

**CITY OF ORANGEBURG,  
SOUTH CAROLINA**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

**CITY OF ORANGEBURG, SOUTH CAROLINA**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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**TABLE OF CONTENTS**

	Page Number
<b>FINANCIAL SECTION</b>	
Independent Auditor’s Report.....	1 - 4
Management’s Discussion and Analysis .....	5 - 13
<b>Basic Financial Statements:</b>	
<b>Government-wide Financial Statements</b>	
Statement of Net Position .....	14
Statement of Activities.....	15
<b>Fund Financial Statements</b>	
Balance Sheet – Governmental Funds.....	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	19
Statement of Net Position - Proprietary Funds .....	20
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds .....	21
Statement of Cash Flows – Proprietary Funds .....	22 and 23
Statement of Fiduciary Net Position – Fiduciary Fund .....	24
Statement of Changes in Fiduciary Net Position – Fiduciary Fund.....	25
Notes to Financial Statements .....	26 - 69
<b>Required Supplementary Information:</b>	
General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual .....	70
Schedule of Changes in the City’s Total OPEB Liability and Related Ratios .....	71
Schedule of City’s Proportionate Share of the Net Pension Liability .....	72
Schedule of City Contributions.....	73 and 74
<b>Other Supplementary Information:</b>	
Schedule of Revenues – General Fund – Budget (GAAP Basis) and Actual .....	75
Schedule of Expenditures – General Fund – Budget (GAAP Basis) and Actual .....	76 - 81
Department of Public Utilities – Schedule of Revenues, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual.....	82
Combining Balance Sheet – Nonmajor Governmental Funds.....	83 and 84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds .....	85 and 86

**CITY OF ORANGEBURG, SOUTH CAROLINA**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

---

**TABLE OF CONTENTS**

**Page Number**

**FINANCIAL SECTION (CONTINUED)**

**Other Supplementary Information (Continued):**

**Uniform Schedule of Court Fines, Assessments and Surcharges**

**(Per ACT 96)..... 87 and 88**

**COMPLIANCE SECTION**

**Independent Auditor’s Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial**

**Statements Performed in Accordance with *Government Auditing Standards* ..... 89 and 90**

**Independent Auditor’s Report on Compliance for Each Major Program and on**

**Internal Control over Compliance Required by the Uniform Guidance..... 91 - 93**

**Schedule of Expenditures of Federal Awards ..... 94**

**Notes to the Schedule of Expenditures of Federal Awards ..... 95**

**Schedule of Findings and Questioned Costs..... 96 – 98**

**Schedule of Prior Year Findings..... 99**

**Management’s Corrective Action Plan..... 100**

## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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

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

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Orangeburg, South Carolina** (the "City"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

As discussed in Notes 1 and 6 to the financial statements, as of October 1, 2022, the City adopted new accounting guidance, GASBS No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

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### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 5 through 13), the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – General Fund (on page 70), the Schedule of Changes in the City's Total OPEB Liability and Related Ratios (on page 71), the Schedule of City's Proportionate Share of the Net Pension Liability (on page 72), and the Schedule of City Contributions (on pages 73 through 74) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Schedules of Revenues and Expenditures – General Fund – Budget (GAAP Basis) and Actual, the Schedule of Revenues, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual – Department of Public Utilities Fund, the combining and individual nonmajor fund financial statements and schedules, the Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96), as required by the State of South Carolina, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (collectively, the "supplementary information"), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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**Other Reporting Required By Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Orangeburg, South Carolina's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Columbia, South Carolina  
October 7, 2024



# CITY OF ORANGEBURG, SOUTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The Management's Discussion and Analysis of the Annual Financial Statements of the City of Orangeburg, South Carolina (the "City") provides an overall narrative and analysis of the City's financial statements for the fiscal year ended September 30, 2023. This discussion and analysis is designed to look at the City's financial performance as a whole. Readers should also review the financial statements with notes, which follow this narrative, to enhance their understanding of the City's financial performance.

The City is comprised of many departments that are included in the City's general fund: Executive (City Council), Finance, Administration, Public Works, Public Safety, Parks & Recreation, Non-Operating and Service. The City has enterprise funds including the Department of Public Utilities and the Airport, as well as other Boards and Commissions. The Boards and Commissions include Election, Hillcrest Golf Course, Board of Zoning Appeals, Construction Board of Adjustments and Appeals, Aviation, Planning, Grievance, and Accommodations Tax Advisory.

### Financial Highlights

Key financial highlights for the year ended September 30, 2023, are as follows:

- The Government's combined net position totaled \$309 million.
- The Government's total net position decreased by \$872 thousand.
- The required contribution rates for the South Carolina Retirement System (SCRS) and South Carolina Police Officers Retirement System (PORS) increased effective July 1, 2023.

### Basic Financial Statements

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

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Government-wide Financial Statements

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

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

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

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

### Fund Financial Statements

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### *Governmental Funds*

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

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

### *Proprietary Funds*

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

The City has two enterprise funds: Department of Public Utilities and Municipal Airport. The Department of Public Utilities Fund is the only fund being considered a major fund for presentation purposes.

