

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

ANNUAL FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH SINGLE AUDIT SECTION
YEAR ENDED SEPTEMBER 30, 2013
AND INDEPENDENT AUDITORS' REPORT

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Orangeburg, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Orangeburg, South Carolina (the City) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Orangeburg, South Carolina, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-19, budgetary comparison information on pages 62-65 and schedule of funding progress for the retiree health plan on page 66 and the be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated City of Orangeburg 2013 March 12, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Orangeburg, South Carolina's internal control over financial reporting and compliance.

f. W. Hunt and Company, LLP

March 12, 2014

City of Orangeburg
Orangeburg, South Carolina
Management's Discussion and Analysis (Unaudited)
September 30, 2013

The City of Orangeburg is presenting this analytical overview of the government's financial activities for the City for the Fiscal Year ended September 30, 2013. This overview should be read in conjunction with the financial statements that follow and the audit should be reviewed for more detailed information.

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

Priorities and Projects

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

- DORA/Market Street parking lot renovations which added more parking for downtown and for Stevenson Auditorium;
- Paving and new design of the Glover street boat landing parking lot giving boaters and visitors a more stable place to park;
- Construction of an Interpretive Center at the Edisto Memorial Gardens;
- Wildlife fencing project at The Orangeburg Airport was completed to restrict animals from entering on the runway;
- Peasley Street playground equipment enhancements;
- Design phase of Veteran's Memorial parking lot on Riverside Drive;
- Installed sidewalks in areas at Centennial Park near retention pond.

Rates and Changes

The City of Orangeburg maintains its revenues to support the citizens and their activities. The principal revenue streams (excluding the transfer from the Department of Public Utilities) are tax collections and business licenses. It is important to note that some of the City's fees are very low compared to other cities or entities in the state. All charges and fees are related to the costs of providing services to its citizens. The City reviews its rates annually during the budget process and aggressively pursues the collection of delinquent accounts.

Property taxes increased by 3 mills this fiscal year. The rate is currently 90 mills. The City has only increased taxes 17 mills in ten years.

Residential sanitation fees are currently \$12 per month, an increase of \$1 per month from the prior year. Services include pick up of garbage and yard debris.

There was a 2% cost of living increase for eligible employees during this fiscal year. No new positions were funded.

At Hillcrest Golf Course, the City implemented a facility fee of \$1.00 for nine holes and \$2.00 for eighteen holes for members who walk the course. Cart rental fees increased \$0.50 for nine holes and \$1.00 eighteen holes.

Employee insurance continues to be an issue with increases anticipated each year. There was an 8% increase in employee and dependent insurance this fiscal year. We anticipate more of an increase in FY 2013-14 due to changes in the Affordable Healthcare Act.

Several employees retired this fiscal year and were paid for accrued annual leave totaling approximately \$100,000.

To purchase capital equipment, the City borrowed \$551,303 to buy vehicles and equipment for lease purchase.

Revenues by Category (Fiscal Year to Year Comparisons)

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Property Taxes	\$ 3,362,198	\$ 3,226,119	\$ 3,397,524
Franchise Fees	141,595	144,447	144,646
Business Licenses	2,768,748	2,619,134	2,889,349
Permits	27,326	36,143	36,913
Intergovernmental	459,800	499,601	455,910
Fire Service	813,218	811,316	803,894
Sanitation Fees	1,076,914	1,005,394	1,008,894
Recreation	128,411	128,323	133,844
Fines & Forfeitures	645,400	673,806	657,789
Interest	20,809	27,798	30,937
Rentals	26,502	25,680	24,587
Other Financing Sources	551,303	762,218	913,565
Interfund Transfers	5,131,027	4,482,594	4,405,984
Sale of Fixed Assets	40,641	65,894	-
Miscellaneous Revenue	95,340	102,255	220,830
Airport	846,587	642,719	597,842
Pro Shop	111,008	128,157	117,089
Hillcrest Golf Course	417,566	469,984	484,131

Areas of Growth

The Hospitality and Accommodations Tax Fund continues to grow despite the fact that many restaurants are closing. This area of revenue has steadily increased due to audits, increased collections, and better enforced collections.

Property taxes increase generally on assessed values. Some areas have been annexed which increases the City's tax base and collections. Annexation also increases costs in areas such as police and fire protection, street maintenance and sanitation services.

Financial Highlights from FY 2012-2013

As of September 30, 2013, the end of the fiscal year, the Government Wide assets of the City of Orangeburg exceeded its liabilities by \$32,768,633. Of this amount \$13,932,204 may be used to meet the government's ongoing needs.

Also, as of September 30, 2013, the total governmental fund balance is \$11,397,727; the unassigned fund balance for the General Fund was \$9,258,075. The unreserved fund balance is also undesignated and represents a traditional fund balance reserve that may be utilized for operating deficits, emergencies, liquidity, unforeseen needs and overall financial strength. City Council has indicated that expenditures of even a portion of this fund's balance for operational costs should be on a limited basis. Reserves may be used in the future to supplement capital projects. Investment income has declined from prior years due to lower interest rates. It may be necessary to expend a limited amount of fund balance in the upcoming years due to lower revenues. Projections focus on a positive economic outlook.

The City governmental activities had a total of \$5,623,635 long term obligations beginning October 1, 2012 and issued \$796,563 debt for FY 2012-2013, including accrued annual leave. Long term obligations were reduced by the amount of \$1,732,225 leaving a total of \$4,687,973. Capital lease debt financed by First Citizens of \$551,303 is secured by sales tax revenue and not backed by ad valorem property taxes. Accrued annual leave is the other long term obligation in the amount of \$1,169,731. The City does try to lower this obligation by allowing employees to annually sell a portion of their annual leave at half price. Also, retired workers returning to work are not allowed to accrue annual leave for sale.

Overview of the Financial Statements

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

Government-Wide Financial Statements - The government-wide financial statements (Statement of Net Position and Statement of Activities) are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. These statements include all assets and liabilities using the accrual basis of accounting, the basis used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The Statement of Net Position and Statement of Activities report the City's net position and changes in net position. The change in net position is important because it tells the reader that, for the City as a whole, the financial position of the City has either improved or diminished.

The government-wide financial statements can be found on pages 20-22 of this report.

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 requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-61 of this report.

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

Government-Wide Statements

Condensed Statement of Net Position:

As of September 30, 2013 and September 30, 2012

	2013 Governmental Activities	2013 Business Type Activities	2012 Governmental Activities	2012 Business Type Activities
Current and other assets	\$ 19,637,695	\$ 58,244,683	\$ 18,308,218	\$ 50,068,868
Capital assets (net)	<u>20,215,020</u>	<u>213,646,832</u>	<u>20,725,084</u>	<u>217,942,984</u>
Total assets	<u>39,852,715</u>	<u>271,891,515</u>	<u>39,033,302</u>	<u>268,011,852</u>
Other liabilities	2,504,446	16,161,129	1,863,126	13,581,437
Long term debt outstanding	<u>4,579,636</u>	<u>7,135,660</u>	<u>5,716,320</u>	<u>8,200,107</u>
Total liabilities	<u>7,084,082</u>	<u>23,296,789</u>	<u>7,579,446</u>	<u>21,781,544</u>
Net assets:				
Invested in capital assets, net of debt	16,696,777	208,552,676	16,670,082	196,219,675
Restricted	2,139,652	1,015,425	1,947,833	1,043,888
Unrestricted (deficit)	<u>13,932,204</u>	<u>39,026,625</u>	<u>12,835,941</u>	<u>48,966,746</u>
Total net assets	<u>\$ 32,768,633</u>	<u>\$ 248,594,726</u>	<u>\$ 31,453,856</u>	<u>\$ 246,230,309</u>

Condensed Statement of Activities:
For the years ended September 30, 2013 and September 30, 2012

Revenues:	2013 Governmental Activities	2013 Business Type Activities	2012 Governmental Activities	2012 Business Type Activities
Program revenues:				
Charges for services	\$ 5,729,362	\$ 96,486,011	\$ 5,580,192	\$ 95,948,857
Operating grants	526,837	-	610,867	-
Capital grants	155,596	471,011	503,669	200,682
General revenues:				
Property taxes	3,389,051	-	3,230,890	-
Other taxes	2,152,122	-	1,875,602	-
Franchise fees	141,595	-	144,447	-
Other revenues	65,236	58,772	38,053	96,654
Total revenues	<u>12,159,799</u>	<u>97,015,794</u>	<u>11,983,720</u>	<u>96,246,193</u>
Expenses:				
General government	2,394,915	-	2,321,053	-
Public Safety	2,691,699	-	7,821,961	-
Public Works	7,349,993	-	2,709,413	-
Culture/recreation	2,242,371	-	2,199,491	-
Service	617,120	-	595,210	-
Interest/long term debt	147,476	-	170,152	-
Public Utilities	-	85,995,006	-	82,775,143
Airport	-	1,227,443	-	1,328,937
Golf Course	-	651,313	-	706,620
Total expenses	<u>15,443,574</u>	<u>87,873,762</u>	<u>15,817,280</u>	<u>84,810,700</u>
Increase (decrease) in net position before transfers	(3,283,775)	9,142,032	(3,833,560)	11,435,493
Transfers	<u>4,767,109</u>	<u>(4,767,109)</u>	<u>4,498,409</u>	<u>(4,498,409)</u>
Increase in net position	<u>\$ 1,483,334</u>	<u>\$ 4,374,923</u>	<u>\$ 664,849</u>	<u>\$ 6,937,084</u>

It is important to note that with mid-year budget cuts, as well as departments watching their budgets, revenues exceeded expenditures this fiscal year adding \$280,492 to the City's General Fund governmental fund balance. The City had originally anticipated using \$500,000 which was originally budgeted and then was reduced and amended to \$0 in the general fund. Additionally, current program costs must be held at current budget amounts and possibly some services, such as cutting the state right of ways, eliminated in order to continually provide existing services and benefits without raising taxes or increasing fees.

The City's Utility Fund plays a large role in the funding of governmental services. The General Fund reported a \$5,442,479 deficit before the transfer of \$4,767,109 from the Department of Public Utilities. After additional transfers from governmental funds, the sale of assets and lease proceeds totaling \$955,863, the General Fund had a net increase of \$280,492 to Fund Balance. DPU traditionally initiates a significant transfer to the City and this amount has remained steady

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

The Municipal Airport had an operating loss of \$714,771 which includes depreciation of \$684,372 and a decrease in net assets of \$380,856. The Hillcrest Golf Course and Pro Shop had a combined operating loss of \$173,917 including depreciation of \$80,549 and a decrease in net position of \$173,917.

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

Budget Analysis

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

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

Fiduciary Funds are used to account for resources held for the benefit of parties outside the City. They are not reflected in the government-wide statement. The City acts as a fiduciary for funds from delinquent property tax sales. As of September 30, 2013, \$8,430 is due to trust fund holders as shown in Statement of Net Assets, Fiduciary Funds.

The City governmental activities had a net decrease of \$936,760 in outstanding debt during the last fiscal year. Debt is mainly in the form of capital equipment lease purchase items such as police cars, fire trucks, tractors, equipment and projects funded by the Hospitality & Accommodations Tax Fund.

The capital lease related to Hospitality & Accommodations Tax Fund as of September 30, 2013, is \$2,051,763. This is funded by a 2% tax levied against prepared meals and accommodation rentals. The original lease issue of \$4,300,000, was used to fund tourist related programs and capital projects. It should be noted that the City's Hospitality & Accommodations Tax Fund revenues are exceeding the state threshold of approximately \$900,000 so that the City can use a portion of this tax (20%) to fund maintenance on some projects originally funded by this tax.

The Business-type activities of the City had a decrease in debt of \$9,971 excluding accrued annual leave. Ending balance as of September 30, 2013 is \$18,484. Accrued annual leave is also shown under the General Fund long term obligations and Business-type Activities long term debt.

Other Governmental Funds long term obligations had a net increase of \$683,817. The beginning balance for the year was \$6,785,918 and the ending balance was \$7,469,735. The largest portion of this change is in the capital projects funds. As capital projects are being planned and designed, funds or reserves accumulate; once the projects are bid and constructed the reserves diminish.

Departmental Expenses (Fiscal Year to Year Comparisons)

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Executive	\$ 390,824	\$ 353,030	\$ 353,868
Finance	741,548	633,954	599,128
Administration	538,836	517,972	490,365
Public Works	2,170,994	2,265,021	202,154
Public Safety	6,700,539	6,968,314	7,244,733
Parks and Recreation	1,833,055	1,768,447	1,738,551
Non Operating Admin	2,070,783	1,870,471	1,902,637
Service	562,161	607,581	567,762
Airport	1,226,301	1,328,937	1,229,713
Pro Shop	111,008	128,157	117,089
Hillcrest Golf Course	591,483	640,886	666,441

Closing

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

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

Thank you.

Carrie Johnson
Finance Director

City of Orangeburg
Orangeburg, South Carolina
Department of Public Utilities
Management's Discussion and Analysis (Unaudited)
September 30, 2013

Within this section of the Department of Public Utilities' (Department) annual financial report, the Department's management provides narrative discussion and analysis of the financial activities of the Department for the year ending September 30, 2013.

