	(659,694)	275,306
Investment income (loss)	483,000	545,320	(1,615,645)	(2,160,965)
Interest expense	(770,000)	(700,401)	(756,715)	(56,314)
Total nonoperating expense, net	<u>(682,000)</u>	<u>(689,781)</u>	<u>(2,698,356)</u>	<u>(2,008,575)</u>
Net income before capital contributions and transfers	<u>12,285,000</u>	<u>9,889,334</u>	<u>10,465,178</u>	<u>575,844</u>
Capital contributions	-	-	523,670	523,670
Transfers to other funds	(7,200,000)	(7,651,353)	(7,661,814)	(10,461)
Total capital contributions and transfers, net	<u>(7,200,000)</u>	<u>(7,651,353)</u>	<u>(7,138,144)</u>	<u>513,209</u>
Change in net position	5,085,000	2,237,981	3,327,034	1,089,053
<b>NET POSITION, beginning of year</b>	<u>281,940,680</u>	<u>281,940,680</u>	<u>281,940,680</u>	<u>-</u>
<b>NET POSITION, end of year</b>	<u>\$ 287,025,680</u>	<u>\$ 284,178,661</u>	<u>\$ 285,267,714</u>	<u>\$ 1,089,053</u>

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022**

<b>Special Revenue Funds</b>								
<b>ASSETS</b>	<b>Sunnyside Cemetery Fund</b>	<b>Orangeburg Cemetery Fund</b>	<b>SC Festival of Roses Fund</b>	<b>State Accommodations Tax Fund</b>	<b>Local Hospitality and Accommodations Fund</b>	<b>Victims Advocate Fund</b>	<b>Drug Fund</b>	<b>Stevenson Auditorium Fund</b>
Cash and cash equivalents	\$ 80,948	\$ 415	\$ 31,401	\$ 89,703	\$ 2,225,515	\$ 22,487	\$ 23,031	\$ -
Accounts receivables	-	-	-	-	111,837	-	-	-
Due from other governments	-	-	-	51,782	-	-	-	-
Due from other funds	1,500	750	11,926	29,778	176,604	-	3,887	14,433
<b>Total assets</b>	<b>\$ 82,448</b>	<b>\$ 1,165</b>	<b>\$ 43,327</b>	<b>\$ 171,263</b>	<b>\$ 2,513,956</b>	<b>\$ 22,487</b>	<b>\$ 26,918</b>	<b>\$ 14,433</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	180	-	-	-	-	30
Due to other funds	-	-	-	-	-	5,151	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>180</b>	<b>-</b>	<b>-</b>	<b>5,151</b>	<b>-</b>	<b>30</b>
<b>FUND BALANCES</b>								
Restricted for:								
Housing and development	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	17,336	26,918	-
Public works	82,448	1,165	-	-	-	-	-	-
Culture and recreation	-	-	43,147	-	1,117,778	-	-	14,403
Tourism	-	-	-	171,263	-	-	-	-
Capital outlay	-	-	-	-	1,396,178	-	-	-
Debt service	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>82,448</b>	<b>1,165</b>	<b>43,147</b>	<b>171,263</b>	<b>2,513,956</b>	<b>17,336</b>	<b>26,918</b>	<b>14,403</b>
<b>Total liabilities and fund balances</b>	<b>\$ 82,448</b>	<b>\$ 1,165</b>	<b>\$ 43,327</b>	<b>\$ 171,263</b>	<b>\$ 2,513,956</b>	<b>\$ 22,487</b>	<b>\$ 26,918</b>	<b>\$ 14,433</b>