### *Fiduciary Funds*

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

### *Notes to the Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately after the City's basic financial statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Government-wide Financial Analysis

	Governmental	Business-type	Total	Governmental	Business-type	Total
	Activities	Activities		Activities	Activities	
	2023	2023		2022	2022	
Current and other assets	\$ 20,837,905	\$ 74,658,208	\$ 95,496,113	\$ 20,946,156	\$ 82,618,063	\$ 103,564,219
Capital assets	37,500,411	311,721,989	349,222,400	39,161,868	293,242,429	332,404,297
Total assets	<u>58,338,316</u>	<u>386,380,197</u>	<u>444,718,513</u>	<u>60,108,024</u>	<u>375,860,492</u>	<u>435,968,516</u>
Deferred outflow s of resources	<u>1,970,061</u>	<u>2,667,100</u>	<u>4,637,161</u>	<u>2,442,694</u>	<u>2,976,019</u>	<u>5,418,713</u>
Long-term liabilities	35,850,433	63,227,876	99,078,309	35,933,227	65,806,890	101,740,117
Other liabilities	7,019,723	30,784,892	37,804,615	4,265,610	21,965,979	26,231,589
Total liabilities	<u>42,870,156</u>	<u>94,012,768</u>	<u>136,882,924</u>	<u>40,198,837</u>	<u>87,772,869</u>	<u>127,971,706</u>
Deferred inflow s of resources	<u>1,437,616</u>	<u>1,755,476</u>	<u>3,193,092</u>	<u>1,363,662</u>	<u>1,899,835</u>	<u>3,263,497</u>
Net position:						
Net investment in capital assets	22,933,159	284,205,630	307,138,789	31,249,016	270,064,895	301,313,911
Restricted	9,905,122	2,345,880	12,251,002	4,547,435	2,242,375	6,789,810
Unrestricted	<u>(16,837,676)</u>	<u>6,727,543</u>	<u>(10,110,133)</u>	<u>(14,808,232)</u>	<u>16,856,537</u>	<u>2,048,305</u>
Total net position	<u>\$ 16,000,605</u>	<u>\$ 293,279,053</u>	<u>\$ 309,279,658</u>	<u>\$ 20,988,219</u>	<u>\$ 289,163,807</u>	<u>\$ 310,152,026</u>

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Net Position

Net position may serve over time as one useful indicator of a City's financial condition. The assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows of resources by \$309,279,658 as of September 30, 2023.

The largest portion of the City's net position, \$307 million, or 99%, reflects its net investment in capital assets such as land, buildings, equipment and infrastructure (road, bridges, sidewalks, water lines and sewer lines) less any related debt used to acquire those assets that is still outstanding. This portion of net position includes both the City's governmental activities and its business-type activities (including the Department of Public Utilities).

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

An additional portion of the City's net position, \$12.2 million represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, (\$10.1 million), may be used to meet the City's ongoing obligations to citizens and creditors. Combined, restricted and unrestricted net position make up 1% of resources.

### Changes in Net Position

**Governmental activities.** Governmental activities decreased the City's net position by \$3 million. Key elements of this increase are as follows:

**Governmental Revenues** Charges for services (29%), property tax (22%), capital grants and contributions (4%), and other taxes (28%) continue as the main source of revenue of the City amounting to 83% in 2023, compared to 92% in 2022.

**Governmental Functional Expenses:** As reflected in the summary of Changes in Net Position, the Government expended 37.8% of the appropriations for judicial and public safety expenses. The Government continues to commit substantial financial resources for the safety of its citizens. Other expenses accounted for the remaining 62.2%.

**Business-type activities:** Business-type activities increased the Government's net position by approximately \$4.1 million. A significant portion of the increase was the result of the revenues received in the Department of Public Utilities Fund, which rose in 2023 to approximately \$113.6 million from \$111.6 million in 2022.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### The City's Changes in Net Position

	Governmental	Business-type	Total	Governmental	Business-type	Total
	Activities	Activities		Activities	Activities	
	2023	2023		2022	2022	
Revenues:						
Program revenues:						
Charges for services	\$ 5,127,887	\$ 114,108,928	\$ 119,236,815	\$ 4,814,605	\$ 112,024,363	\$ 116,838,968
Operating grants and contributions	2,780,726	-	2,780,726	1,342,625	-	1,342,625
Capital grants and contributions	709,054	1,241,602	1,950,656	394,241	1,987,816	2,382,057
General revenues:						
Property taxes	3,822,700	-	3,822,700	4,145,915	-	4,145,915
Other taxes	4,798,102	-	4,798,102	4,154,941	-	4,154,941
Unrestricted investment income (loss)	188,387	1,481,307	1,669,694	(96,204)	(1,615,645)	(1,711,849)
Gain on disposal of capital assets	-	6,904	6,904	-	-	-
Miscellaneous	-	337,145	337,145	-	333,698	333,698
<b>Total revenues</b>	<b>17,426,856</b>	<b>117,175,886</b>	<b>134,602,742</b>	<b>14,756,123</b>	<b>112,730,232</b>	<b>127,486,355</b>
Expenses:						
General government	3,084,848	-	3,084,848	2,450,804	-	2,450,804
Judicial	443,460	-	443,460	433,843	-	433,843
Public safety	10,338,775	-	10,338,775	10,473,209	-	10,473,209
Public works	3,817,110	-	3,817,110	3,991,927	-	3,991,927
Culture and recreation	6,327,363	-	6,327,363	5,828,775	-	5,828,775
Tourism	56,655	-	56,655	110,460	-	110,460
Non-departmental	3,925,141	-	3,925,141	1,968,981	-	1,968,981
Interest on long-term debt	521,118	-	521,118	520,520	-	520,520
Public utilities	-	105,389,984	105,389,984	-	99,853,862	99,853,862
Municipal airport	-	1,570,656	1,570,656	-	1,370,168	1,370,168
<b>Total expenses</b>	<b>28,514,470</b>	<b>106,960,640</b>	<b>135,475,110</b>	<b>25,778,519</b>	<b>101,224,030</b>	<b>127,002,549</b>
Increase (decrease) in net position before transfers	(11,087,614)	10,215,246	(872,368)	(11,022,396)	11,506,202	483,806
Transfers	6,100,000	(6,100,000)	-	7,123,182	(7,123,182)	-
Change in net position	(4,987,614)	4,115,246	(872,368)	(3,899,214)	4,383,020	483,806
Net position, beginning	20,988,219	289,163,807	310,152,026	24,887,433	284,780,787	309,668,220
<b>Net position, ending</b>	<b>\$ 16,000,605</b>	<b>\$ 293,279,053</b>	<b>\$ 309,279,658</b>	<b>\$ 20,988,219</b>	<b>\$ 289,163,807</b>	<b>\$ 310,152,026</b>