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

Overview of Basic Financial Statements

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

Condensed Statements of Net Position

	<u>FY 2013</u>	<u>FY 2012</u>
Current assets	\$ 54,091,640	\$ 49,423,592
Non-current assets	4,258,740	4,278,719
Non-current assets (other)	1,512,500	1,512,500
Capital assets (net)	<u>204,264,038</u>	<u>202,484,112</u>
Total assets	<u>\$ 264,126,918</u>	<u>\$ 257,698,923</u>
Current liabilities	16,206,813	13,634,818
Non-current liabilities	<u>6,960,855</u>	<u>8,034,551</u>
Total liabilities	<u>23,167,668</u>	<u>21,669,369</u>
Invested in capital assets, net of related debt	199,169,882	196,219,675
Restricted	1,015,425	1,043,888
Unrestricted	<u>40,773,943</u>	<u>38,765,991</u>
Total net position	<u>\$ 240,959,250</u>	<u>\$ 236,029,554</u>

Income before contributions and transfers totaled \$9,559,709. This represents a 4.0% return on equity to the citizens of Orangeburg. Total net position grew by \$4,929,696 during fiscal year 2013, which was a slower pace of growth when compared to the prior year, due mainly to rising costs. The Department is in the full scale deployment of its AMI (Advanced Metering Infrastructure) project and in the beginning stages of its software conversion project. Each of these projects will take multiple years to complete. The goal of these projects is to provide more robust and reliable service to the citizens of Orangeburg as well as improved customer service.

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

Electric Division

	<u>FY 2013</u>	<u>FY 2012</u>
Operating revenues	\$ 73,646,442	\$ 71,539,006
Non-operating revenues (expenses)	2,000	(19,625)
Total revenues	<u>73,648,442</u>	<u>71,519,381</u>
Electricity purchased	53,807,303	51,955,289
Depreciation expense	3,432,829	3,359,543
Other operating expense	8,060,492	8,160,134
Total expenses	<u>65,300,624</u>	<u>63,474,966</u>
Income before transfers	8,347,818	8,044,415
Transfers to City	<u>3,690,794</u>	<u>3,471,794</u>
Change in net position	<u>\$ 4,657,024</u>	<u>\$ 4,572,621</u>

Electric Division sales showed almost no change in volume between fiscal year 2012 and 2013. Electric Division operating revenues were up only slightly over the prior year. The marginal cost of purchased electricity increased slightly due to our suppliers' increased fuel costs. The existing rate schedules contain provisions that automatically pass increases and decreases in purchase costs to customers so that the Department's margin on the service remains unchanged. Low non-operating revenue is due, in part, to continued low interest rates. Based upon the continued economic conditions, new construction expenses have been replaced by general maintenance project expense. Because of the Energy Act of 2005, the Federal Energy Regulatory Commission (FERC) has mandated that electric suppliers such as the Electric Division must become compliant with numerous new regulations tied to homeland security issues. Failure to meet compliance deadlines could subject the Division to extensive fines. The Division is working to continue to be compliant under all regulations pertaining to the Division. However, a possible rate increase may become necessary in future years in order to maintain compliance with State and Federal regulation as well as changes agreed to in the Department's energy supply contract with South Carolina Electric and Gas.

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

Gas Division

	<u>FY 2013</u>	<u>FY 2012</u>
Operating revenues	\$ 9,798,369	\$ 8,863,991
Non-operating revenues (expenses)	4,749	(4,245)
Contributed Capital	23,459	-
Total revenues	<u>9,826,577</u>	<u>8,859,746</u>
Natural gas purchased	5,960,188	5,157,615
Depreciation expense	594,486	588,526
Other operating expense	1,849,090	1,740,331
Total expenses	<u>8,403,764</u>	<u>7,486,472</u>
Income before transfers	1,422,813	1,373,274
Transfers to City	<u>491,045</u>	<u>450,882</u>
Change in net position	<u>\$ 931,768</u>	<u>\$ 922,392</u>

Gas Division sales increased 4.5% in volume and revenues increased nearly 11% between fiscal years 2012 and 2013. Operating revenues are modified over a period of time to levelize bills to customers, which contributed to part of the current year increase in revenues. Five large industrial customers purchase their own natural gas on the open market. The Department collects sales and profits solely from transportation of natural gas for these customers. There continues to be a risk of losing some industrial gas customers due to the effect of competition with alternate fuels, the delivery restrictions on the interstate pipeline infrastructure, and the reorganization of the gas business in this state. While this remains a concern, continued strong demand for natural gas and the acquisition of additional capacity on a supplying pipeline allowed the Department to meet these increased demand with adequate supply. Over half of the Gas Division's profits come from industrial sales. Since November 1, 2006 the Department has been responsible for purchasing and arranging transportation for its entire load of natural gas. The Division participates in the underground storage of natural gas to mitigate extreme price or demand fluctuations. Presently, the Division has the capacity to store approximately 167,000 dekatherms of natural gas. Storage gas is normally used during high price or high demand periods and replenished during low price or low demand periods. Federal regulations for safety and operations continue to increase and affect the way that natural gas utilities operate. Rate increases may be necessary to fund future compliance activities.

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

Water Division

	<u>FY 2013</u>	<u>FY 2012</u>
Operating revenues	\$ 6,935,455	\$ 7,325,046
Non-operating revenues (expenses)	241,664	124,867
Contributed capital	40,308	-
Total revenues	<u>7,217,427</u>	<u>7,449,913</u>
Depreciation expense	2,181,839	2,206,606
Other operating expense	5,176,824	4,898,555
Total expenses	<u>7,358,663</u>	<u>7,105,161</u>
Income (loss) before transfers	(141,236)	344,752
Transfers to City	<u>347,570</u>	<u>360,706</u>
Change in net position	<u>\$ (488,806)</u>	<u>\$ (15,954)</u>

Water Division sales decreased 5.2% by volume. Water sales also decreased 5.2% by dollars due to continued demand erosion. Non-operating revenue increased slightly due to a increase of tap and impact fees. The water division had no contributed capital during the prior year, mainly as a result of the lack of construction projects in the area. The increase to other operating expenses is due to general inflation of consumables such as chemicals, utilities and miscellaneous products coupled with increasing repair expenditures as a result of the Division's aging infrastructure. Weather also contributed to the higher costs of water treatment. Increased rains during the spring and summer of 2013 increased treatment costs and decreased sales for residential customers. Additions and improvements to the Water Plant in 2004 provide the Division with adequate water producing capacity for the foreseeable future. As with most cities, the Division recognizes that it has considerable exposure from its aged distribution system and is addressing the challenges. With the increasing costs of maintaining aging infrastructure and lower sales volumes, rate increases will become necessary in future years to maintain the quality of drinking water for the citizens in the Orangeburg area.

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

Wastewater Division

	<u>FY 2013</u>	<u>FY 2012</u>
Operating revenues	\$ 4,743,081	\$ 4,933,654
Non-operating revenues (expenses)	68,774	78,863
Contributed capital	73,329	109,849
Total revenues	<u>4,885,184</u>	<u>5,122,366</u>
Depreciation expense	1,630,197	1,540,707
Other operating expense	3,187,577	3,043,179
Total expenses	<u>4,817,774</u>	<u>4,583,886</u>
Income before transfers	67,410	538,480
Transfers to City	<u>237,700</u>	<u>225,441</u>
Change in net position	<u>\$ (170,290)</u>	<u>\$ 313,039</u>

Wastewater Division sales decreased by 3.5% due to lower volume of water consumption. Non-operating revenues decreased because of fewer tap and impact fees. Contributed capital decreased from the elevated level of prior years due to the Orangeburg County Penny Projects. These projects vary year to year according to County Council's direction. The Wastewater Plant is now thirty-six years old and is in need of major renovations. Management is in the planning phases of the renovation project. As with most cities, the Division recognizes that it has considerable exposure from its aged distribution system and is addressing the challenges. Rate increases will become necessary in future years in order to maintain compliance with State and Federal regulations and continue to provide reliable service to the citizens of the Orangeburg area.

Condensed Statement of Cash Flows

	<u>FY 2013</u>	<u>FY 2012</u>
Cash flow from operating activities	\$ 20,208,780	\$ 21,450,626
Transfer to the City and other entities	(4,767,109)	(4,508,823)
Cash flow for capital assets	(10,240,527)	(7,565,450)
Cash flow from financing and grants	(761,227)	(1,179,466)
Cash flow from investing activities	31,709	(5,914,774)
	<u>4,471,626</u>	<u>2,282,113</u>
Beginning cash and cash investments	<u>9,897,424</u>	<u>7,615,311</u>
Ending cash and cash investments	<u>\$ 14,369,050</u>	<u>\$ 9,897,424</u>

Budgeted spending on multi-year capital projects in fiscal year 2014 is anticipated to be approximately \$12,050,000 million, which is higher than spending in 2013. Some notable capital projects include the Administrative Division enterprise planning and customer service software, the Electric Division AMI or Advanced Metering Infrastructure, the Wastewater Division Improvements to the Wastewater Treatment plant, and the Water Division Rehabilitation of the 1974 Clearwell. The Department expects project expenditures to increase significantly for the next three years. These increases will address aging infrastructure and software improvements in an effort to provide more reliable services and improved customer service. All the Department's investments are comprised of United States Treasury bills and bonds. Management is aware that major layoffs or industry relocations could cause significant reduction of revenue and or loss of collections. If significant economic problems occur, management is poised to suspend any and all projects.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and equivalents	\$ 2,638,420	\$ 10,185,818	\$ 12,824,238
Investments	14,631,606	30,348,768	44,980,374
Receivables:			
Current taxes	87,140	-	87,140
Delinquent taxes	114,952	-	114,952
State of South Carolina	134,688	-	134,688
Other	153,430	9,978,038	10,131,468
Internal balances	1,742,466	(1,742,466)	-
Inventory	134,993	3,690,831	3,825,824
Total current assets	<u>19,637,695</u>	<u>52,460,989</u>	<u>72,098,684</u>
Noncurrent assets:			
Restricted assets:			
Cash and investments:			
Customer deposits	-	3,243,315	3,243,315
Bond repayment	-	940,417	940,417
Self insurance fund	-	75,008	75,008
Capital assets, net	20,215,020	213,646,832	233,861,852
Other assets	-	1,524,954	1,524,954
Total noncurrent assets	<u>20,215,020</u>	<u>219,430,526</u>	<u>239,645,546</u>
Total Assets	<u>39,852,715</u>	<u>271,891,515</u>	<u>311,744,230</u>
LIABILITIES			
Current liabilities:			
Accounts payable	479,482	6,643,215	7,122,697
Bank overdraft	130,020	-	130,020
Over billings	-	4,475,183	4,475,183
Withholdings and accrued expenses	45,777	27,310	73,087
Compensated absences, current	307,642	607,482	915,124
Lease payable, current	1,141,525	9,971	1,151,496
General obligation bond payable	400,000	-	400,000
Revenue bond payable, current	-	214,236	214,236
Total current liabilities	<u>2,504,446</u>	<u>11,977,397</u>	<u>14,481,843</u>
Current liabilities (payable from restricted assets):			
Current portion of revenue bonds payable	-	940,417	940,417
Customer deposits	-	3,243,315	3,243,315
Total current liabilities (payable from restricted net assets)	<u>-</u>	<u>4,183,732</u>	<u>4,183,732</u>
Noncurrent liabilities:			
Compensated absences	862,089	643,389	1,505,478
Lease payable	1,976,718	8,513	1,985,231
Revenue bond payable	-	3,939,503	3,939,503
OPEB liability	1,740,829	2,544,255	4,285,084
Total noncurrent liabilities	<u>4,579,636</u>	<u>7,135,660</u>	<u>11,715,296</u>
Total Liabilities	<u>7,084,082</u>	<u>23,296,789</u>	<u>30,380,871</u>