Special Revenue Funds				Capital Projects Funds		
Orangeburg Senior Games Fund	Community Development Corporation Fund	Firemen's Fund	Police Seizure Fund	Hillcrest Capital Projects Fund	Orangeburg Redevelopment Corporation Fund	Total Nonmajor Governmental Funds
\$ -	\$ 6,902	\$ 104,998	\$ 43,240	\$ 19,020	\$ 6,694,666	\$ 9,342,326
-	-	-	-	-	-	111,837
-	-	107,416	-	-	-	159,198
265	-	709	-	-	-	239,852
<u>\$ 265</u>	<u>\$ 6,902</u>	<u>\$ 213,123</u>	<u>\$ 43,240</u>	<u>\$ 19,020</u>	<u>\$ 6,694,666</u>	<u>\$ 9,853,213</u>
\$ -	\$ -	\$ -	\$ 89	\$ -	\$ -	\$ 89
-	-	-	-	-	-	210
-	-	-	-	-	-	5,151
-	-	-	89	-	-	5,450
-	6,902	-	-	-	-	6,902
-	-	213,123	43,151	-	-	300,528
-	-	-	-	-	-	83,613
265	-	-	-	-	-	1,175,593
-	-	-	-	-	-	171,263
-	-	-	-	19,020	6,224,967	7,640,165
-	-	-	-	-	469,699	469,699
<u>265</u>	<u>6,902</u>	<u>213,123</u>	<u>43,151</u>	<u>19,020</u>	<u>6,694,666</u>	<u>9,847,763</u>
<u>\$ 265</u>	<u>\$ 6,902</u>	<u>\$ 213,123</u>	<u>\$ 43,240</u>	<u>\$ 19,020</u>	<u>\$ 6,694,666</u>	<u>\$ 9,853,213</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, 2022**

	<b>Special Revenue Funds</b>							
	<b>Sunnyside Cemetery Fund</b>	<b>Orangeburg Cemetery Fund</b>	<b>SC Festival of Roses Fund</b>	<b>State Accommodations Tax Fund</b>	<b>Local Hospitality and Accommodations Fund</b>	<b>Victims Advocate Fund</b>	<b>Drug Fund</b>	<b>Stevenson Auditorium Fund</b>
<b>Revenues:</b>								
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,428,986	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	162,831	224,757	-	18,666	-
Charges for services	2,325	-	14,390	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	15,947	1,843	-
Interest revenue	-	-	-	-	9,601	-	-	-
Other revenues	-	-	-	-	1,400	-	124	-
Total revenues	<u>2,325</u>	<u>-</u>	<u>14,390</u>	<u>162,831</u>	<u>1,664,744</u>	<u>15,947</u>	<u>20,633</u>	<u>-</u>
<b>Expenditures:</b>								
Current								
Public safety	-	-	-	-	-	-	1,800	-
Public works	-	7,293	-	-	-	-	-	-
Culture and recreation	-	-	3,486	-	964,735	-	-	11,620
Tourism	-	-	-	110,460	-	-	-	-
Debt service								
Principal	-	-	-	-	293,552	-	-	-
Interest	-	-	-	-	122,871	-	-	-
Bond issuance cost	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>7,293</u>	<u>3,486</u>	<u>110,460</u>	<u>1,381,158</u>	<u>-</u>	<u>1,800</u>	<u>11,620</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,325</u>	<u>(7,293)</u>	<u>10,904</u>	<u>52,371</u>	<u>283,586</u>	<u>15,947</u>	<u>18,833</u>	<u>(11,620)</u>
<b>Other financing sources (uses):</b>								
Issuance of debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	451,353	-	-	-
Transfers out	-	-	-	(32,889)	(460,000)	-	-	-
Total other financing sources (uses), net	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32,889)</u>	<u>(8,647)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2,325	(7,293)	10,904	19,482	274,939	15,947	18,833	(11,620)
<b>Fund balances, beginning of year</b>	<u>80,123</u>	<u>8,458</u>	<u>32,243</u>	<u>151,781</u>	<u>2,239,017</u>	<u>1,389</u>	<u>8,085</u>	<u>26,023</u>
<b>Fund balances, end of year</b>	<u>\$ 82,448</u>	<u>\$ 1,165</u>	<u>\$ 43,147</u>	<u>\$ 171,263</u>	<u>\$ 2,513,956</u>	<u>\$ 17,336</u>	<u>\$ 26,918</u>	<u>\$ 14,403</u>