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## Financial Analysis of the City's Individual Funds

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

### Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of usable resources. Such information is useful in assessing the City's financial requirements. In particular, the unassigned fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year. The combined fund balance of all the governmental funds is \$13.8 million, of which \$2.5 million, or 18%, is unassigned.

### General Fund

The General Fund is the primary operating fund of the City. At the end of the current fiscal year, total fund balance of the General Fund was \$3.4 million, of which \$2.5 million or 73% was unassigned. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. As of September 30, 2023, total unassigned fund balance, represents 10% of total general fund expenditures.

The fund balance of the General Fund decreased by \$2,198,504, or 39%. Key factors to this decrease result from a deficiency of revenues under expenditures of \$11,836,425. Additionally, this deficiency was partially offset by transfers from other funds of \$7,441,504, proceeds from the issuance of debt and leases of \$1,826,687, and proceeds from sale of assets of \$369,730, which resulted in the overall decrease in fund balance for the General Fund.

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

### General Fund Budgetary Highlights

The actual operating revenues for the General Fund were lower than the budgeted amount by approximately \$192,007 or (1%). The individual sources within the revenues fluctuated both positively and negatively.

The actual operating expenditures for the General Fund were higher than the budgeted amount by approximately \$3,139,218 or 14%. The individual departments within the General Fund show both positive and negative fluctuations, with the negative fluctuations outweighing the positive. Net other financing sources for the General Fund were higher than the budgeted amounts by approximately \$1,132,721.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Proprietary Funds

The activities of the City that render services to the general public on a user charge basis, or that require periodic determination of revenues for public policy are accounted for as Enterprise Funds. The City's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position at the end of the year were as follows: Department of Public Utilities Fund, \$7.6 million and the Municipal Airport, (\$867,561) deficit. The total growth in net position for previously mentioned funds were \$4.8 million for the Department of Public Utilities and a decrease of (\$720,590) for the Municipal Airport fund. Other factors concerning the finances of these funds have already been addressed in the discussion of the Government's business-type activities.

### Capital Assets and Debt Administration

#### Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2023, amounts to \$349 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the City, such as roads, bridges, streets and sidewalks, drainage systems, utility systems and other similar items.

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

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

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Land	\$ 3,641,492	\$ 3,866,575	\$ 7,508,067
Land and site improvements	15,640,304	1,835,891	17,476,195
Building and building improvements	7,957,613	17,693,339	25,650,952
Utility systems	-	216,722,812	216,722,812
Infrastructure	4,700,617	-	4,700,617
Vehicles, machinery and equipment	5,181,176	10,962,772	16,143,948
Construction in progress	379,209	60,640,600	61,019,809
	<u>\$ 37,500,411</u>	<u>\$ 311,721,989</u>	<u>\$ 349,222,400</u>

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



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Long-term Liabilities

As of September 30, 2023, the City had a total of \$99.1 million in outstanding long-term liabilities including the City's portion of the SCRS and PORS net pension liabilities as well as the City's total OPEB liability. Of this amount, \$30.7 million consists of notes and bonds payable backed by the revenues of the Department of Public Utilities, \$50.8 million represents the City's liabilities for pensions and OPEB benefits, \$3.6 million represents the City's Hospitality and Accommodations Tax Revenue Bond, \$7 million represents the City's Installment Purchase Revenue Bond, and \$2.7 million consists of financed purchase obligations outstanding for the acquisition of capital assets. A table of the City's outstanding debt can be found below.

### *The City's Outstanding Long-term Liabilities*

	Governmental		Businesss-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Notes payable from direct borrow ings	\$ -	\$ -	\$ 18,848,349	\$ 20,291,907	\$ 18,848,349	\$ 20,291,907
Financed purchases	2,737,104	2,617,113	-	-	2,737,104	2,617,113
Bonds payable from direct borrow ings	10,573,240	10,875,974	11,851,955	12,740,338	22,425,195	23,616,312
Other long-term obligations	22,540,089	22,440,140	32,527,572	32,774,645	55,067,661	55,214,785
<b>Total debt</b>	<b>\$ 35,850,433</b>	<b>\$ 35,933,227</b>	<b>\$ 63,227,876</b>	<b>\$ 65,806,890</b>	<b>\$ 99,078,309</b>	<b>\$ 101,740,117</b>

Of the total liabilities outstanding as September 30, 2023, no portion constitutes general obligation debt or is attributable to the City's legal debt limit as set forth in the South Carolina State Code of Laws.