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

	Primary Government		
	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
NET POSITION			
Net investment in capital assets	\$ 16,696,777	\$ 208,552,676	\$ 225,249,453
Restricted for:			
Self insurance fund	180,809	75,008	255,817
Bond repayment	-	940,417	940,417
Inventory	134,993	-	134,993
Fire Equipment	151,212	-	151,212
Amount due from Hillcrest	918,114	-	918,114
Amount due from Municipal Airport	754,524	-	754,524
Unrestricted	13,932,204	39,026,625	52,958,829
	<hr/>	<hr/>	<hr/>
Total Net Position	\$ 32,768,633	\$ 248,594,726	\$ 281,363,359
	<hr/>	<hr/>	<hr/>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Program Activities	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 2,394,915	\$ 13,555	\$ 258,741	\$ -	\$ (2,122,619)	\$ -	\$ (2,122,619)
Public works	2,691,699	3,936,654	30,378	32,914	1,308,247	-	1,308,247
Public safety	7,349,993	1,655,657	155,178	87,682	(5,451,476)	-	(5,451,476)
Parks and recreation	2,242,371	123,496	82,540	35,000	(2,001,335)	-	(2,001,335)
Service	617,120	-	-	-	(617,120)	-	(617,120)
Interest on long-term debt	147,476	-	-	-	(147,476)	-	(147,476)
Total governmental activities	<u>15,443,574</u>	<u>5,729,362</u>	<u>526,837</u>	<u>155,596</u>	<u>(9,031,779)</u>	<u>-</u>	<u>(9,031,779)</u>
Business-type activities:							
Public utilities	85,995,006	95,495,943	-	137,096	-	9,638,033	9,638,033
Municipal airport	1,227,443	512,672	-	333,915	-	(380,856)	(380,856)
Pro shop	59,830	111,008	-	-	-	51,178	51,178
Golf	591,483	366,388	-	-	-	(225,095)	(225,095)
Total business-type activities	<u>87,873,762</u>	<u>96,486,011</u>	<u>-</u>	<u>471,011</u>	<u>-</u>	<u>9,083,260</u>	<u>9,083,260</u>
Total government	<u>\$ 103,317,336</u>	<u>\$ 102,215,373</u>	<u>\$ 526,837</u>	<u>\$ 626,607</u>	<u>(9,031,779)</u>	<u>9,083,260</u>	<u>51,481</u>
General revenues:							
					3,389,051	\$ -	\$ 3,389,051
					2,152,122	-	2,152,122
					141,595	-	141,595
					31,158	45,229	76,387
					34,078	13,543	47,621
					4,767,109	(4,767,109)	-
					1,483,334	4,374,923	5,858,257
					31,285,299	244,219,803	275,505,102
					<u>\$ 32,768,633</u>	<u>\$ 248,594,726</u>	<u>\$ 281,363,359</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and equivalents	\$ 162,075	\$ 2,476,345	\$ 2,638,420
Investments	9,601,169	5,030,437	14,631,606
Receivables (net of allowance for uncollectibles)	499,563	19,386	518,949
Due from other funds	70,146	91,616	161,762
Advances to other funds	1,672,638	-	1,672,638
Inventory	134,993	-	134,993
	<hr/>		
Total Assets	\$ 12,140,584	\$ 7,617,784	\$ 19,758,368
	<hr/>		
LIABILITIES			
Accounts payable	\$ 333,553	\$ 145,929	\$ 479,482
Bank overdrafts	130,020	-	130,020
Withholdings and accrued expenses	45,777	-	45,777
Due to other funds	89,814	2,120	91,934
	<hr/>		
Total Liabilities	599,164	148,049	747,213
	<hr/>		
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	143,693	-	143,693
	<hr/>		
Total deferred inflows of resources	143,693	-	143,693
	<hr/>		
FUND BALANCES			
Nonspendable:			
Inventory	134,993	-	134,993
Amount due from Hillcrest Golf Course	918,114	-	918,114
Amount due from Municipal Airport	754,524	-	754,524
Restricted for:			
Capital projects	-	5,562,497	5,562,497
Tourism related expenditures	-	1,530,681	1,530,681
Law enforcement	-	1,838	1,838
Self insurance	180,809	-	180,809
Committed for:			
Firemen's equipment	151,212	86,686	237,898
Law enforcement	-	177,424	177,424
Capital projects	-	11,403	11,403
Cemetery maintenance	-	89,195	89,195
Other purposes	-	10,011	10,011
Unassigned	9,258,075	-	9,258,075
	<hr/>		
Total fund balances	11,397,727	7,469,735	18,867,462
	<hr/>		
TOTAL LIABILITIES AND FUND BALANCES	\$ 12,140,584	\$ 7,617,784	\$ 19,758,368
	<hr/>		

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

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

Total fund balances - governmental funds	\$ 18,867,462
Delinquent taxes receivable and grants will be collected after year-end, but are not available soon enough to pay for current period's expenditures and, therefore, are not reported as deferred revenue in the funds.	114,954
Capital assets used in governmental activities are not financial resources, and are not reported in the funds.	20,215,020
Long-term liabilities are not due and payable in the current period, and are not reported in the funds:	
General obligation bond	(400,000)
Capital leases	(3,118,243)
Accrued annual leave	(1,169,731)
Other post-employment benefits	<u>(1,740,829)</u>
Net position of governmental activities	<u><u>\$ 32,768,633</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 3,362,198	\$ -	\$ 3,362,198
Sales taxes	-	2,152,122	2,152,122
Franchise taxes	141,595	-	141,595
Licenses and permits	2,796,074	-	2,796,074
Fines and forfeitures	645,400	7,923	653,323
Charges for services	2,018,543	24,225	2,042,768
Interest income	20,809	10,348	31,157
Miscellaneous	121,842	2,245	124,087
Contributions	-	77,479	77,479
Intergovernmental	459,800	258,265	718,065
Total revenues	<u>9,566,261</u>	<u>2,532,607</u>	<u>12,098,868</u>
EXPENDITURES			
Current:			
General government	2,348,857	-	2,348,857
Public works	2,006,024	-	2,006,024
Public safety	6,326,338	256,159	6,582,497
Parks and recreation	1,753,671	49,756	1,803,427
Service	546,481	398	546,879
Debt service:			
Principal	1,145,136	342,927	1,488,063
Interest	147,476	-	147,476
Capital outlay:			
General government	100,522	-	100,522
Public works	164,970	-	164,970
Public safety	374,201	835,632	1,209,833
Parks and recreation	79,384	-	79,384
Service	15,680	-	15,680
Total expenditures	<u>15,008,740</u>	<u>1,484,872</u>	<u>16,493,612</u>
Excess (deficiency) of revenues over expenditures	<u>(5,442,479)</u>	<u>1,047,735</u>	<u>(4,394,744)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	5,131,027	-	5,131,027
Operating transfers out	-	(363,918)	(363,918)
Lease proceeds	551,303	-	551,303
Sale of general capital assets	40,641	-	40,641
Total other financing sources (uses)	<u>5,722,971</u>	<u>(363,918)</u>	<u>5,359,053</u>
Net change in fund balances	280,492	683,817	964,309
FUND BALANCES, BEGINNING OF YEAR	<u>11,117,235</u>	<u>6,785,918</u>	<u>17,903,153</u>
FUND BALANCES, END OF YEAR	<u>\$ 11,397,727</u>	<u>\$ 7,469,735</u>	<u>\$ 18,867,462</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

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

Net changes in fund balances - total governmental funds	\$ 964,309
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset purchases capitalized/retired	1,570,389
Loss on disposal of fixed assets	(6,565)
Depreciation expenses	(1,905,331)
	(341,507)
Repayment of debt principal is an expenditure in the governmental funds while the repayment reduces long-term liabilities in the statement of net assets. Lease proceeds provide current financial resources to governmental funds, but incurring debt increases long-term liabilities in the statement of	
Capital lease proceeds	(551,303)
Capital lease obligation principal payments	1,138,063
Note payable principal payments	350,000
	936,760
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:	
Accrued annual leave	(1,098)
Other post-employment benefits obligation	(101,983)
Some property taxes will not be collected for several months after the City's fiscal year-end. They are not considered "available" revenue in governmental funds.	
	26,853
Change in net position of governmental activities	\$ 1,483,334

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2013

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Public</u> <u>Utilities</u>	<u>Other</u> <u>Enterprise</u> <u>Funds</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and equivalents	\$ 10,185,318	\$ 500	\$ 10,185,818
Investments	30,348,768	-	30,348,768
Accounts receivable - net	4,140,952	20,522	4,161,474
Unbilled customer accounts receivable	5,663,765	-	5,663,765
Other receivables	137,815	14,984	152,799
Inventories	3,602,568	88,263	3,690,831
Due from other funds	-	20,046	20,046
Employee Benefits	12,454	-	12,454
Total current assets	<u>54,091,640</u>	<u>144,315</u>	<u>54,235,955</u>
Noncurrent assets:			
Restricted assets:			
Cash:			
Customer deposits	3,243,315	-	3,243,315
Bond repayment	940,417	-	940,417
Investments:			
Self insurance fund	75,008	-	75,008
Capital assets:			
Property, plant and equipment net of accumulated depreciation	195,230,927	7,646,533	202,877,460
Property, plant, and equipment not being depreciated	9,033,111	1,736,261	10,769,372
Other noncurrent assets	1,512,500	-	1,512,500
Total noncurrent assets	<u>210,035,278</u>	<u>9,382,794</u>	<u>219,418,072</u>
Total Assets	<u>264,126,918</u>	<u>9,527,109</u>	<u>273,654,027</u>

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

	Business-type Activities - Enterprise Funds		
	Public Utilities	Other Enterprise Funds	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 6,616,478	\$ 26,737	\$ 6,643,215
Over billings	4,475,183	-	4,475,183
Due to other funds	89,874	-	89,874
Accrued sales tax payable	27,310	-	27,310
Accrued compensated absences	600,000	7,482	607,482
Current portion of capital lease obligation	-	9,971	9,971
Current portion of revenue bonds payable	214,236	-	214,236
Total current liabilities	12,023,081	44,190	12,067,271
Current liabilities (payable from restricted assets):			
Current portion of revenue bonds payable	940,417	-	940,417
Customer deposits	3,243,315	-	3,243,315
Total current liabilities (payable from restricted net assets)	4,183,732	-	4,183,732
Noncurrent liabilities:			
Advances from other funds	-	1,672,638	1,672,638
Accrued compensated absences	570,592	72,797	643,389
Capital lease obligation	-	8,513	8,513
Bonds payable	3,939,503	-	3,939,503
Other post employment benefit obligation	2,450,760	93,495	2,544,255
Total noncurrent liabilities	6,960,855	1,847,443	8,808,298
Total Liabilities	23,167,668	1,891,633	25,059,301
NET POSITION			
Invested in capital assets, net of related debt	199,169,882	9,382,794	208,552,676
Restricted for self insurance	75,008	-	75,008
Restricted for bond repayment	940,417	-	940,417
Unrestricted	40,773,943	(1,747,318)	39,026,625
Total Net Position	\$ 240,959,250	\$ 7,635,476	\$ 248,594,726

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Business-type Activities - Enterprise Funds		
	Public <u>Utilities</u>	Other Enterprise <u>Funds</u>	<u>Total</u>
OPERATING REVENUES:			
Utility sales and wastewater service	\$ 95,123,347	\$ -	\$ 95,123,347
Pro shop sales	-	80,932	80,932
Food sales	-	29,564	29,564
Oil and fuel sales	-	439,318	439,318
Rentals and other	-	73,866	73,866
Green fees, cart rentals and memberships	-	340,000	340,000
Capital projects revenue	-	26,388	26,388
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Total operating revenues	95,123,347	990,068	96,113,415
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OPERATING EXPENSES:			
Cost of goods sold	60,934,874	374,743	61,309,617
Operating and maintenance	8,574,630	246,266	8,820,896
Administrative	8,531,970	492,255	9,024,225
Depreciation and amortization	7,839,351	764,921	8,604,272
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Total operating expenses	85,880,825	1,878,185	87,759,010
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OPERATING INCOME (LOSS)	9,242,522	(888,117)	8,354,405
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NON-OPERATING REVENUES (EXPENSES):			
Gain on disposal of property	13,543	-	13,543
Water impact and tap fees	251,907	-	251,907
Wastewater impact and tap fees	120,689	-	120,689
Interest income	45,229	-	45,229
Interest expense	(114,181)	(571)	(114,752)
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Total non-operating revenues (expenses)	317,187	(571)	316,616
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INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	9,559,709	(888,688)	8,671,021
Capital contributions - grants	137,096	333,915	471,011
Transfers in	-	51,178	51,178
Transfers out	(4,767,109)	(51,178)	(4,818,287)
	<hr/>		
CHANGES IN NET POSITION	4,929,696	(554,773)	4,374,923
NET POSITION, AS RESTATED - BEGINNING OF YEAR	236,029,554	8,190,249	244,219,803
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NET POSITION - END OF YEAR	\$ 240,959,250	\$ 7,635,476	\$ 248,594,726
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THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Business-type Activities - Enterprise Funds		
	Public Utilities	Other Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 96,739,105	\$ 1,047,674	\$ 97,786,779
Cash payments to suppliers for goods and services	(67,162,670)	(627,037)	(67,789,707)
Cash payments to employees	(9,367,655)	(472,562)	(9,840,217)
Net cash provided (used) by operating activities	<u>20,208,780</u>	<u>(51,925)</u>	<u>20,156,855</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Due to others	-	217,012	217,012
Transfers out	(4,767,109)	-	(4,767,109)
Net cash provided (used) by noncapital financing activities	<u>(4,767,109)</u>	<u>217,012</u>	<u>(4,550,097)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(10,240,527)	(488,460)	(10,728,987)
Proceeds from sale of capital assets	13,543	-	13,543
Principal payment of capital leases	-	(9,971)	(9,971)
Principal paid on capital debt	(1,170,281)	-	(1,170,281)
Interest paid on capital debt	(114,181)	-	(114,181)
Interest payments on lease	-	(571)	(571)
Water impact and tap fees	251,907	-	251,907
Wastewater impact and tap fees	120,689	-	120,689
Proceeds from capital grants	137,096	333,915	471,011
Net cash used by capital and related financing activities	<u>(11,001,754)</u>	<u>(165,087)</u>	<u>(11,166,841)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment interest	45,229	-	45,229
Purchases of investments	(65,968,473)	-	(65,968,473)
Proceeds from maturity of investments	65,954,953	-	65,954,953
Net cash provided by investing activities	<u>31,709</u>	<u>-</u>	<u>31,709</u>
NET INCREASE IN CASH AND EQUIVALENTS	4,471,626	-	4,471,626
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	<u>9,897,424</u>	<u>500</u>	<u>9,897,924</u>
CASH AND EQUIVALENTS AT END OF YEAR	<u>\$ 14,369,050</u>	<u>\$ 500</u>	<u>\$ 14,369,550</u>