Special Revenue Funds				Capital Projects Funds		
Orangeburg Senior Games Fund	Community Development Corporation Fund	Firemen's Fund	Police Seizure Fund	Hillcrest Capital Projects Fund	Orangeburg Redevelopment Corporation Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,428,986
-	-	107,416	-	-	-	513,670
-	-	-	-	-	-	16,715
-	-	-	3,136	-	-	20,926
-	2	-	27	-	1,666	11,296
-	-	-	-	-	-	1,524
-	2	107,416	3,163	-	1,666	1,993,117
-	-	115,321	176	-	-	117,297
-	-	-	-	-	-	7,293
25	-	-	-	-	-	979,866
-	-	-	-	-	-	110,460
-	-	-	-	-	-	293,552
-	-	-	-	-	-	122,871
-	-	-	-	-	265,000	265,000
25	-	115,321	176	-	265,000	1,896,339
(25)	2	(7,905)	2,987	-	(263,334)	96,778
-	-	-	-	-	7,000,000	7,000,000
-	-	-	-	-	-	451,353
-	-	-	-	-	(42,000)	(534,889)
-	-	-	-	-	6,958,000	6,916,464
(25)	2	(7,905)	2,987	-	6,694,666	7,013,242
290	6,900	221,028	40,164	19,020	-	2,834,521
\$ 265	\$ 6,902	\$ 213,123	\$ 43,151	\$ 19,020	\$ 6,694,666	\$ 9,847,763

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**COMBINING STATEMENT OF NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
SEPTEMBER 30, 2022**

	<b>Municipal Airport</b>	<b>Pro Shop</b>	<b>Hillcrest Golf Course</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 200	\$ -	\$ -	\$ 200
Accounts receivable	1,622	-	-	1,622
Due from other governments	294,449	-	-	294,449
Prepaid expenses	1,084	-	-	1,084
Inventory	44,904	-	-	44,904
Total current assets	<u>342,259</u>	<u>-</u>	<u>-</u>	<u>342,259</u>
<b>NONCURRENT ASSETS</b>				
Capital assets:				
Nondepreciable	2,454,537	-	-	2,454,537
Depreciable, net of accumulated depreciation	2,443,678	-	-	2,443,678
Total noncurrent assets	<u>4,898,215</u>	<u>-</u>	<u>-</u>	<u>4,898,215</u>
Total assets	<u>5,240,474</u>	<u>-</u>	<u>-</u>	<u>5,240,474</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension	25,907	-	-	25,907
Other postemployment benefits	28,011	-	-	28,011
Total deferred outflows of resources	<u>53,918</u>	<u>-</u>	<u>-</u>	<u>53,918</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Payable from current assets:				
Accounts payable	10,412	-	-	10,412
Accrued expenses	2,562	-	-	2,562
Compensated absences - current portion	3,767	-	-	3,767
Total current liabilities	<u>16,741</u>	<u>-</u>	<u>-</u>	<u>16,741</u>
<b>NONCURRENT LIABILITIES</b>				
Advance from other funds	895,351	-	-	895,351
Net pension liability	319,503	-	-	319,503
Total other postemployment benefit liability	121,722	-	-	121,722
Total noncurrent liabilities	<u>1,336,576</u>	<u>-</u>	<u>-</u>	<u>1,336,576</u>
Total liabilities	<u>1,353,317</u>	<u>-</u>	<u>-</u>	<u>1,353,317</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension	3,996	-	-	3,996
Other postemployment benefits	40,986	-	-	40,986
Total deferred inflows of resources	<u>44,982</u>	<u>-</u>	<u>-</u>	<u>44,982</u>
<b>NET POSITION</b>				
Investment in capital assets	4,898,215	-	-	4,898,215
Unrestricted	(1,002,122)	-	-	(1,002,122)
Total net position	<u>\$ 3,896,093</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,896,093</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, 2022**