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

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

The City of Orangeburg is located in Orangeburg County, South Carolina. According to the Bureau of Labor Statistics, Orangeburg County has an unemployment rate of 8.2%, higher than the rate for South Carolina of 3.1% and higher to the national average of 3.6%.

In the past years, the City has absorbed 100% of the health insurance premium increases for employee only coverage. This measure ensures employees have not had any health insurance premium increases.

The City will begin developing on a Strategic Plan to develop a long-term vision for the City's future, including its goals, projects, and metrics for success. The Plan will serve as a road map to move the community forward.

### Requests for Information

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

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**STATEMENT OF NET POSITION  
SEPTEMBER 30, 2023**

	Primary Government		
	Governmental Activities	Business- type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 15,797,660	\$ 9,154,352	\$ 24,952,012
Investments	3,124,651	32,338,999	35,463,650
Taxes receivable, net of allowances	384,976	-	384,976
Accounts receivable, net of allowances	228,664	13,488,348	13,717,012
Due from other governments	285,894	68,305	354,199
Internal balances	798,364	(798,364)	-
Inventories	131,080	10,678,864	10,809,944
Prepaid expenses	86,616	949,353	1,035,969
Restricted assets, cash and cash equivalents	-	8,778,351	8,778,351
Capital assets:			
Nondepreciable	4,020,701	64,507,175	68,527,876
Depreciable, net of accumulated depreciation and amortization	33,479,710	247,214,814	280,694,524
Total assets	<u>58,338,316</u>	<u>386,380,197</u>	<u>444,718,513</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	1,638,618	2,058,758	3,697,376
Other postemployment benefits	331,443	608,342	939,785
Total deferred outflows of resources	<u>1,970,061</u>	<u>2,667,100</u>	<u>4,637,161</u>
<b>LIABILITIES</b>			
Accounts payable	1,090,754	12,684,717	13,775,471
Accrued liabilities	969,678	1,495,783	2,465,461
Unearned revenue	4,959,291	10,146,921	15,106,212
Payable from restricted assets - customer deposits	-	6,457,471	6,457,471
Total other postemployment benefit liability	2,225,537	4,077,202	6,302,739
Note payable due within one year	-	1,467,949	1,467,949
Note payable due in more than one year	-	17,380,400	17,380,400
Financed purchase obligations due within one year	576,473	-	576,473
Financed purchase obligations due in more than one year	2,160,631	-	2,160,631
Bonds payable due within one year	311,272	911,668	1,222,940
Bonds payable due in more than one year	10,261,968	10,940,287	21,202,255
Leases payable due within one year	423,443	-	423,443
Leases payable due in more than one year	869,724	-	869,724
Subscriptions payable due within one year	75,379	-	75,379
Subscriptions payable due in more than one year	303,199	-	303,199
Compensated absences due within one year	496,859	1,388,049	1,884,908
Compensated absences due in more than one year	496,858	191,143	688,001
Net pension liability	17,649,090	26,871,178	44,520,268
Total liabilities	<u>42,870,156</u>	<u>94,012,768</u>	<u>136,882,924</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension	591,819	205,972	797,791
Other postemployment benefits	845,797	1,549,504	2,395,301
Total deferred inflows of resources	<u>1,437,616</u>	<u>1,755,476</u>	<u>3,193,092</u>
<b>NET POSITION</b>			
Net investment in capital assets	22,933,159	284,205,630	307,138,789
Restricted for:			
Public safety	381,164	-	381,164
Public works	89,113	-	89,113
Culture and recreation	1,243,359	-	1,243,359
Housing and development	6,905	-	6,905
Tourism	299,227	-	299,227
Capital outlay	7,885,354	-	7,885,354
Self insurance	-	25,000	25,000
Debt service	-	2,320,880	2,320,880
Other purposes	-	-	-
Unrestricted	(16,837,676)	6,727,543	(10,110,133)
Total net position	<u>\$ 16,000,605</u>	<u>\$ 293,279,053</u>	<u>\$ 309,279,658</u>

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

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 3,084,848	\$ 320,433	\$ 2,474,348	\$ -	\$ (290,067)	\$ -	\$ (290,067)
Judicial	443,460	-	-	-	(443,460)	-	(443,460)
Public safety	10,338,775	1,202,949	39,497	146,488	(8,949,841)	-	(8,949,841)
Public works	3,817,110	2,994,210	32,326	-	(790,574)	-	(790,574)
Culture and recreation	6,327,363	610,295	15,600	562,566	(5,138,902)	-	(5,138,902)
Tourism	56,655	-	218,955	-	162,300	-	162,300
Non-departmental	3,925,141	-	-	-	(3,925,141)	-	(3,925,141)
Interest on long-term debt	521,118	-	-	-	(521,118)	-	(521,118)
Total governmental activities	<u>28,514,470</u>	<u>5,127,887</u>	<u>2,780,726</u>	<u>709,054</u>	<u>(19,896,803)</u>	<u>-</u>	<u>(19,896,803)</u>
Business-type activities:							
Public utilities	105,389,984	113,639,948	-	867,420	-	9,117,384	9,117,384
Municipal airport	1,570,656	468,980	-	374,182	-	(727,494)	(727,494)
Total business-type activities	<u>106,960,640</u>	<u>114,108,928</u>	<u>-</u>	<u>1,241,602</u>	<u>-</u>	<u>8,389,890</u>	<u>8,389,890</u>
Total primary government	<u>\$ 135,475,110</u>	<u>\$ 119,236,815</u>	<u>\$ 2,780,726</u>	<u>\$ 1,950,656</u>	<u>(19,896,803)</u>	<u>8,389,890</u>	<u>(11,506,913)</u>
General revenues:							
Property taxes					3,822,700	-	3,822,700
Franchise taxes					197,549	-	197,549
Sales taxes					15,649	-	15,649
Other taxes					4,584,904	-	4,584,904
Unrestricted investment losses					188,387	1,481,307	1,669,694
Gain on disposal of capital assets					-	6,904	6,904
Miscellaneous					-	337,145	337,145
Transfers					6,100,000	(6,100,000)	-
Total general revenues and transfers					<u>14,909,189</u>	<u>(4,274,644)</u>	<u>10,634,545</u>
Change in net position					(4,987,614)	4,115,246	(872,368)
Net position, beginning of year					20,988,219	289,163,807	310,152,026
Net position, end of year					<u>\$ 16,000,605</u>	<u>\$ 293,279,053</u>	<u>\$ 309,279,658</u>