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

	Business-type Activities - Enterprise Funds		
	Public <u>Utilities</u>	Other Enterprise <u>Funds</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 9,242,522	\$ (888,117)	\$ 8,354,405
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	8,460,601	764,921	9,225,522
Changes in assets and liabilities:			
(Increase) decrease in:			
Customer accounts receivable	(58,887)	-	(58,887)
Unbilled receivables	208,383	-	208,383
Other receivables - operating	(29,670)	57,606	27,936
Inventories	(270,295)	2,752	(267,543)
Employee benefits	(12,454)	-	(12,454)
Increase (decrease) in:			
Accounts payable	1,438,366	(8,780)	1,429,586
Under billing	1,487,448	-	1,487,448
Sales tax payable	(171,494)	-	(171,494)
Withholdings and accrued expenses	(159,434)	-	(159,434)
Accrued compensated absences	(188,910)	9,876	(179,034)
OPEB obligation	270,124	9,817	279,941
Due to City of Orangeburg - General Fund	(16,004)	-	(16,004)
Customer deposits payable	8,484	-	8,484
Net cash provided (used) by operating activities	<u>\$ 20,208,780</u>	<u>\$ (51,925)</u>	<u>\$ 20,156,855</u>
RECONCILIATION OF TOTAL CASH AND CASH INVESTMENTS:			
Cash on hand and in bank	10,185,318	500	10,185,818
Restricted cash - customer deposits	3,243,315	-	3,243,315
Restricted cash - bond repayment	940,417	-	940,417
Total cash and cash equivalents	<u>\$ 14,369,050</u>	<u>\$ 500</u>	<u>\$ 14,369,550</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
SEPTEMBER 30, 2013

	Delinquent Tax Collector <u>Agency Fund</u>
ASSETS	
Cash	\$ 8,430
Total assets	<u>\$ 8,430</u>
LIABILITIES	
Due to trust fund holders	\$ 8,430
Total liabilities	<u>\$ 8,430</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES:

REPORTING ENTITY:

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

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

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

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

Government-wide Statements

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

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Fund Financial Statements

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

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

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

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

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

The government reports the following major governmental fund:

General Fund

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

The government reports the following major enterprise fund:

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT
PRESENTATION (CONTINUED):

Public Utilities

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

The government reports the following non major enterprise funds:

Municipal Airport

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

Pro Shop

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

Golf Course

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

Additionally, the government reports the following fund types:

Capital Projects

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

Debt Service

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT
PRESENTATION (CONTINUED):

Special Revenue

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

Fiduciary Funds

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

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

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

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

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

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

Cash and Cash Equivalents

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET
POSITION/FUND BALANCE (CONTINUED):

Deposits and Investments

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

1. Obligations of the United States and its agencies.
2. Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a debt rating in one of the top two ratings categories.
3. General obligations of the State of South Carolina or any of its political units or revenue obligations of the State of South Carolina or its political units with appropriate credit ratings
4. Savings and loan associations to the extent that the same are insured by an agency of the Federal government.
5. Certificates of deposit which are secured by securities described in (1) and (2) above held by a third custodian, of a market value not less than the face value of the certificate, including accrued interest; however such collateral shall not be required to the extent the certificates are insured by an agency of the Federal government.
6. Repurchase agreements when collateralized as outlined above.
7. Certain no load open-end or closed-end management type investment companies or trusts registered under the Investment Company Act of 1940 or operating in a manner consistent with that Act.
8. A political subdivision receiving Medicaid funds appropriated by the General Assembly may utilize appropriated funds to participate in principal protected investments in the form of notes, bonds, guaranteed investment contracts, debentures or other contracts issued by a bank chartered in the United States or agency of a bank if chartered in the United States. No more than forty percent of the appropriated funds may be invested in the manner provided in this item.

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

Receivables and Payables

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET
POSITION/FUND BALANCE (CONTINUED):

Interfund Receivables, Payables and Transfers

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

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

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

Reserve for Bad Debts

The recorded reserve is approximately 1.45% of accounts receivable at September 30, 2013, which management feels is a reasonable estimate. The provision for bad debts is reported as a reduction in operating revenues, not as an expense.

Inventory

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET
POSITION/FUND BALANCE (CONTINUED):

Capital Assets

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

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

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

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

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

Amortization of capital leases is included in depreciation expense.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED):

Capital Assets (Continued):

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

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

Accrued Annual Leave

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET
POSITION/FUND BALANCE (CONTINUED):

Long-term Obligations

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

Fund Balance

The usefulness of fund balance information is enhanced by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. Fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds.

The City classifies governmental fund balances as follows:

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

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

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

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET
POSITION/FUND BALANCE (CONTINUED):

Fund Balance (Continued)

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

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

Net Assets

Net assets represent the difference between assets and liabilities. Net assets are classified as invested in capital assets net of related debt, restricted, and unrestricted. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings, including accrued interest, used for the acquisition, construction or improvement of those assets. Outstanding debt which has not been spent is included in the same net assets component as the unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

Estimates

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

SUBSEQUENT EVENTS:

The City has considered subsequent events through March 12, 2014, the date of issuance, in preparing the financial statements and notes.

RECENT ACCOUNTING PRONOUNCEMENTS:

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. The adoption of GASB Statement No. 63 had no effect on the financial statements.

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. GASB 65 is effective for periods beginning after December 15, 2012. The City is currently evaluating the future effect of this Statement on its financial statements.

In June 2012, GASB issued Statements No. 67 and 68. Statement No. 67, *Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25*, standardizes financial reporting by state and local governmental pension plans. Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, establishes accounting and financial reporting requirements related to the presentation of the net pension obligation for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement. Statements No. 67 and 68 are effective for financial statements for periods beginning after June 15, 2013 and June 15, 2014, respectively. These Statements will have an impact on the financial statements, which has yet to be determined.

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS:

At September 30, 2013 the City had the following investments:

	Fair Value	Weighted Average Maturity (Years)
U.S. Treasuries	\$ 30,423,776	.31
State Treasurer's investment pool	<u>14,631,606</u>	
Total investments	<u>\$ 45,055,382</u>	

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED):

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

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk for Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits might not be recovered. The City's custodial credit risk policy is to use only high quality financial institutions for its deposits. In addition, its policy is to comply with the State's collateralization statutes. At September 30, 2013, City deposits totaled \$15,936,666 and the bank balance was \$20,650,421. Of the bank balance, \$863,516 was covered by Federal depository insurance. The balance is collateralized by obligations of the United States of America and its agencies (as required by state law) and is held at the Federal Reserve under the City's control via book entry or by the pledging banks in the City's name.

NOTE 3 - PROPERTY TAXES:

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

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

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

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

NOTE 3 - PROPERTY TAXES (CONTINUED):

Delinquent taxes uncollected at September 30, 2013 are \$143,693 and are not considered available to liquidate current period liabilities. Accordingly, the City has provided deferred revenue equal to that amount in the fund financial statements.

NOTE 4 - ACCOUNTS RECEIVABLE:

Proprietary fund accounts receivable consist primarily of amounts billed to customers for electric, gas and water utilities and wastewater services which were not collected as of the end of the year. The balance is net of an allowance for doubtful accounts of \$60,756. Delinquent taxes have an allowance for doubtful accounts of \$28,739.

NOTE 5 - INTERFUND BALANCES:

Individual fund interfund receivable and payable balances at September 30, 2013 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Due from/to other funds:		
General Fund	\$ 70,146	\$ 89,814
Special Revenue Funds:		
Accommodations Tax Fund	-	2,120
Hospitality and Accommodations Tax Fund	89,814	-
Capital Projects Funds:		
Hillcrest Golf Course Fund	1,802	-
Proprietary funds:		
Pro Shop	20,046	-
Department of Public Utilities	-	89,874
Total due from/to other funds	<u>181,808</u>	<u>181,808</u>
Advances to/from other funds:		
General Fund	1,672,638	-
Proprietary funds:		
Airport	-	918,114
Hillcrest	-	754,524
Total advances to/from other funds	<u>1,672,638</u>	<u>1,672,638</u>
Total interfund receivables and payables	<u>\$ 1,854,446</u>	<u>\$ 1,854,446</u>

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

NOTE 5 - INTERFUND BALANCES (CONTINUED):

Individual fund operating transfers for the year ended September 30, 2013 were as follows:

	<u>Transfers out</u>	<u>Transfers in</u>
General fund	\$ -	\$ 5,131,027
Nonmajor funds:		
Accomodations Tax Fund	26,300	-
Hospitality and Accomodations Tax Fund	300,000	-
Victims' Advocate Fund	37,618	-
Enterprise funds:		
Municipal Airport	-	-
Pro Shop	51,178	-
Hillcrest	-	51,178
Department of Public Utilities	4,767,109	-
	<hr/>	<hr/>
Total	<u>\$ 5,182,205</u>	<u>\$ 5,182,205</u>

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

NOTE 6 - CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2013 was as follows:

<u>Governmental Activities</u>	<u>Balance</u> <u>9/30/2012</u>	<u>Additions</u>	<u>Transfers/ Adjustments</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/2013</u>
Capital assets not being depreciated:					
Land	\$ 2,093,777	\$ -	\$ -	\$ -	\$ 2,093,777
Construction in progress	876,832	648,498	(378,029)	-	1,147,301
Total	<u>2,970,609</u>	<u>648,498</u>	<u>(378,029)</u>	<u>-</u>	<u>3,241,078</u>
Capital assets being depreciated:					
Buildings	9,830,738	33,257	(13,500)	-	9,850,495
Building improvements	2,832,053	2,990	13,500	-	2,848,543
Land improvements	3,888,724	130,600	369,773	(8,814)	4,380,283
Infrastructure	7,762,413	11,324	-	-	7,773,737
Vehicles	5,174,482	30,093	172,681	(279,549)	5,097,707
Furniture and fixtures	1,494,205	40,731	33,134	(6,339)	1,561,731
Machinery and equipment	856,890	-	11,834	(37,811)	830,913
Computer equipment	1,193,507	194,989	11,150	(63,892)	1,335,754
Assets under capital lease	2,561,271	441,778	(226,379)	-	2,776,670
Tools and other	1,363,104	36,130	5,836	(135,929)	1,269,141
Total	<u>36,957,387</u>	<u>921,892</u>	<u>378,029</u>	<u>(532,334)</u>	<u>37,724,974</u>
Less accumulated depreciation:					
Buildings	4,580,184	277,603	-	-	4,857,787
Building improvements	793,852	81,543	-	-	875,395
Land improvements	2,276,529	283,102	-	(8,814)	2,550,817
Infrastructure	1,679,975	319,698	-	-	1,999,673
Vehicles	4,887,306	200,654	109,366	(279,549)	4,917,777
Furniture and fixtures	1,332,849	61,480	24,445	(6,339)	1,412,435
Machinery and equipment	776,374	37,506	3,578	(37,811)	779,647
Computer equipment	1,036,367	98,441	4,645	(57,327)	1,082,126
Assets under capital lease	779,314	477,025	-	(147,660)	1,108,679
Tools and other	1,228,720	68,279	5,626	(135,929)	1,166,696
Total accumulated depreciation	<u>19,371,470</u>	<u>1,905,331</u>	<u>147,660</u>	<u>(673,429)</u>	<u>20,751,032</u>
Total capital assets being depreciated, net	<u>17,585,917</u>	<u>(983,439)</u>	<u>230,369</u>	<u>141,095</u>	<u>16,973,942</u>
Governmental activities capital assets, net	<u>\$ 20,556,526</u>	<u>\$ (334,941)</u>	<u>\$ (147,660)</u>	<u>\$ 141,095</u>	<u>\$ 20,215,020</u>

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

NOTE 6 - CAPITAL ASSETS (CONTINUED):

<u>Business-type Activities</u>	<u>Balance 9/30/2012</u>	<u>Additions</u>	<u>Transfers/ Adjustments</u>	<u>Deletions</u>	<u>Balance 9/30/2013</u>
Capital assets not being depreciated:					
Land	\$ 3,653,093	\$ 3,311	\$ 3,950	\$ -	\$ 3,660,354
Construction in progress	4,427,351	9,726,595	(146,854)	(6,898,074)	7,109,018
Total	<u>8,080,444</u>	<u>9,729,906</u>	<u>(142,904)</u>	<u>(6,898,074)</u>	<u>10,769,372</u>
Capital assets being depreciated:					
Buildings and improvements	8,775,609	298,763	-	-	9,074,372
Electric Division	119,836,140	2,775,712	-	(588,863)	122,022,989
Gas Division	24,830,826	565,267	-	(60,967)	25,335,126
Water Division	98,279,305	3,101,002	-	(235,775)	101,144,532
Wastewater Division	72,006,473	433,762	-	(17,254)	72,422,981
Land improvements	12,576,066	9,950	142,904	-	12,728,920
Tools and equipment	5,248,875	630,858	16,435	(296,162)	5,600,006
Furniture and fixtures	1,202,851	63,174	(3,424)	-	1,262,601
Assets under capital lease	210,973	103,775	(13,011)	-	301,737
Total	<u>342,967,118</u>	<u>7,982,263</u>	<u>142,904</u>	<u>(1,199,021)</u>	<u>349,893,264</u>
Less: accumulated depreciation	(138,904,196)	(9,225,521)	-	1,113,913	(147,015,804)
Total capital assets being depreciated, net	<u>204,062,922</u>	<u>(1,243,258)</u>	<u>142,904</u>	<u>(85,108)</u>	<u>202,877,460</u>
Business-type activities capital assets, net	<u>\$ 212,143,366</u>	<u>\$ 8,486,648</u>	<u>\$ -</u>	<u>\$ (6,983,182)</u>	<u>\$ 213,646,832</u>

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

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

NOTE 6 - CAPITAL ASSETS (CONTINUED):

The following is a summary of the proprietary fund type capital assets at September 30, 2013:

	Municipal <u>Airport</u>	Golf <u>Pro Shop</u>	Golf <u>Course</u>	Department of <u>Public Utilities</u>	<u>Total</u>
Land and land improvements	\$ 13,467,622	\$ -	\$ 577,249	\$ 2,344,402	\$ 16,389,273
Electric Division	-	-	-	122,022,989	122,022,989
Gas Division	-	-	-	25,335,126	25,335,126
Water Division	-	-	-	101,144,532	101,144,532
Wastewater Division	-	-	-	72,422,981	72,422,981
Buildings and improvements	1,549,682	-	464,559	7,060,131	9,074,372
Tools and equipment	682,103	1,295	369,754	4,539,951	5,593,103
Furniture, fixtures and computers	39,015	-	31,909	1,198,580	1,269,504
Assets under capital lease	197,962	-	103,775	-	301,737
Construction in progress	420,310	-	-	6,688,709	7,109,019
	<hr/>				
Total	16,356,694	1,295	1,547,246	342,757,401	360,662,636
Less: accumulated depreciation	(7,428,716)	(1,295)	(1,092,430)	(138,493,363)	(147,015,804)
	<hr/>				
Net capital assets - proprietary funds	\$ 8,927,978	\$ -	\$ 454,816	\$ 204,264,038	\$ 213,646,832
	<hr/>				

Included in these amounts is depreciation on electric and turbine generators. This depreciation, \$621,250 for the year ended September 30, 2013, is included as a part of cost of goods sold on the financial statements. Also included in these amounts is depreciation being allocated as overhead of \$320,194 and \$280,821 for 2013 and 2012, respectively. The depreciation expense totals for the Airport, Pro Shop, and Golf Course were \$764,922 for the year ended September 30, 2013.