	<u>Municipal Airport</u>	<u>Pro Shop</u>	<u>Hillcrest Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 422,452	\$ -	\$ -	\$ 422,452
Miscellaneous	924	-	-	924
Total operating revenues	<u>423,376</u>	<u>-</u>	<u>-</u>	<u>423,376</u>
<b>OPERATING EXPENSES</b>				
Personnel costs	243,359	-	-	243,359
Cost of sales and service	297,716	-	-	297,716
Supplies	8,746	-	-	8,746
Administration	154,970	-	-	154,970
Depreciation expense	665,377	-	-	665,377
Total operating expenses	<u>1,370,168</u>	<u>-</u>	<u>-</u>	<u>1,370,168</u>
Operating loss before transfers and capital contributions	<u>(946,792)</u>	<u>-</u>	<u>-</u>	<u>(946,792)</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>835,077</u>	<u>-</u>	<u>396,153</u>	<u>1,231,230</u>
<b>TRANSFERS</b>				
Transfers in	-	-	821,142	821,142
Transfers out	-	(49,594)	-	(49,594)
Total transfers	<u>-</u>	<u>(49,594)</u>	<u>821,142</u>	<u>771,548</u>
Change in net position	(111,715)	(49,594)	1,217,295	1,055,986
<b>NET POSITION (DEFICIT), beginning of year</b>	<u>4,007,808</u>	<u>49,594</u>	<u>(1,217,295)</u>	<u>2,840,107</u>
<b>NET POSITION, end of year</b>	<u>\$ 3,896,093</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,896,093</u>

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Municipal Airport</u>	<u>Pro Shop</u>	<u>Hillcrest Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 130,428	\$ -	\$ -	\$ 130,428
Payments to suppliers	(251,917)	(2,039)	(40,772)	(294,728)
Payments to employees	(329,958)	-	(646,046)	(976,004)
Internal activity - borrowings (payments) from other funds	744,954	51,633	(763,893)	32,694
Net cash provided by (used in) operating activities	<u>293,507</u>	<u>49,594</u>	<u>(1,450,711)</u>	<u>(1,107,610)</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Transfers in	-	-	821,142	821,142
Transfers out	-	(49,594)	-	(49,594)
Intergovernmental revenue	-	-	629,069	629,069
Net cash provided by (used in) noncapital and related financing activities	<u>-</u>	<u>(49,594)</u>	<u>1,450,211</u>	<u>1,400,617</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisitions of capital assets	(1,128,584)	-	-	(1,128,584)
Capital grants received	835,077	-	-	835,077
Net cash used in capital and related financing activities	<u>(293,507)</u>	<u>-</u>	<u>-</u>	<u>(293,507)</u>
Change in cash and cash equivalents	-	-	(500)	(500)
<b>Cash and cash equivalents:</b>				
Beginning of year	<u>200</u>	<u>-</u>	<u>500</u>	<u>700</u>
End of year	<u>\$ 200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200</u>
<b>Classified as:</b>				
Cash and cash equivalents	<u>\$ 200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200</u>

(Continued)