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

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2023**

	<u>General</u>	<u>County Capital One Percent</u>	<u>ARPA Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,600,691	\$ 107,335	\$ 4,978,193	\$ 9,111,441	\$ 15,797,660
Investments	3,124,651	-	-	-	3,124,651
Taxes receivable, net of allowance	384,976	-	-	-	384,976
Accounts receivable	101,056	-	-	127,608	228,664
Due from other governments	111,729	-	-	174,165	285,894
Due from other funds	303,193	738,438	-	229,340	1,270,971
Prepaid expenditures	86,616	-	-	-	86,616
Inventory	131,080	-	-	-	131,080
Advance to other funds	677,485	-	-	-	677,485
Total assets	<u>\$ 6,521,477</u>	<u>\$ 845,773</u>	<u>\$ 4,978,193</u>	<u>\$ 9,642,554</u>	<u>\$ 21,987,997</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 907,264	\$ 68,878	\$ 22,647	\$ 91,965	\$ 1,090,754
Accrued liabilities	822,658	-	-	210	822,868
Unearned revenue	3,745	-	4,955,546	-	4,959,291
Due to other funds	1,142,777	-	-	7,315	1,150,092
Total liabilities	<u>2,876,444</u>	<u>68,878</u>	<u>4,978,193</u>	<u>99,490</u>	<u>8,023,005</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	213,499	-	-	-	213,499
Total deferred inflows of resources	<u>213,499</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>213,499</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid expenditures	86,616	-	-	-	86,616
Inventory	131,080	-	-	-	131,080
Advances to other funds	677,485	-	-	-	677,485
Restricted for:					
Housing and development	-	-	-	6,905	6,905
Public safety	-	-	-	381,164	381,164
Public works	-	-	-	89,113	89,113
Culture and recreation	-	-	-	1,243,359	1,243,359
Tourism	-	-	-	299,227	299,227
Capital outlay	-	776,895	-	7,523,296	8,300,191
Committed to:					
Capital outlay	212	-	-	-	212
Assigned to:					
Self insurance reserve	19,453	-	-	-	19,453
Unassigned	2,516,688	-	-	-	2,516,688
Total fund balances	<u>3,431,534</u>	<u>776,895</u>	<u>-</u>	<u>9,543,064</u>	<u>13,751,493</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,521,477</u>	<u>\$ 845,773</u>	<u>\$ 4,978,193</u>	<u>\$ 9,642,554</u>	<u>\$ 21,987,997</u>

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

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2023**

Total fund balances - governmental funds	\$	13,751,493
Amounts reported for governmental activities in the Statement of Net Position are different because of the following:		
Capital assets (including right-to-use assets) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Cost of assets	\$	77,571,828
Accumulated depreciation and amortization		<u>(40,071,417)</u>
		37,500,411
Revenues in the Statement of Activities that do not provide current financial resources are reported as unavailable revenues in the funds.		
		213,499
Certain long-term liabilities are not due and payable in the current period and are, therefore, not reported in the funds:		
Financed purchase obligations	\$	(2,737,104)
Net pension liability, net of deferred outflows of resources and deferred inflows of resources		(16,602,291)
Total other postemployment benefits liability, net of deferred outflows of resources and deferred inflows of resources		(2,739,891)
Bonds payable		(10,573,240)
Leases payable		(1,293,167)
Subscriptions payable		(378,578)
Accrued interest payable		(146,810)
Compensated absences payable		<u>(993,717)</u>
		<u>(35,464,798)</u>
Net position of governmental activities	\$	<u><u>16,000,605</u></u>