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

Executive	\$ 987
Finance	18,839
Administrative	14,226
Public works	670,405
Public safety	714,050
Parks and recreation	421,492
Services	65,332
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Total depreciation expense - governmental activities	\$ 1,905,331
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CITY OF ORANGEBURG
 ORANGEBURG, SOUTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 - CAPITAL ASSETS (CONTINUED):

Depreciation and amortization expense was charged to function/programs of the Department of Public Utilities as follows:

Electric Division	\$ 4,054,769
Gas Division	594,338
Water Division	2,181,562
Wastewater Division	<u>1,629,932</u>
Total	<u>\$ 8,460,601</u>

NOTE 7 - LONG-TERM OBLIGATIONS:

Long-term obligations as of September 30, 2013 were as follows:

<u>Governmental Activities</u>	<u>9/30/2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>9/30/2013</u>	<u>Due Within One Year</u>
Capital leases payable	\$ 3,705,003	\$ 551,303	\$ (1,138,063)	\$ 3,118,243	\$ 1,141,525
Accrued compensated absences	1,168,633	245,260	(244,162)	1,169,731	307,642
General obligation bond	750,000	-	(350,000)	400,000	400,000
Total governmental activities	<u>\$ 5,623,636</u>	<u>\$ 796,563</u>	<u>\$ (1,732,225)</u>	<u>\$ 4,687,974</u>	<u>\$ 1,849,167</u>
 <u>Business-type Activities</u>					
Capital leases payable	\$ 28,455	\$ -	\$ (9,971)	\$ 18,484	\$ 9,971
Accrued compensated absences	1,429,904	705,223	(884,256)	1,250,871	607,482
Combined Public Utilities System Revenue Bond	<u>6,264,437</u>	<u>-</u>	<u>(1,170,281)</u>	<u>5,094,156</u>	<u>1,154,653</u>
Total business-type activities	<u>\$ 7,722,796</u>	<u>\$ 705,223</u>	<u>\$ (2,064,508)</u>	<u>\$ 6,363,511</u>	<u>\$ 1,772,106</u>

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

NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED):

<u>Governmental Activities</u>	<u>Outstanding 9/30/2012</u>	<u>Issued</u>	<u>Repaid</u>	<u>Outstanding 9/30/2013</u>
Capital leases:				
Vehicles and equipment financed by First Citizens; three annual payments of \$40,454 principal with interest at a rate of 3.01% through July 1, 2013. The lease is secured by equipment leased.	\$ 43,857	\$ -	\$ (43,857)	-
various equipment financed by South Carolina Bank & Trust; four annual payments of \$213,827 principal and interest at a rate of 2.30% through September 1, 2014. The lease is secured by equipment leased.	385,279	-	(204,944)	180,335
Capital projects for the City financed by BB&T in the amount of \$3,787,058. The City financed several capital projects through a lease purchase. These projects included construction of several parking lots, cart paths at the golf course, Stevenson Auditorium renovation, improvements of two buildings, a spray fountain, and a downtown streetscape. This lease was refinanced in October 2004. Payments of \$342,927 including principal and interest at 4.1% for 15 years. The lease is secured by the pledge of certain sales tax revenue.	2,300,375	-	(248,612)	2,051,763
vehicles and equipment financed by South Carolina Bank & Trust; three annual payments of \$256,521 principal with interest and a final payment of \$293,327 principal with interest at a rate of 1.60% through September 1, 2014. The lease is secured by equipment leased.	537,045	-	(247,891)	289,154
Vehicles and equipment financed by First Citizens; three annual payments of \$215,600 principal and interest at a rate of 2.65% through September 1, 2014. The lease is secured by equipment leased.	438,447	-	(208,973)	229,474
vehicles and equipment financed by First Citizens; due in three annual payments of \$183,758 principal with interest at a rate of 1.08% and maturing August 1, 2015. The lease is secured by equipment leased.	-	551,303	(183,786)	367,517
Bonds payable:				
\$2,000,000 general obligation bond of 2003 payable November 1, 2004 through 2013; interest rate at 3.5% payable twice a year in May and November.	750,000	-	(350,000)	400,000
Total	\$ 4,455,003	\$ 551,303	\$ (1,488,063)	\$ 3,518,243

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

NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED):

The following is a schedule of future debt repayments under bonds and capital leases for the governmental activities as of September 30, 2013.

September	Bonds and Notes			Capital Leases			Total
	Principal	Interest	Subtotal	Principal	Interest	Subtotal	
2014	\$ 400,000	\$ 14,000	\$ 414,000	\$ 1,141,525	\$ 96,792	\$ 1,238,317	\$ 1,652,317
2015	-	-	-	453,175	75,496	528,671	528,671
2016	-	-	-	280,462	62,465	342,927	342,927
2017	-	-	-	291,961	50,966	342,927	342,927
2018	-	-	-	303,931	38,996	342,927	342,927
2019-2021	-	-	-	647,189	38,666	685,855	685,855
Total	<u>\$ 400,000</u>	<u>\$ 14,000</u>	<u>\$ 414,000</u>	<u>\$ 3,118,243</u>	<u>\$ 363,381</u>	<u>\$ 3,481,625</u>	<u>\$ 3,895,625</u>

The South Carolina Constitution limits local unit borrowing power to 8 percent of its assessed property value. The limitation excludes bonded indebtedness existing on December 1, 1977 (date of the Constitutional amendment), certain special levies assessed on properties located in an area receiving special benefits and other prescribed indebtedness approved by the voters. Lease purchases are also excluded from this limitation. As of September 30, 2013, the City's bonded indebtedness was below the Constitutional limits as follows:

Real property assessed value	\$ 27,181,798
Other personal property assessed value	1,297,820
Vehicles assessed value	<u>3,459,104</u>
Total taxable assessed value	<u><u>\$ 31,938,722</u></u>
Debt limit - eight percent (8%) of total taxable assessed value	\$ 2,555,098
Amount of debt applicable to limit	<u>400,000</u>
Legal debt margin	<u><u>\$ 2,155,098</u></u>

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

NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED):

<u>Business-type Activities</u>	<u>Outstanding 9/30/2012</u>	<u>Issued</u>	<u>Repaid</u>	<u>Outstanding 9/30/2013</u>
Capital leases:				
Municipal Airport:				
Facilities lease for the construction and equipping of a hangar building on the property of the Airport; 20 annual payments of \$9,971 principal with interest at 5.19% through August 1, 2015. The cost of \$197,961 is included in assets under capital leases. The lease is secured by the property leased.				
	\$ 28,455	\$ -	(9,971)	\$ 18,484
Bonds payable:				
Public Utilities:				
\$9,500,000 Series of 2004; payable April 1, 2004 through 2014; interest at 3% payable each April 1 and October 1.				
	1,900,000	-	(950,000)	950,000
\$982,514 Series of 2009, payable May 21, 2010 through 2030; interest at 1.68% payable quarterly.				
	798,900	-	(40,980)	757,920
\$4,280,163 Series of 2009, payable May 1, 2010 through 2030 - interest at 1.84% payable quarterly.				
	3,565,537	-	(179,301)	3,386,236
Total	<u>\$ 6,292,892</u>	<u>\$ -</u>	<u>\$ (1,180,252)</u>	<u>\$ 5,112,640</u>

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

The bond ordinances require the Department to maintain various funds as long as the bonds are outstanding. The gross revenue fund, the operating and maintenance fund, the debt service fund, the depreciation fund and the contingent fund are maintained to provide for payment of principal, interest, operating contingencies and depreciation. These funds are invested in obligations of the U.S. Government. As of September 30, 2013, balances in all funds meet bond requirements.

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

NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED):

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

The following is a schedule of future debt repayments under bonds and capital leases for business-type activities as of September 30, 2013.

September	Bonds and Notes		Capital Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 1,154,653	\$ 76,999	\$ 9,971	\$ 1,035	\$ 1,164,624	\$ 78,034
2015	226,386	65,325	8,513	517	234,899	65,842
2016	229,738	61,974	-	-	229,738	61,974
2017	233,208	58,503	-	-	233,208	58,503
2018	236,802	54,910	-	-	236,802	54,910
2019-2023	1,242,530	216,027	-	-	1,242,530	216,027
2024-2028	1,353,525	105,032	-	-	1,353,525	105,032
2029-2031	417,314	6,807	-	-	417,314	6,807
Total	<u>\$ 5,094,156</u>	<u>\$ 645,577</u>	<u>\$ 18,484</u>	<u>\$ 1,552</u>	<u>\$ 5,112,640</u>	<u>\$ 647,129</u>

NOTE 8 - LEASES:

LESSEE:

During 2010, the Department of Public Utilities signed a 60-month lease for six copiers. The monthly payment is \$984. Lease expense under the lease was \$11,808 in 2013. Future minimum lease payments under the lease are as follows:

<u>Years Ending September 30:</u>	
2014	\$ 11,808
2015	<u>10,824</u>
Total	<u>\$ 22,632</u>

LESSOR:

The Department of Public Utilities has a five-year contract to lease space on top of a water tank to a company for a telecommunication tower. Lease income was \$14,548 in 2013 and 2012.

NOTE 9 - RETIREMENT PLAN:

Substantially all full-time employees of the City are covered under the South Carolina Retirement System (SCRS), with the exception of the public safety departments, which are covered by the South Carolina Police Officers' Retirement System. The SCRS and the Police Officers' Retirement System (PORS) are cost-sharing multiple-employer defined benefit pension plans. The administration of the SCRS is vested in the Retirement Division of the State Budget and Control Board. Both the City and its covered employees are required to contribute to the SCRS and PORS at rates established under the authority of Title 9 of the South Carolina Code of Laws. The rates, shown as of July 1 of each fiscal year, are as follows:

	2013		2012		2011	
	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>
SCRS	10.450%	7.50%	10.450%	7.00%	9.385%	6.50%
PORS	12.440%	7.84%	11.900%	7.00%	11.363%	6.50%

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

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

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

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

	2013		2012		2011	
	<u>SCRS</u>	<u>PORS</u>	<u>SCRS</u>	<u>PORS</u>	<u>SCRS</u>	<u>PORS</u>
Employer	\$ 1,394,960	\$ 383,192	\$ 1,229,243	\$ 392,016	\$ 1,156,212	\$ 374,364
Employee	947,495	222,687	839,324	218,355	806,039	209,862

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

Both the employer and employee contributions will increase in the coming year. The SCRS employer and employee contribution rates will increase to 10.75% and 8.00%, respectively. The PORS employer and employee contribution rates will increase to 13.01% and 8.41%, respectively

NOTE 10 - POST-RETIREMENT HEALTH BENEFITS:

PLAN DESCRIPTION:

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

FUNDING POLICY:

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

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

ANNUAL OPEB COST AND NET OPEB OBLIGATION:

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has engaged an actuary to calculate the ARC for employers in plans with more than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and the City's net OPEB obligation to the Retiree Health Plan at September 30, 2013:

NOTE 10 - POST-RETIREMENT HEALTH BENEFITS (CONTINUED):

ANNUAL OPEB COST AND NET OPEB OBLIGATION (CONTINUED):

Annual OPEB cost:	
Normal cost	\$ 416,059
Amortization of unfunded actuarial accrued liability	<u>217,039</u>
Total annual required contribution	633,098
OPEB contributions and implicit rate subsidy during the year	<u>251,173</u>
Current year increase in OPEB obligation	381,925
Net OPEB obligation, beginning of year	<u>3,903,159</u>
Net OPEB obligation, end of year	<u><u>\$ 4,285,084</u></u>

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

Fiscal Year <u>Ended</u>	Annual OPEB <u>Cost</u>	Percentage of Annual OPEB Cost <u>Contributed</u>	Current Year <u>Increase</u>	Net OPEB <u>Obligation</u>
2011	\$ 942,001	27.7%	\$ 681,324	\$ 3,459,133
2012	673,797	34.1%	444,026	3,903,159
2013	633,098	39.7%	381,925	4,285,084

FUNDED STATUS AND FUNDING PROGRESS:

As of September 30, 2013, the actuarial accrued liability for benefits was \$6,403,785, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$11,428,278, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 56.0% percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTE 10 - POST-RETIREMENT HEALTH BENEFITS (CONTINUED):

ACTUARIAL METHODS AND ASSUMPTIONS:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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

NOTE 11 - FUND BALANCES AND NET ASSETS:

RESTRICTED NET ASSETS:

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

Restricted for self insurance	\$ 75,008
Restricted for bond repayment	<u>940,417</u>
Total	<u>\$ 1,015,425</u>

OTHER:

The golf course has a negative fund balance of \$626,312 as of September 30, 2013. The fund balance is expected to return to a positive position as the economy improves.