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Municipal Airport</u>	<u>Pro Shop</u>	<u>Hillcrest Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>Reconciliation of operating loss to net cash provided by (used in) operating activities:</b>				
Operating loss	\$ (946,792)	\$ -	\$ -	\$ (946,792)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities				
Depreciation	665,377	-	-	665,377
Change in assets and liabilities:				
Decrease in accounts receivable	1,501	-	1,007	2,508
Increase in due from other governments	(294,449)	-	-	(294,449)
(Increase) decrease in prepaid expenses	(143)	-	1,035	892
Decrease in inventory	88,638	31,651	-	120,289
Decrease in due from other funds	-	19,982	-	19,982
Increase (decrease) in deferred outflows of resources - pensions	(6,745)	-	47,904	41,159
Increase (decrease) in deferred outflows of resources - other postemployment benefit	(8,613)	-	15,748	7,135
Decrease in accounts payable	(33,950)	(2,039)	(34,001)	(69,990)
Decrease in accrued expenses	(474)	-	(5,512)	(5,986)
Decrease in unearned revenue	-	-	(3,301)	(3,301)
Decrease in due to other funds	-	-	(19,982)	(19,982)
Increase (decrease) in advance to other funds	744,954	-	(743,911)	1,043
Decrease in deferred inflows of resources-pension	(26,175)	-	(75,426)	(101,601)
Increase (decrease) in deferred inflows of resources - other postemployment benefit	16,921	-	(19,536)	(2,615)
Decrease in total other postemployment benefits liability	(40,985)	-	(132,085)	(173,070)
Increase (decrease) in net pension liability	133,233	-	(465,675)	(332,442)
Increase (decrease) in compensated absences	1,209	-	(16,976)	(15,767)
Net cash provided by (used in) operating activities	<u>\$ 293,507</u>	<u>\$ 49,594</u>	<u>\$ (1,450,711)</u>	<u>\$ (1,107,610)</u>
<b>NONCASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Transfer of capital assets to other funds	\$ -	\$ -	\$ (232,916)	\$ (232,916)

**CITY OF ORANGEBURG, SOUTH CAROLINA  
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

FOR THE STATE TREASURER'S OFFICE:

<b>COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT</b>	<b><u>General Sessions</u></b>	<b><u>Magistrate Court</u></b>	<b><u>Municipal Court</u></b>	<b><u>Total</u></b>
<b>Court Fines, Surcharges and Assessments:</b>				
Court fines, surcharges and assessments collected	N/A	N/A	\$ 255,781	\$ 255,781
Court fines, surcharges and assessments remitted to State Treasurer	N/A	N/A	146,027	146,027
<b>Total Court Fines, Surcharges and Assessments retained</b>	<b>N/A</b>	<b>N/A</b>	<b>\$ 109,754</b>	<b>\$ 109,754</b>
<b>Surcharges and Assessments retained for victim services:</b>				
Surcharges collected and retained	N/A	N/A	\$ 4,986	\$ 4,986
Assessments retained	N/A	N/A	10,961	10,961
<b>Total Surcharges and Assessments retained for victim services</b>	<b>N/A</b>	<b>N/A</b>	<b>\$ 15,947</b>	<b>\$ 15,947</b>

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

<b><u>VICTIM SERVICE FUNDS COLLECTED</u></b>	<b><u>Municipal</u></b>	<b><u>County</u></b>	<b><u>Total</u></b>
<b>Carryforward from Previous Year – Beginning Balance</b>	<b>\$ 1,389</b>	<b>N/A</b>	<b>\$ 1,389</b>
<b><u>Victim Service Revenue:</u></b>			
Victim Service Fines Retained by City/County Treasurer	-	N/A	-
Victim Service Assessments Retained by City/County Treasurer	10,961	N/A	10,961
Victim Service Surcharges Retained by City/County Treasurer	4,986	N/A	4,986
Interest Earned	-	N/A	-
Grant Funds Received			
Grant from:	-	N/A	-
General Funds Transferred to Victim Service Fund	-	N/A	-
<b>Contribution Received from Victim Service Contracts:</b>			
(1) Town of	-	N/A	-
(2) Town of	-	N/A	-
(3) City of	-	N/A	-
<b>Total Funds Allocated to Victim Service Fund + Beginning Balance (A)</b>	<b>\$ 17,336</b>	<b>N/A</b>	<b>\$ 17,336</b>