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

**CITY OF ORANGEBURG, SOUTH CAROLINA**

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

**GOVERNMENTAL FUNDS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	<u>General</u>	<u>County Capital One Percent</u>	<u>ARPA Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Property taxes	\$ 4,020,959	\$ -	\$ -	\$ -	\$ 4,020,959
Franchise taxes	197,549	-	-	-	197,549
Sales taxes	15,649	-	-	-	15,649
Other taxes	2,965,578	-	-	1,619,326	4,584,904
Licenses and permits	1,546,480	-	-	-	1,546,480
Intergovernmental	1,612,093	562,566	934,077	365,443	3,474,179
Charges for services	2,915,606	-	-	42,569	2,958,175
Fines and forfeitures	230,559	-	-	28,383	258,942
Investment income	111,960	272	5,571	69,186	186,989
Other revenues	364,291	-	-	16,998	381,289
Total revenues	<u>13,980,724</u>	<u>562,838</u>	<u>939,648</u>	<u>2,141,905</u>	<u>17,625,115</u>
<b>Expenditures</b>					
Current:					
General government	3,845,626	-	939,648	-	4,785,274
Judicial	449,651	-	-	-	449,651
Public safety	9,682,900	-	-	95,656	9,778,556
Public works	2,586,943	-	-	-	2,586,943
Culture and recreation	3,982,015	-	-	309,651	4,291,666
Tourism	-	-	-	56,655	56,655
Non-departmental	3,925,141	-	-	-	3,925,141
Capital outlay	-	710,583	-	-	710,583
Debt service:					
Principal	1,177,316	-	-	302,734	1,480,050
Interest	167,557	-	-	340,404	507,961
Total expenditures	<u>25,817,149</u>	<u>710,583</u>	<u>939,648</u>	<u>1,105,100</u>	<u>28,572,480</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,836,425)</u>	<u>(147,745)</u>	<u>-</u>	<u>1,036,805</u>	<u>(10,947,365)</u>
<b>Other financing sources (uses):</b>					
Issuance of debt	1,826,687	-	-	-	1,826,687
Sale of assets	369,730	-	-	-	369,730
Transfers in	7,441,504	-	-	11,373	7,452,877
Transfers out	-	-	-	(1,352,877)	(1,352,877)
Total other financing sources (uses), net	<u>9,637,921</u>	<u>-</u>	<u>-</u>	<u>(1,341,504)</u>	<u>8,296,417</u>
Net change in fund balances	(2,198,504)	(147,745)	-	(304,699)	(2,650,948)
Fund balance, beginning of year	<u>5,630,038</u>	<u>924,640</u>	<u>-</u>	<u>9,847,763</u>	<u>16,402,441</u>
Fund balance, end of year	<u>\$ 3,431,534</u>	<u>\$ 776,895</u>	<u>\$ -</u>	<u>\$ 9,543,064</u>	<u>\$ 13,751,493</u>

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

## CITY OF ORANGEBURG, SOUTH CAROLINA

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

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Net change in fund balances - total governmental funds.	\$	(2,650,948)
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Amounts reported for governmental activities in the Statement of Activities are different because:

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

Capital outlay	\$	2,603,062	
Depreciation and amortization expense		<u>(4,450,675)</u>	(1,847,613)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(198,259)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Proceeds from issuance of financed purchase obligations	\$	(861,000)	
Proceeds from issuance of leases payable		(556,794)	
Proceeds from issuance of subscription payable		(408,893)	
Principal repayments		<u>1,480,050</u>	(346,637)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The net changes are as follows:

Compensated absences	\$	(129,067)	
Accrued interest		(13,157)	
Net pension liability, net of related deferred inflows and outflows of resources		26,948	
Total other postemployment benefits liability, net of related deferred inflows and outflows of resources		<u>171,119</u>	<u>55,843</u>

Change in net position of governmental activities	\$	<u><u>(4,987,614)</u></u>
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**CITY OF ORANGEBURG, SOUTH CAROLINA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2023**

<b>ASSETS</b>	<b>Department of Public Utilities</b>	<b>Nonmajor Enterprise Fund Municipal Airport</b>	<b>Total</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 9,154,152	\$ 200	\$ 9,154,352
Investments	32,338,999	-	32,338,999
Accounts receivable, net of allowance	13,487,047	1,301	13,488,348
Due from other governments	-	68,305	68,305
Prepaid expenses	948,006	1,347	949,353
Inventory	10,583,449	95,415	10,678,864
Restricted cash	8,778,351	-	8,778,351
Total current assets	<u>75,290,004</u>	<u>166,568</u>	<u>75,456,572</u>
<b>NONCURRENT ASSETS</b>			
Capital assets:			
Nondepreciable	63,191,223	1,315,952	64,507,175
Depreciable, net of accumulated depreciation	244,487,702	2,727,112	247,214,814
Total noncurrent assets	<u>307,678,925</u>	<u>4,043,064</u>	<u>311,721,989</u>
Total assets	<u>382,968,929</u>	<u>4,209,632</u>	<u>387,178,561</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	2,044,387	14,371	2,058,758
Other postemployment benefits	591,475	16,867	608,342
Total deferred outflows of resources	<u>2,635,862</u>	<u>31,238</u>	<u>2,667,100</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Payable from current assets:			
Accounts payable	12,660,688	24,029	12,684,717
Unearned revenue	10,146,921	-	10,146,921
Accrued expenses	1,492,939	2,844	1,495,783
Due to other funds	120,879	-	120,879
Compensated absences - current portion	1,382,605	5,444	1,388,049
	<u>25,804,032</u>	<u>32,317</u>	<u>25,836,349</u>
Payable from restricted assets:			
Customer deposits	6,457,471	-	6,457,471
Bonds and notes payable - current portion	2,379,617	-	2,379,617
	<u>8,837,088</u>	<u>-</u>	<u>8,837,088</u>
Total current liabilities	<u>34,641,120</u>	<u>32,317</u>	<u>34,673,437</u>
<b>NONCURRENT LIABILITIES</b>			
Advance from other funds	-	677,485	677,485
Bonds and notes payable - long term portion	28,320,687	-	28,320,687
Net pension liability	26,659,188	211,990	26,871,178
Total other postemployment benefit liability	3,974,528	102,674	4,077,202
Compensated absences - long term portion	191,143	-	191,143
Total noncurrent liabilities	<u>59,145,546</u>	<u>992,149</u>	<u>60,137,695</u>
Total liabilities	<u>93,786,666</u>	<u>1,024,466</u>	<u>94,811,132</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension	204,091	1,881	205,972
Other postemployment benefits	1,510,484	39,020	1,549,504
Total deferred outflows of resources	<u>1,714,575</u>	<u>40,901</u>	<u>1,755,476</u>
<b>NET POSITION</b>			
Net investment in capital assets	280,162,566	4,043,064	284,205,630
Restricted for self insurance	25,000	-	25,000
Restricted for debt service	2,320,880	-	2,320,880
Unrestricted	7,595,104	(867,561)	6,727,543
Total net position	<u>\$ 290,103,550</u>	<u>\$ 3,175,503</u>	<u>\$ 293,279,053</u>