NOTE 12 - RISK MANAGEMENT:

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

NOTE 12 - RISK MANAGEMENT (CONTINUED):

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

- 1) Claims of covered public employees for long-term disability and group-like insurance benefits (Retirement System);
- 2) Claims of state employees for unemployment compensation benefits (Department of Employment and Workforce).

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

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

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

The City carries collision insurance on its motor vehicles. However, after the motor vehicles are five years old the collision insurance is no longer carried. The City has a self-insurance fund. This fund pays for any vehicle repair or replacement not covered by insurance.

The Department of Public Utilities does not carry collision insurance on its motor vehicles. Additionally, insurance coverage on the electric substations and on all utility system transmission and distribution lines is not available.

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

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

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

NOTE 12 - RISK MANAGEMENT (CONTINUED):

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

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

NOTE 13 - COMMITMENTS AND CONTINGENCIES:

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

Projected costs to complete current projects in progress for the Department of Public Utilities are expected to be approximately \$23,530,000.

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

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

NOTE 14 - PRIOR PERIOD ADJUSTMENTS:

During the year, management of the City discovered that fixed assets were not depreciating correctly. Also during the year, the Department identified an error in the prior year's recording of unbilled receivables. The effect of each restatement on beginning net position and on operations is shown below:

	<u>As originally stated</u>	<u>Change</u>	<u>As restated</u>
Government-Wide			
Accumulated depreciation	\$ (19,202,912)	\$ (168,557)	\$ (19,371,469)
Net position	(31,453,856)	168,557	(31,285,299)
Airport:			
Accumulated depreciation	\$ (6,735,944)	\$ (8,400)	\$ (6,744,344)
Net position	(8,601,450)	8,400	(8,593,050)
Department of Public Utilities:			
Unbilled customer accounts receivable	\$ 7,874,254	\$ (2,002,106)	\$ 5,872,148
Net position	(238,031,660)	2,002,106	(236,029,554)

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Taxes:				
Ad valorem	\$ 3,314,616	\$ 3,306,625	\$ 3,362,198	\$ 55,573
Sales	1,068,000	1,496,000	-	(1,496,000)
Franchise	146,500	147,500	141,595	(5,905)
Licenses and permits	2,796,312	2,803,336	2,796,074	(7,262)
Fines and forfeitures	782,500	717,400	645,400	(72,000)
Charges for services	2,002,009	2,025,554	2,018,543	(7,011)
Interest income	30,000	21,000	20,809	(191)
Miscellaneous	602,592	89,852	121,842	31,990
Intergovernmental	651,393	499,213	459,800	(39,413)
Total revenues	<u>11,393,922</u>	<u>11,106,480</u>	<u>9,566,261</u>	<u>(1,540,219)</u>
EXPENDITURES				
Current:				
General government:				
Executive	373,765	385,608	390,824	5,216
Finance	729,383	748,115	741,548	(6,567)
Administrative	618,423	550,041	538,836	(11,205)
Non-departmental	924,598	775,227	778,171	2,944
Total general government	<u>2,646,169</u>	<u>2,458,991</u>	<u>2,449,379</u>	<u>(9,612)</u>
Public works	2,160,117	2,202,767	2,170,994	(31,773)
Public safety	7,511,074	6,908,542	6,700,539	(208,003)
Parks and recreation	1,838,677	1,847,561	1,833,055	(14,506)
Service	545,100	551,285	562,161	10,876
Debt service:				
Principal	1,117,772	1,145,136	1,145,136	-
Interest	138,151	147,476	147,476	-
Total debt service	<u>1,255,923</u>	<u>1,292,612</u>	<u>1,292,612</u>	<u>-</u>
Total expenditures	<u>15,957,060</u>	<u>15,261,758</u>	<u>15,008,740</u>	<u>(262,630)</u>
Excess (deficiency) of revenues over expenditures	<u>(4,563,138)</u>	<u>(4,155,278)</u>	<u>(5,442,479)</u>	<u>(1,277,589)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	5,131,638	5,131,109	5,131,027	(82)
Operating transfers out	(1,068,000)	(1,450,000)	-	1,450,000
Lease proceeds	447,500	551,275	551,303	28
Sale of general capital assets	52,000	40,641	40,641	-
Total other financing sources (uses)	<u>4,563,138</u>	<u>4,273,025</u>	<u>5,722,971</u>	<u>1,449,946</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 117,747</u>	280,492	<u>\$ 162,745</u>
Fund balance - beginning			<u>11,117,235</u>	
Fund balance - ending			<u>\$ 11,397,727</u>	

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

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

NOTE TO THE BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

NOTE 1 - BUDGET PROCESS:

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

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

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Over (Under)
	Original	Final		
OPERATING REVENUES:				
Charges for services and fees	\$ 101,992,915	\$ 101,992,915	\$ 95,123,347	\$ (6,869,568)
OPERATING EXPENSES:				
Electricity purchased	59,442,121	59,442,121	53,807,303	(5,634,818)
Natural gas purchased	4,703,500	4,703,500	5,960,188	1,256,688
Operating and maintenance	8,094,000	8,094,000	8,574,630	480,630
Administrative	9,014,300	9,014,300	9,699,353	685,053
Depreciation and amortization	7,891,365	7,891,365	7,839,351	(52,014)
Total operating expenses	<u>89,145,286</u>	<u>89,145,286</u>	<u>85,880,825</u>	<u>(3,264,461)</u>
Operating income	<u>12,847,629</u>	<u>12,847,629</u>	<u>9,242,522</u>	<u>(3,605,107)</u>
NON-OPERATING REVENUES (EXPENSES):				
Gain on disposal of property	-	-	13,543	13,543
Water impact and tap fees	230,050	230,050	251,907	21,857
Wastewater impact and tap fees	251,000	251,000	120,689	(130,311)
Interest income	372,419	372,419	45,229	(327,190)
Interest expense	(114,697)	(114,697)	(114,181)	516
Total non-operating revenues (expenses)	<u>738,772</u>	<u>738,772</u>	<u>317,187</u>	<u>(421,585)</u>
Income before contributions and transfers	13,586,401	13,586,401	9,559,709	(4,026,692)
Contributions	-	-	137,096	137,096
Transfers	(4,666,000)	(4,666,000)	(4,767,109)	(101,109)
Changes in net assets	<u>\$ 8,920,401</u>	<u>\$ 8,920,401</u>	<u>\$ 4,929,696</u>	<u>\$ (3,990,705)</u>

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

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
DEPARTMENT OF PUBLIC UTILITIES

NOTE TO THE BUDGETARY COMPARISON SCHEDULE - ENTERPRISE FUND

NOTE 1 - BUDGET PROCESS:

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

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

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH PLAN
YEAR ENDED SEPTEMBER 30, 2013

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

The City's annual Other Post Employment Benefits Plan (OPEB) cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 are as follows:

Fiscal Year <u>Ended</u>	Annual OPEB <u>Cost</u>	Percentage of Annual OPEB Cost <u>Contributed</u>	Current Year <u>Increase</u>	Net OPEB <u>Obligation</u>
2011	\$ 942,001	27.7%	\$ 681,324	\$ 3,459,133
2012	673,797	34.1%	444,026	3,903,159
2013	633,098	39.7%	381,925	4,285,084

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

GENERAL FUND - SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Over (Under)
	Original	Final		
Taxes:				
Ad valorem:				
Current	\$ 2,805,000	\$ 2,673,000	\$ 2,726,540	\$ 53,540
Delinquent	158,600	229,504	229,158	(346)
Other	351,016	404,121	406,500	2,379
Total ad valorem tax	<u>3,314,616</u>	<u>3,306,625</u>	<u>3,362,198</u>	<u>55,573</u>
Sales:				
Hospitality and accommodations	1,068,000	1,496,000	-	(1,496,000)
Total sales tax	<u>1,068,000</u>	<u>1,496,000</u>	<u>-</u>	<u>(1,496,000)</u>
Franchise taxes	<u>146,500</u>	<u>147,500</u>	<u>141,595</u>	<u>(5,905)</u>
Licenses and permits:				
Business licenses	1,077,700	1,075,150	1,036,816	(38,334)
Insurance	1,693,000	1,709,000	1,731,932	22,932
Building permits	25,612	19,186	27,326	8,140
Total licenses and permits	<u>2,796,312</u>	<u>2,803,336</u>	<u>2,796,074</u>	<u>(7,262)</u>
Fines and forfeitures	<u>782,500</u>	<u>717,400</u>	<u>645,400</u>	<u>(72,000)</u>
Charges for services:				
Sanitation - commercial	386,415	385,225	383,010	(2,215)
Sanitation - residential	662,144	691,396	693,904	2,508
Fire service contracts	830,000	825,000	813,218	(11,782)
Recreation programs	98,450	100,933	109,190	8,257
Recreation department fees	25,000	23,000	19,221	(3,779)
Total charges for services	<u>2,002,009</u>	<u>2,025,554</u>	<u>2,018,543</u>	<u>(7,011)</u>
Interest income	<u>30,000</u>	<u>21,000</u>	<u>20,809</u>	<u>(191)</u>
Miscellaneous:				
Rentals	30,000	24,000	26,502	2,502
Miscellaneous	572,592	65,852	95,340	29,488
Total miscellaneous	<u>602,592</u>	<u>89,852</u>	<u>121,842</u>	<u>31,990</u>

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

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Over (Under)
	Original	Final		
Intergovernmental:				
Local:				
SRO reimbursement	\$ 31,500	\$ 30,000	\$ 29,380	\$ (620)
Total local	<u>31,500</u>	<u>30,000</u>	<u>29,380</u>	<u>(620)</u>
State:				
Local government fund	270,000	270,000	248,854	(21,146)
State grants	-	-	9,887	9,887
Total state	<u>270,000</u>	<u>270,000</u>	<u>258,741</u>	<u>(11,259)</u>
Federal:				
Federal grants	302,592	167,259	142,782	(24,477)
Domestic violence	47,301	31,954	28,897	(3,057)
Total federal	<u>349,893</u>	<u>199,213</u>	<u>171,679</u>	<u>(27,534)</u>
Total intergovernmental	<u>651,393</u>	<u>499,213</u>	<u>459,800</u>	<u>(39,413)</u>
Total revenues	<u>\$ 11,393,922</u>	<u>\$ 11,106,480</u>	<u>\$ 9,566,261</u>	<u>\$ (1,540,219)</u>

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

GENERAL FUND - SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Over (Under)
	Original	Final		
Executive Department:				
Administrative Division:				
Personnel	\$ 86,398	\$ 88,775	\$ 88,812	\$ 37
Utility expense	3,000	3,304	3,290	(14)
Property and tort	14	14	14	-
Operating expenses	51,200	52,653	57,905	5,252
Capital outlay	-	7,611	7,586	(25)
Total Administrative Division	<u>140,612</u>	<u>152,357</u>	<u>157,607</u>	<u>5,250</u>
Election Division:				
Property and tort	75	75	75	-
Operating expenses	1,500	1,500	6,723	5,223
Total Election Division	<u>1,575</u>	<u>1,575</u>	<u>6,798</u>	<u>5,223</u>
Municipal Court Division:				
Personnel	206,052	203,739	203,021	(718)
Property and tort	476	473	473	-
Operating expenses	25,050	24,197	19,658	(4,539)
Capital outlay	-	3,267	3,267	-
Total Municipal Court Division	<u>231,578</u>	<u>231,676</u>	<u>226,419</u>	<u>(5,257)</u>
Total Executive Department	<u>373,765</u>	<u>385,608</u>	<u>390,824</u>	<u>5,216</u>
Finance Department:				
Finance and Records Division:				
Personnel	327,564	347,627	346,606	(1,021)
Utility expense	4,600	4,350	3,640	(710)
Property and tort	2,315	2,489	2,489	-
Operating expenses	48,818	54,349	49,542	(4,807)
Total Finance and Records Division	<u>383,297</u>	<u>408,815</u>	<u>402,277</u>	<u>(6,538)</u>
Information Technology Division:				
Personnel	201,687	196,549	196,547	(2)
Utility expense	2,100	2,667	2,667	-
Property and tort	1,474	1,391	1,391	-
Operating expenses	55,825	48,755	48,997	242
Capital outlay	85,000	89,938	89,669	(269)
Total Data Processing Division	<u>346,086</u>	<u>339,300</u>	<u>339,271</u>	<u>(29)</u>
Total Finance Department	<u>729,383</u>	<u>748,115</u>	<u>741,548</u>	<u>(6,567)</u>

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

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Over (Under)
	Original	Final		
Administrative Department:				
Administration Division:				
Personnel	\$ 430,861	\$ 376,090	\$ 366,536	\$ (9,554)
Utility expense	6,500	6,500	5,844	(656)
Property and tort	1,278	1,278	1,278	-
Operating expenses	18,791	16,328	15,339	(989)
Total Administration Division	457,430	400,196	388,997	(11,199)
Community Planning and Development Division				
Personnel	136,238	137,814	137,814	-
Utility expense	1,997	1,314	1,314	-
Property and tort	1,197	1,195	1,195	-
Operating expenses	21,561	9,522	9,516	(6)
Total Community Planning and Development Division	160,993	149,845	149,839	(6)
Total Administrative Department	618,423	550,041	538,836	(11,205)
Public Works Department:				
Administrative Division:				
Personnel	228,516	229,530	229,530	-
Utility expense	4,500	2,507	2,489	(18)
Property and tort	1,119	1,119	1,119	-
Operating expenses	20,531	13,681	13,471	(210)
Total Administrative Division	254,666	246,837	246,609	(228)
Building Inspection Division:				
Personnel	123,338	133,141	133,032	(109)
Utility expense	1,577	3,530	3,530	-
Property and tort	1,445	1,016	1,016	-
Operating expenses	22,177	16,721	14,459	(2,262)
Capital outlay	20,000	24,474	24,474	-
Total Building Inspection Division	168,537	178,882	176,511	(2,371)
Garage Division:				
Personnel	273,056	282,378	272,595	(9,783)
Utility expense	15,000	19,648	19,582	(66)
Property and tort	2,124	2,412	2,412	-
Operating expenses	46,040	45,728	44,376	(1,352)
Capital outlay	73,000	78,404	78,404	-
Total Garage Division	409,220	428,570	417,369	(11,201)