**CITY OF ORANGEBURG, SOUTH CAROLINA  
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

<b><u>Expenditures for Victim Service Program:</u></b>	<b><u>Municipal</u></b>	<b><u>County</u></b>	<b><u>Total</u></b>
Salaries and Benefits	\$ -	N/A	\$ -
Operating Expenditures	-	N/A	-
<b>Victim Service Contract(s):</b>			
(1) Entity's Name	-	N/A	-
(2) Entity's Name	-	N/A	-
<b>Victim Service Donation(s):</b>			
(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	-	N/A	-
<b>Total Expenditures from Victim Service Fund/Program (B)</b>	<b>-</b>	<b>N/A</b>	<b>-</b>
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	17,336	N/A	17,336
<b>Less: Prior Year Fund Deficit Repayment</b>	<b>-</b>	<b>N/A</b>	<b>-</b>
<b>Carryforward Deficit – End of Year</b>	<b>\$ 17,336</b>	<b>N/A</b>	<b>\$ 17,336</b>

## **COMPLIANCE SECTION**



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

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

We have audited, in accordance with 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 25, 2023. Our report includes a reference to the change in accounting principle resulting from the implementation of GASB Statement No. 87, *Leases*.

**Report on 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001, that we consider to be a material weakness.

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## **Report on 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*.

## **City's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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  
October 25, 2023



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

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

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

***Opinion on Each Major Federal Program***

We have audited the **City of Orangeburg, South Carolina's** (the "City") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

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### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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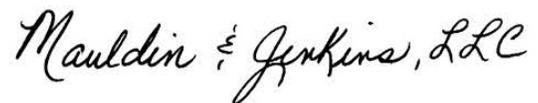
**Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



Columbia, South Carolina  
October 25, 2023

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

<b>Federal Grantor/Pass-through Grantor/Program Title</b>	<b>Federal AL Number</b>	<b>Grant Identification Number</b>	<b>Total Expenditures</b>	<b>Passed through to Subrecipients</b>
<b><u>U.S. Department of the Treasury</u></b>				
<b>(Passed through South Carolina Department of Administration)</b>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ 439,541	\$ -
<b>Total U.S. Department of the Treasury</b>			<u>439,541</u>	<u>-</u>
<b><u>U.S. Department of Transportation</u></b>				
<b>Direct award</b>				
Airport Improvement Program	20.106	3-45-0045-024-2021	668,981	-
National Highway Safety Administration Discretionary Safety Grants and Cooperative Agreements	20.614	PT-2022-HS-12-22	63,533	-
<b>Total U.S. Department of Transportation</b>			<u>732,514</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,172,055</u>	<u>\$ -</u>

# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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### **NOTE 1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City of Orangeburg, South Carolina (the "City"), and is presented on the modified accrual basis of accounting for governmental fund types and the accrual basis of accounting for the proprietary fund types. The City reporting entity is described in Note 1 to the City's basic financial statements.

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

The City chose not to use the ten percent de Minimis indirect cost rate for the year ended September 30, 2022.

### **NOTE 3. NONCASH AWARDS AND LOANS**

There were no federal awards expended in the form of noncash assistance during the fiscal year. There were also no loans or loan guarantees outstanding at year end.

**CITY OF ORANGEBURG, SOUTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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**SECTION I**  
**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued on whether  
the financial statements audited were prepared  
in accordance with GAAP.

Unmodified

Internal control over financial reporting:  
Material weaknesses identified?

Yes  No

Significant deficiencies identified?

Yes  None reported

Noncompliance material to financial statements noted?

Yes  No

**Federal Awards**

Internal control over major programs:  
Material weaknesses identified?

Yes  No

Significant deficiencies identified?

Yes  No

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

Unmodified

Any audit findings disclosed that are required to  
be reported in accordance with 2 CFR 200.516 (a)?

Yes  No

Identification of major programs:

CFDA Number  
  
20.106

Name of Federal Program or Cluster  
**U.S. Department of Transportation**  
Airport Improvement Program

Dollar threshold used to distinguish between  
Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

Yes  No

**CITY OF ORANGEBURG, SOUTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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

**2022-001 Year-end Close and General Accounting Matters**

**Criteria:** Internal control is a process designed to provide reasonable assurance about the achievement of an entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Internal control is a process of safeguarding assets against unauthorized acquisition, use, or disposition, and includes controls related to financial reporting and operational objectives.