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



**CITY OF ORANGEBURG, SOUTH CAROLINA**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	<u>Department of Public Utilities</u>	<u>Nonmajor Enterprise Fund Municipal Airport</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 113,639,948	\$ 462,166	\$ 114,102,114
Miscellaneous	-	6,814	6,814
Total operating revenues	<u>113,639,948</u>	<u>468,980</u>	<u>114,108,928</u>
<b>OPERATING EXPENSES</b>			
Cost of sales and service	61,112,962	262,159	61,375,121
Operations and maintenance	14,910,720	4,920	14,915,640
Administration	15,207,700	310,895	15,518,595
Depreciation expense	12,548,566	992,682	13,541,248
Total operating expenses	<u>103,779,948</u>	<u>1,570,656</u>	<u>105,350,604</u>
Operating income (loss)	<u>9,860,000</u>	<u>(1,101,676)</u>	<u>8,758,324</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Gain (loss) on disposal of assets	(905,286)	6,904	(898,382)
Interest expense	(704,750)	-	(704,750)
Investment income	1,481,307	-	1,481,307
Other nonoperating revenues	337,145	-	337,145
Total nonoperating revenues, net	<u>208,416</u>	<u>6,904</u>	<u>215,320</u>
Income (loss) before contributions and transfers	<u>10,068,416</u>	<u>(1,094,772)</u>	<u>8,973,644</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>867,420</u>	<u>374,182</u>	<u>1,241,602</u>
<b>TRANSFERS</b>			
Transfers out	(6,100,000)	-	(6,100,000)
Total transfers	<u>(6,100,000)</u>	<u>-</u>	<u>(6,100,000)</u>
Change in net position	4,835,836	(720,590)	4,115,246
<b>NET POSITION, beginning of year</b>	<u>285,267,714</u>	<u>3,896,093</u>	<u>289,163,807</u>
<b>NET POSITION, end of year</b>	<u>\$ 290,103,550</u>	<u>\$ 3,175,503</u>	<u>\$ 293,279,053</u>

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

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	<u>Department of Public Utilities</u>	<u>Nonmajor Enterprise Fund Municipal Airport</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 118,481,627	\$ 695,445	\$ 119,177,072
Payments to suppliers	(73,495,301)	(304,236)	(73,799,537)
Payments to employees	(15,140,514)	(416,898)	(15,557,412)
Other receipts	337,145	-	337,145
Internal activity-payments (to) from other funds	16,054	(217,866)	(201,812)
Net cash provided by (used in) operating activities	<u>30,199,011</u>	<u>(243,555)</u>	<u>29,955,456</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Transfers out	(6,100,000)	-	(6,100,000)
Net cash used in noncapital and related financing activities	<u>(6,100,000)</u>	<u>-</u>	<u>(6,100,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisitions of capital assets	(32,909,990)	(130,627)	(33,040,617)
Proceeds from sale of capital assets	121,427	-	121,427
Principal payments on notes payable	(2,331,941)	-	(2,331,941)
Capital grants received	867,420	374,182	1,241,602
Interest paid	(704,750)	-	(704,750)
Net cash provided by (used in) capital and related financing activities	<u>(34,957,834)</u>	<u>243,555</u>	<u>(34,714,279)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investments	(4,997,026)	-	(4,997,026)
Proceeds from sale of investments	9,322,250	-	9,322,250
Interest received	1,424,120	-	1,424,120
Net cash provided by investing activities	<u>5,749,344</u>	<u>-</u>	<u>5,749,344</u>
Change in cash and cash equivalents	(5,109,479)	-	(5,109,479)
<b>Cash and cash equivalents:</b>			
Beginning of year	23,041,982	200	23,042,182
End of year	<u>\$ 17,932,503</u>	<u>\$ 200</u>	<u>\$ 17,932,703</u>
<b>Classified as:</b>			
Cash and cash equivalents	\$ 9,154,152	\$ 200	\$ 9,154,352
Restricted cash	8,778,351	-	8,778,351
	<u>\$ 17,932,503</u>	<u>\$ 200</u>	<u>\$ 17,932,703</u>