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

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Over (Under)
	Original	Final		
Public Works Department (Continued):				
Municipal Buildings Division:				
Personnel	\$ 72,900	\$ 78,670	\$ 72,629	\$ (6,041)
Utility expense	30,300	31,189	31,217	28
Property and tort	4,921	4,640	4,640	-
Operating expenses	32,975	21,329	20,992	(337)
Total Municipal Buildings Division	141,096	135,828	129,478	(6,350)
Parking Facilities Division:				
Property and tort	78	78	78	-
Operating expenses	5,980	4,980	4,865	(115)
Total Parking Facilities Division	6,058	5,058	4,943	(115)
Sanitation Division:				
Personnel	823,132	818,514	810,696	(7,818)
Utility expense	4,760	5,656	5,656	-
Property and tort	5,747	5,632	5,632	-
Operating expenses	240,609	283,817	280,367	(3,450)
Capital outlay	62,000	62,092	62,092	-
Total Sanitation Division	1,136,248	1,175,711	1,164,443	(11,268)
Street and Maintenance Division:				
Property and tort	692	605	605	-
Operating expenses	43,600	31,276	31,036	(240)
Total Street and Maintenance Division	44,292	31,881	31,641	(240)
Total Public Works Division	2,160,117	2,202,767	2,170,994	(31,773)
Public Safety Department:				
Administrative Division:				
Personnel	223,915	203,283	201,967	(1,316)
Utility expense	132,000	131,140	119,754	(11,386)
Property and tort	15,000	14,221	14,221	-
Operating expenses	595,700	569,088	525,996	(43,092)
Total Administrative Division	966,615	917,732	861,938	(55,794)
Patrol Division:				
Personnel	2,476,148	2,345,762	2,319,184	(26,578)
Property and tort	49,119	49,119	49,119	-
Operating expenses	262,100	285,185	282,784	(2,401)
Capital outlay	126,500	118,668	112,039	(6,629)
Total Patrol Division	2,913,867	2,798,734	2,763,126	(35,608)

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

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Over (Under)
	Original	Final		
Public Safety Department (Continued):				
Special Operations Division:				
Personnel	\$ 1,574,761	\$ 1,311,742	\$ 1,290,512	\$ (21,230)
Property and tort	16,083	14,910	14,910	-
Operating expenses	242,600	243,610	243,749	139
Capital outlay	217,900	157,856	124,653	(33,203)
Total Special Operations Division	2,051,344	1,728,118	1,673,824	(54,294)
Investigation Division:				
Personnel	837,971	817,083	776,208	(40,875)
Property and tort	14,598	13,482	13,482	-
Operating expenses	78,700	85,229	92,085	6,856
Capital outlay	57,000	93,058	84,164	(8,894)
Total Investigation Division	988,269	1,008,852	965,939	(42,913)
CDV Program:				
Personnel	62,213	50,856	49,913	(943)
Utility expense	600	546	330	(216)
Property and tort	1,131	1,131	1,131	-
Operating expenses	4,750	3,545	-	(3,545)
Total CDV Program	68,694	56,078	51,374	(4,704)
Highway Safety DUI Special Enforcement:				
Personnel	155,654	40,032	31,139	(8,893)
Property and tort	3,363	2,232	2,232	-
Operating expenses	49,482	36,885	33,136	(3,749)
Capital outlay	37,900	36,592	36,187	(405)
Total Highway Safety DUI Special Enforcement Division	246,399	115,741	102,694	(13,047)
Forensic Services Unit				
Personnel	233,171	223,378	221,846	(1,532)
Property and tort	2,715	2,556	2,556	-
Operating expenses	40,000	40,195	40,084	(111)
Capital outlay	-	17,158	17,158	-
Total Forensic Services Unit	275,886	283,287	281,644	(1,643)
Total Public Safety Department	7,511,074	6,908,542	6,700,539	(208,003)

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

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Over (Under)
	Original	Final		
Parks and Recreation Department:				
Administrative Division:				
Personnel	\$ 209,147	\$ 215,034	\$ 209,557	\$ (5,477)
Utility expense	11,500	16,171	16,046	(125)
Property and tort	4,000	3,671	3,671	-
Operating expenses	12,400	9,580	9,575	(5)
Total Administrative Division	<u>237,047</u>	<u>244,456</u>	<u>238,849</u>	<u>(5,607)</u>
Recreation Division:				
Personnel	222,032	215,162	215,162	-
Utility expense	30,000	31,520	31,558	38
Property and tort	5,300	4,484	4,484	-
Operating expenses	132,250	135,477	146,145	10,668
Capital outlay	20,000	19,870	19,870	-
Total Recreation Division	<u>409,582</u>	<u>406,513</u>	<u>417,219</u>	<u>10,706</u>
Gardens Division:				
Personnel	394,799	391,403	391,399	(4)
Utility expense	46,500	44,364	44,364	-
Property and tort	19,400	20,528	20,528	-
Operating expenses	94,250	91,239	89,706	(1,533)
Capital outlay	30,000	30,124	30,124	-
Total Gardens Division	<u>584,949</u>	<u>577,658</u>	<u>576,121</u>	<u>(1,537)</u>
Parks and Cemetery Division:				
Personnel	448,849	458,718	441,775	(16,943)
Utility expense	15,000	13,786	13,786	-
Property and tort	16,000	14,490	14,490	-
Operating expenses	96,750	102,550	101,425	(1,125)
Capital outlay	30,500	29,390	29,390	-
Total Parks and Cemetery Division	<u>607,099</u>	<u>618,934</u>	<u>600,866</u>	<u>(18,068)</u>
Total Parks and Recreation Department	<u>1,838,677</u>	<u>1,847,561</u>	<u>1,833,055</u>	<u>(14,506)</u>
Service Department:				
Administrative Division:				
Personnel	440,225	444,099	442,089	(2,010)
Utility expense	5,500	7,090	7,502	412
Property and tort	9,200	10,043	10,043	-
Operating expenses	75,175	74,373	86,847	12,474
Capital outlay	15,000	15,680	15,680	-
Total Administrative Division	<u>545,100</u>	<u>551,285</u>	<u>562,161</u>	<u>10,876</u>
Total Service Department	<u>545,100</u>	<u>551,285</u>	<u>562,161</u>	<u>10,876</u>

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

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Over (Under)
	Original	Final		
Non-Departmental:				
Merit Increases	\$ 22,973	\$ -	\$ -	\$ -
Employee Christmas	17,000	15,593	15,593	-
Building code enforcement	10,000	10,000	-	(10,000)
Annexation covenants	15,000	14,150	14,150	-
Operating/insurance overage	107,000	25,068	25,068	-
Municipal Association	55,000	51,404	51,404	-
Commercial sanitation fees	226,500	227,857	246,505	18,648
Unemployment insurance	10,000	2,866	2,866	-
Special projects	30,000	34,633	33,468	(1,165)
Downtown revitalization	25,000	25,000	25,000	-
Retirees - group insurance	68,000	48,620	43,141	(5,479)
Setoff debt	2,000	1,190	1,190	-
CDL drug and alcohol testing	1,000	500	477	(23)
Employee shots	4,000	3,211	3,211	-
Street lights	270,000	280,000	280,963	963
Hydrant rentals	20,000	-	-	-
Christmas lights	30,000	23,990	23,990	-
Chamber dues	1,525	1,545	1,545	-
Fiber rental expense	9,600	9,600	9,600	-
Hospitality and accommodations	-	-	-	-
Debt service	885,798	922,487	922,487	-
Debt service - city facilities	370,125	370,125	370,125	-
Total Non-Departmental	2,180,521	2,067,839	2,070,783	2,944
Total Expenditures	\$ 15,957,060	\$ 15,261,758	\$ 15,008,740	\$ (253,018)

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

COMPARATIVE BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	Special Revenue							
	Firemen's Fund	Sunnyside Cemetery	Orangeburg Cemetery	S.C. Festival of Roses	Accomodations Tax	Hospitality and Accomodations Tax	Victims' Advocate Fund	Drug Fund
ASSETS								
Cash	\$ 86,686	\$ 68,785	\$ 20,410	\$ 2,903	\$ 7,552	\$ 891,294	\$ 153	\$ 177,424
Investments	-	-	-	-	-	1,507,000	-	-
Revenue receivable	-	-	-	-	19,386	-	-	-
Due from other funds	-	-	-	-	1,802	89,814	-	-
Total assets	\$ 86,686	\$ 68,785	\$ 20,410	\$ 2,903	\$ 28,740	\$ 2,488,108	\$ 153	\$ 177,424
LIABILITIES								
Accrued expenditures and payables	\$ -	\$ -	\$ -	\$ -	\$ 5,059	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	5,059	-	-	-
FUND BALANCES								
Restricted for:								
Capital projects	-	-	-	-	-	981,108	-	-
Tourism related expenditures	-	-	-	-	23,681	1,507,000	-	-
Law enforcement	-	-	-	-	-	-	-	-
Committed for:								
Firemen's equipment	86,686	-	-	-	-	-	-	-
Law enforcement	-	-	-	-	-	-	-	177,424
Capital projects	-	-	-	-	-	-	-	-
Cemetery maintenance	-	68,785	20,410	-	-	-	-	-
Other purposes	-	-	-	2,903	-	-	153	-
Total fund balances	86,686	68,785	20,410	2,903	23,681	2,488,108	153	177,424
Total liabilities and fund balances	\$ 86,686	\$ 68,785	\$ 20,410	\$ 2,903	\$ 28,740	\$ 2,488,108	\$ 153	\$ 177,424

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

	Special Revenue				Capital Projects		Total
	Stevenson Auditorium	Edisto Senior Games	JAG Grant	Community Development Corporation	Hillcrest Golf Course	County Capital One Percent Fund	
ASSETS							
Cash	\$ 11,433	\$ 6,955	\$ 1,838	\$ 78,734	\$ 19,020	\$ 1,103,158	\$ 2,476,345
Investments	-	-	-	-	-	3,523,437	5,030,437
Revenue receivable	-	-	-	-	-	-	19,386
Due from other funds	-	-	-	-	-	-	91,616
Total assets	\$ 11,433	\$ 6,955	\$ 1,838	\$ 78,734	\$ 19,020	\$ 4,626,595	\$ 7,617,784
LIABILITIES							
Accrued expenditures and payables	\$ 30	\$ -	\$ -	\$ -	\$ -	\$ 140,840	\$ 145,929
Due to other funds	-	-	-	-	2,120	-	2,120
Total liabilities	30	-	-	-	2,120	140,840	148,049
FUND BALANCES							
Restricted for:							
Capital projects	-	-	-	78,734	16,900	4,485,755	5,562,497
Tourism related expenditures	-	-	-	-	-	-	1,530,681
Law enforcement	-	-	1,838	-	-	-	1,838
Committed for:							
Firemen's equipment	-	-	-	-	-	-	86,686
Law enforcement	-	-	-	-	-	-	177,424
Capital projects	11,403	-	-	-	-	-	11,403
Cemetery maintenance	-	-	-	-	-	-	89,195
Other purposes	-	6,955	-	-	-	-	10,011
Total fund balances	11,403	6,955	1,838	78,734	16,900	4,485,755	7,469,735
Total liabilities and fund balances	\$ 11,433	\$ 6,955	\$ 1,838	\$ 78,734	\$ 19,020	\$ 4,626,595	\$ 7,617,784

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue							
	Firemen's Fund	Sunnyside Cemetery	Orangeburg Cemetery	S.C. Festival of Roses	Accommodations Tax	Hospitality and Accommodations Tax	Victims' Advocate Fund	Drug Fund
REVENUES								
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ 51,000	1,459,957	\$ -	\$ -
Confiscated drug funds	-	-	-	-	-	-	-	7,923
Charges for services	-	750	1,750	17,955	-	-	-	-
Interest	-	-	-	-	-	2,512	-	-
Miscellaneous	-	-	-	-	-	-	-	2,243
Contributions	-	-	-	5,635	-	62,350	-	-
Intergovernmental	71,534	-	-	-	-	19,094	38,581	79,001
Total revenues	<u>71,534</u>	<u>750</u>	<u>1,750</u>	<u>23,590</u>	<u>51,000</u>	<u>1,543,913</u>	<u>38,581</u>	<u>89,167</u>
EXPENDITURES								
Public safety	58,138	-	-	-	-	110,136	881	20,084
Cultural and recreational	-	-	-	22,460	11,700	-	-	-
Developmental services	-	398	-	-	-	-	-	-
Debt service	-	-	-	-	-	342,927	-	-
Small capital outlay	-	-	-	-	-	58,768	-	426
Capital outlay	-	-	-	-	-	155,988	-	2,975
Total expenditures	<u>58,138</u>	<u>398</u>	<u>-</u>	<u>22,460</u>	<u>11,700</u>	<u>667,819</u>	<u>881</u>	<u>23,485</u>
Excess of revenues over (under) expenditures	13,396	352	1,750	1,130	39,300	876,094	37,700	65,682
OTHER FINANCING SOURCES (USES)								
Operating transfers out	-	-	-	-	(26,300)	(300,000)	(37,618)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,300)</u>	<u>(300,000)</u>	<u>(37,618)</u>	<u>-</u>
Net change in fund balances	13,396	352	1,750	1,130	13,000	576,094	82	65,682
Fund balance, beginning of year	<u>73,290</u>	<u>68,433</u>	<u>18,660</u>	<u>1,773</u>	<u>10,681</u>	<u>1,912,014</u>	<u>71</u>	<u>111,742</u>
Fund balance, end of year	<u>\$ 86,686</u>	<u>\$ 68,785</u>	<u>\$ 20,410</u>	<u>\$ 2,903</u>	<u>\$ 23,681</u>	<u>\$ 2,488,108</u>	<u>\$ 153</u>	<u>\$ 177,424</u>