Generally accepted accounting principles require assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenditures/expenses to be recognized in the accounting period in which they become measurable, and in certain instances, available. Further, a fundamental principle in accounting and financial reporting is the notion of timely recognition and recording of financial and non-financial transactions and activities.

**Condition:** An inordinate amount of accounting, reporting, and reconciling activity was not properly performed and reviewed during the fiscal year which required a significant effort to close the City's 2022 fiscal year. Significant adjustments amounting to over \$25.5 million across twenty (20) City funds were determined and required to be recorded in the months that followed September 30, 2022. Further, and throughout the course of the audit process, we noted there was an overall lack of proper and adequate accounting on a timely basis. We noted deficiencies in timeliness, completeness, and accuracy. Specifically, we noted a lack of timely and accurate financial and non-financial information needed:

- to properly maintain general ledgers, subsidiary ledgers, reconciliations; and,
- to close-out and report activities, events, and transactions on a periodic basis.

**Context:** We addressed these matters with City officials, who were able to ultimately determine the propriety of all respective details and reconciliations as of and for the fiscal year ended September 30, 2022.

**Effect:** The ultimate effect of the above condition is:

- a significant delayed conclusion to the 2022 fiscal year financial reporting process;
- the potential for errors and irregularities to occur and not be detected and corrected in a timely manner; and,
- a material change in the financial reporting framework after the significant amount of transactions resulting in an entirely new fund for reporting purposes.

**Cause:** There was an overall lack of appropriate controls implemented at the City during the fiscal year. The City did not properly prepare and review reconciliations.

# CITY OF ORANGEBURG, SOUTH CAROLINA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

#### 2022-001 Year-end Close and General Accounting Matters (Continued)

**Recommendation:** We recommend the City consider a variety of options to address the above condition. In no particular order, the City should evaluate the respective staffing of the accounting function and determine if an adequate number of qualified people are currently available to address the condition. The City should also consider and evaluate the strengths and weaknesses relative to the accounting function and take measures to address the concerns noted above with a goal of providing timely recording, reconciling, and reporting of City operations and financial and non-financial activities.

We further recommend the City consider reinvesting in its accounting personnel by providing better technical education and training via participation in continuing education in governmental accounting and financial reporting programs which are constantly available in the general geographic area of the City. Once certain levels of technical proficiency are observed by management, we further encourage the City to better cross-train the accounting personnel in an effort to make the accounting function a stronger and more capable finance department.

**Views of Responsible Officials and Planned Corrective Action:** Management concurs with the finding. The City is in the process of evaluating the policies, procedures, and internal controls relative the operations of the finance department from an accounting and financial reporting perspective in an effort to ensure both timely and accurate financial reporting going forward.

### SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

### SECTION IV PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None reported.

MICHAEL C. BUTLER  
MAYOR

ANNETTE DEES GREVIOUS  
JERRY HANNAH  
DR. KALU KALU  
L. ZIMMERMAN KEITT  
SANDRA P. KNOTTS  
RICHARD F. STROMAN  
COUNCIL MEMBERS



SIDNEY J. EVERING, II  
CITY ADMINISTRATOR

THERESA WILLIAMS  
INTERIM ASSISTANT  
CITY ADMINISTRATOR

*Orangeburg*

SOUTH CAROLINA

## MANAGEMENT CORRECTIVE ACTION PLAN

### Section II – Financial Statement Findings

<b>Finding:</b>	<b>2022-001 – Year-End Close and General Accounting Matters</b>
<b>Name of contact person:</b>	Michelle S. Corbett, Finance Director
<b>Corrective action:</b>	City management agrees with the auditor's recommendation. The City is in the process of evaluating the policies, procedures, and internal controls relative to the operations of the finance department from an accounting and financial reporting perspective in an effort to ensure both timely and accurate financial reporting going forward.
<b>Proposed completion date:</b>	September 30, 2023

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