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

	Special Revenue				Capital Projects		Total
	Stevenson Auditorium	Edisto Senior Games	JAG Grant	Community Development Corporation	Hillcrest Golf Course	County Capital One Percent Fund	
REVENUES							
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -	641,165	\$ 2,152,122
Confiscated drug funds	-	-	-	-	-	-	7,923
Charges for services	1,350	2,420	-	-	-	-	24,225
Interest	100	-	-	8	-	7,728	10,348
Miscellaneous	2	-	-	-	-	-	2,245
Contributions	-	-	-	-	-	9,494	77,479
Intergovernmental	-	-	50,055	-	-	-	258,265
Total revenues	<u>1,452</u>	<u>2,420</u>	<u>50,055</u>	<u>8</u>	<u>-</u>	<u>658,387</u>	<u>2,532,607</u>
EXPENDITURES							
Public safety	-	-	995	-	-	-	190,234
Cultural and recreational	13,962	1,634	-	-	-	-	49,756
Developmental services	-	-	-	-	-	-	398
Debt service	-	-	-	-	-	-	342,927
Small capital outlay	-	-	6,731	-	-	-	65,925
Capital outlay	-	-	40,500	-	-	636,169	835,632
Total expenditures	<u>13,962</u>	<u>1,634</u>	<u>48,226</u>	<u>-</u>	<u>-</u>	<u>636,169</u>	<u>1,484,872</u>
Excess of revenues over (under) expenses	(12,510)	786	1,829	8	-	22,218	1,047,735
OTHER FINANCING SOURCES (USES)							
Operating transfers out	-	-	-	-	-	-	(363,918)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(363,918)</u>
Net change in fund balances	(12,510)	786	1,829	8	-	22,218	683,817
Fund balance, beginning of year	23,913	6,169	9	78,726	16,900	4,463,537	6,785,918
Fund balance, end of year	<u>\$ 11,403</u>	<u>\$ 6,955</u>	<u>\$ 1,838</u>	<u>\$ 78,734</u>	<u>\$ 16,900</u>	<u>\$ 4,485,755</u>	<u>\$ 7,469,735</u>

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

COMBINING STATEMENT OF NET POSITION - NON-MAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2013

	Business-type Activities - Non-major Enterprise Funds			
	Municipal Airport	Pro Shop	Golf Course	Total
ASSETS				
Current assets:				
Cash and equivalents	\$ 200	\$ -	\$ 300	\$ 500
Accounts receivable - net	16,557	-	3,965	20,522
Other receivables	14,984	-	-	14,984
Due from other funds	-	20,046	-	20,046
Inventories	56,457	31,806	-	88,263
Total current assets	88,198	51,852	4,265	144,315
Noncurrent assets:				
Capital assets:				
Property, plant and equipment net of accumulated depreciation	8,927,978	-	454,816	9,382,794
Total noncurrent assets	8,927,978	-	454,816	9,382,794
Total Assets	9,016,176	51,852	459,081	9,527,109
LIABILITIES				
Current liabilities:				
Accounts payable	10,347	2,258	14,132	26,737
Accrued compensated absences	2,557	-	4,925	7,482
Current portion of capital lease obligation	9,971	-	-	9,971
Total current liabilities	22,875	2,258	19,057	44,190
Noncurrent liabilities:				
Advances from other funds	754,524	-	918,114	1,672,638
Capital lease obligation	8,513	-	-	8,513
Other post employment benefits obligation	11,399	-	82,096	93,495
Accrued compensated absences	6,671	-	66,126	72,797
Total noncurrent liabilities	781,107	-	1,066,336	1,847,443
Total Liabilities	803,982	2,258	1,085,393	1,891,633
NET POSITION				
Invested in capital assets, net of related debt	8,927,978	-	454,816	9,382,794
Unrestricted	(715,784)	49,594	(1,081,128)	(1,747,318)
Total Net Position	\$ 8,212,194	\$ 49,594	\$ (626,312)	\$ 7,635,476

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Business-type Activities - Non-major Enterprise Funds			
	Municipal	Golf		Total
	<u>Airport</u>	<u>Pro Shop</u>	<u>Course</u>	
OPERATING REVENUES:				
Pro shop sales	\$ -	\$ 80,932	\$ -	\$ 80,932
Food sales	-	29,564	-	29,564
Oil and fuel sales	439,318	-	-	439,318
Rentals and other	73,354	512	-	73,866
Green fees, cart rentals and memberships	-	-	340,000	340,000
Capital projects revenue	-	-	26,388	26,388
	<hr/>			
Total operating revenues	512,672	111,008	366,388	990,068
<hr/>				
OPERATING EXPENSES:				
Cost of goods sold	323,119	51,624	-	374,743
Operating and maintenance	102,107	8,206	135,953	246,266
Administrative	117,274	-	374,981	492,255
Depreciation and amortization	684,372	-	80,549	764,921
	<hr/>			
Total operating expenses	1,226,872	59,830	591,483	1,878,185
<hr/>				
OPERATING INCOME (LOSS)	(714,200)	51,178	(225,095)	(888,117)
<hr/>				
NON-OPERATING REVENUES (EXPENSES):				
Interest expense	(571)	-	-	(571)
	<hr/>			
Total non-operating revenues (expenses)	(571)	-	-	(571)
<hr/>				
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(714,771)	51,178	(225,095)	(888,688)
Capital contributions - grants	333,915	-	-	333,915
Transfers in	-	-	51,178	51,178
Transfers out	-	(51,178)	-	(51,178)
	<hr/>			
CHANGES IN NET POSITION	(380,856)	-	(173,917)	(554,773)
<hr/>				
NET POSITION, AS RESTATED				
- BEGINNING OF YEAR	8,593,050	49,594	(452,395)	8,190,249
	<hr/>			
NET POSITION - END OF YEAR	\$ 8,212,194	\$ 49,594	\$ (626,312)	\$ 7,635,476
	<hr/> <hr/>			

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

COMBINING STATEMENT OF CASH FLOWS - NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Business-type Activities - Non-major Enterprise Funds			
	Municipal Airport	Pro Shop	Golf Course	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 571,394	\$ 111,008	\$ 365,272	\$ 1,047,674
Cash payments to suppliers for goods and services	(431,033)	(60,216)	(135,788)	(627,037)
Cash payments for employees	(112,691)	-	(359,871)	(472,562)
Net cash provided (used) by operating activities	<u>27,670</u>	<u>50,792</u>	<u>(130,387)</u>	<u>(51,925)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Due to (from) others	23,692	386	192,934	217,012
Transfers in (out)	-	(51,178)	51,178	-
Net cash provided (used) by noncapital financing activities	<u>23,692</u>	<u>(50,792)</u>	<u>244,112</u>	<u>217,012</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(374,735)	-	(113,725)	(488,460)
Interest paid	(571)	-	-	(571)
Capital contributed - grants	333,915	-	-	333,915
Capital lease obligation	(9,971)	-	-	(9,971)
Net cash used by capital and related financing activities	<u>(51,362)</u>	<u>-</u>	<u>(113,725)</u>	<u>(165,087)</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	-	-	-	-
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	<u>200</u>	<u>-</u>	<u>300</u>	<u>500</u>
CASH AND EQUIVALENTS AT END OF YEAR	<u><u>\$ 200</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 300</u></u>	<u><u>\$ 500</u></u>

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

	Municipal <u>Airport</u>	<u>Pro Shop</u>	Golf <u>Course</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (714,200)	\$ 51,178	\$ (225,095)	\$ (888,117)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	684,372	-	80,549	764,921
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	58,722	-	(1,116)	57,606
Inventories	3,038	(286)	-	2,752
Increase (decrease) in:				
Accounts payable	(8,845)	(100)	165	(8,780)
Accrued leave	2,402	-	7,474	9,876
OPEB obligation	2,181	-	7,636	9,817
	<hr/>			
Net cash provided (used) by operating activities	\$ 27,670	\$ 50,792	\$ (130,387)	\$ (51,925)
	<hr/>			
RECONCILIATION OF TOTAL CASH AND CASH INVESTMENTS:				
Cash on hand and in bank	\$ 200	\$ -	\$ 300	\$ 500
	<hr/>			
Total cash and cash equivalents	\$ 200	\$ -	\$ 300	\$ 500
	<hr/>			

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

SCHEDULE OF FINES AND ASSESSMENTS AND SURCHARGES REVENUES
FOR VICTIMS' SERVICES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Total</u>
COURT FINES	
Court fines collected	\$ 225,176
Court fines retained by City	<u>225,176</u>
Court fines remitted to State Treasurer	<u>\$ -</u>
COURT ASSESSMENTS	
Court assessments collected	\$ 239,329
Court assessments retained by City	<u>28,355</u>
Court assessments remitted to State Treasurer	<u>\$ 210,974</u>
COURT SURCHARGES	
Court surcharges collected	\$ 131,844
Court surcharges retained by the City	<u>10,226</u>
Court surcharges remitted to State Treasurer	<u>\$ 121,618</u>
VICTIMS' SERVICES	
Court assessments allocated to Victims' Services	\$ 28,355
Court surcharges allocated to Victims' Services	<u>10,226</u>
Funds allocated to Victims' Services	38,581
Victims' Services expenditures	<u>38,499</u>
Funds available for carryforward	<u>\$ 82</u>
Beginning balance, October 1, 2012	\$ 71
Funds available for carryforward	<u>82</u>
Ending balance, September 30, 2013	<u>\$ 153</u>

SINGLE AUDIT SECTION



J. W. Hunt and Company, LLP

Certified Public Accountants

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type entities, each major fund, and the aggregate remaining fund information of the City of Orangeburg, South Carolina (the City), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 12, 2014.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 13-01 to be material weaknesses.

A *significant deficiency* is a deficiency, or 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 13-02 to be significant deficiencies.

Compliance and Other Matters

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

City of Orangeburg, South Carolina's Response to Findings

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

Purpose of this Report

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

f. W. Hunt and Company, LLP

March 12, 2014



J. W. Hunt and Company, LLP

Certified Public Accountants

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

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

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

Report on Compliance for Each Major Federal Program

We have audited City of Orangeburg, Orangeburg, South Carolina's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

Report on Internal Control Over Compliance

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

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

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

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

f. W. Hunt and Company, LLP

March 12, 2014

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

<u>GRANTOR</u>	<u>FEDERAL CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. DEPARTMENT OF JUSTICE:		
Claflin University Forensics DNA Laboratory	16.560	\$ 35,000
COPS Methamphetamine Initiative	16.710	50,055
Recovery Act - Edward Byrne Memorial Justice Assistance Grant	16.804	995
Through South Carolina Department of Public Safety:		
Paul Coverdale Forensic Science Improvement Grant	16.742	20,100
Violence Against Women Formula Grant	16.588	<u>28,897</u>
Total U.S. Department of Justice		<u>135,047</u>
U.S. DEPARTMENT OF TRANSPORTATION:		
Through South Carolina Department of Transportation:		
Alcohol Impaired Driving Countermeasures Incentive Grant	20.601	59,807
State and Community Highway Safety Grant	20.601	27,875
Through Federal Aviation Administration:		
Airport Improvement Program 2011	20.106	7,040
Airport Improvement Program 2012	20.106	<u>326,875</u>
Total U.S. Department of Transportation		<u>421,597</u>
Total expenditures of federal awards		<u>\$ 556,644</u>

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City of Orangeburg, South Carolina under programs of the federal government for the year ended September 30, 2013. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS,
FOR THE YEAR ENDED SEPTEMBER 30, 2013

SECTION I - SUMMARY OF AUDITOR'S RESULTS:

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

Material weaknesses identified? yes

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

Noncompliance material to financial statements noted? no

Federal Awards

Internal control over major programs:

Material weaknesses identified? no

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

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

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

Identification of major programs:

CFDA Numbers

Name of Federal Program

20.106 Airport Improvement Program

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

Auditee qualified as low-risk auditee? yes

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

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 13-01

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

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

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

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

Finding 13-02

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

SECTION III - FINDINGS RELATED TO FEDERAL AWARDS

There were no findings related to federal awards.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS,
YEAR ENDED SEPTEMBER 30, 2013

Finding 12-01: Material journal entries were proposed by the auditor in the prior year

The majority of these entries related to the government wide financial statements that are only prepared at year end and not used to monitor operations on an ongoing basis. The finding did recur in the current year. The limited number of the City's personnel places practical limitations on acquiring the specialized knowledge needed to make these entries. In response to this finding, the City reviews the proposed entries with the auditor to ensure the City's staff concurs with and understands the proposed entries.