**(Continued)**

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	<u>Department of Public Utilities</u>	<u>Nonmajor Enterprise Fund Municipal Airport</u>	<u>Total</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ 9,860,000	\$ (1,101,676)	\$ 8,758,324
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	12,548,566	992,682	13,541,248
Other revenues	337,145	-	337,145
Change in assets and liabilities:			
Decrease in accounts receivable	44,048	321	44,369
Decrease in due from other governments	-	226,144	226,144
Increase in prepaid expenses	(199,543)	(263)	(199,806)
Increase in inventory	(1,236,045)	(50,511)	(1,286,556)
Decrease in deferred outflows of resources-pension	200,907	11,536	212,443
Decrease in deferred outflows of resources other postemployment benefits	85,332	11,144	96,476
Increase in accounts payable	3,419,988	13,617	3,433,605
Increase in accrued expenses	43,414	282	43,696
Increase in customer deposits	543,981	-	543,981
Increase in unearned revenue	4,797,631	-	4,797,631
Increase in due to other funds	16,054	-	16,054
Decrease in advance from other funds	-	(217,866)	(217,866)
Decrease in deferred inflows of resources-pension	(59,787)	(2,115)	(61,902)
Decrease in deferred inflows of resources other postemployment benefits	(80,491)	(1,966)	(82,457)
Increase (decrease) in net pension liability	429,144	(107,513)	321,631
Decrease in other post employment benefit obligation	(735,686)	(19,048)	(754,734)
Increase in compensated absences	184,353	1,677	186,030
Net cash provided by (used in) operating activities	<u>\$ 30,199,011</u>	<u>\$ (243,555)</u>	<u>\$ 29,955,456</u>
<b>NONCASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Increase in the fair value of investments	\$ 57,187	\$ -	\$ 57,187
	<u>\$ 57,187</u>	<u>\$ -</u>	<u>\$ 57,187</u>

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

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
SEPTEMBER 30, 2023**

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

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

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**STATEMENT OF CHANGES IN  
FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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	<u>Custodial Fund</u>
	<u>Delinquent Tax Fund</u>
<b>ADDITIONS</b>	
Total additions	\$ -
<b>DEDUCTIONS</b>	
Total deductions	-
Change in fiduciary net position	-
<b>NET POSITION, beginning of year</b>	<u>3,328</u>
<b>NET POSITION, end of year</b>	<u>\$ 3,328</u>

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

# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2023

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### A. Reporting Entity

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

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City of Orangeburg (the primary government) which includes all fund types of the City. Component units may be presented by two different methods. Blended component units, although legally separate entities, are, in substance, part of the City’s operations. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the City. The City reports no discretely presented component units and one (1) blended component unit.

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

#### B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the City. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

## NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Custodial funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to leases, subscriptions, compensated absences, pensions, other postemployment benefits and claims and judgments, are recorded only when payment is due. Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales, accommodations, and hospitality taxes are recorded when the underlying transaction is made.

## NOTES TO FINANCIAL STATEMENTS

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

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

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary fund:

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

Additionally, the City reports the following nonmajor fund types:

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

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

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

The **Fiduciary Fund** is custodial in nature and is used to account for assets held by the government in a trustee capacity or as an agent on behalf of others. The Delinquent Tax Fund accounts for the receipts and disbursements from delinquent property tax sales.



## NOTES TO FINANCIAL STATEMENTS

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

#### D. Budgets and Budgetary Accounting

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

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

#### E. Cash and Investments

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

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

## NOTES TO FINANCIAL STATEMENTS

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

#### F. Receivables

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

Accounts receivable in the General Fund are comprised of franchise taxes and reimbursements. Receivables in the Special Revenue Funds are comprised of accommodations taxes. Accounts receivable in the City's enterprise funds are comprised of charges for services and an estimate of unbilled receivables associated with the City's Public Utilities Fund. Estimated unbilled revenues are recognized at the end of each fiscal year on a pro rata basis. The estimated amount is based on billings during the month following the close of the fiscal year. The City computes the allowance for uncollectible accounts relative to the Public Utilities Fund based on an estimate of collections within each aging category or receivables.

#### G. Interfund Receivables and Payables

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

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

#### H. Inventories

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

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

## NOTES TO FINANCIAL STATEMENTS

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

#### I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2023, are recorded as prepaid items in both the government-wide and fund financial statements. The consumption method is used to account for prepaid items in the City's funds.

#### J. Restricted Assets

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

#### K. Notes Receivable

Amounts loaned to others, which were funded with the City's unrestricted funds, are recorded as notes receivable. The City periodically evaluates the collectability of its outstanding notes receivable and has determined no provision for uncollectible amounts to be necessary.

#### L. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, water and sewer delivery systems and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets and infrastructure are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction of governmental-type activities and business-type activities is not capitalized.

All reported capital assets (including right-to-use lease and subscription assets) except land and construction in progress are depreciated/amortized. Useful lives for infrastructure are estimated based on the City's historical records of necessary improvements and replacements.

## NOTES TO FINANCIAL STATEMENTS

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

#### L. Capital Assets (Continued)

Depreciation/amortization is provided using the straight-line method over the following estimated useful lives:

Asset	Useful Life (Years)
Buildings	30 - 45
Infrastructure:	
Streets, bridges, and sidewalks	25
Electric system	25 - 50
Gas system	35 - 50
Water system	30 - 100
Wastewater system	40 - 60
Fiber optics and SCADA system	12 - 30
Runways	20
Major improvements	20
Furniture and fixtures	3 - 20
Right-to-use vehicles and equipment	3 - 7
Right-to-use subscriptions	3 - 7
Vehicles, machinery and equipment	3 - 20

#### M. Compensated Absences

The City's policy is to permit employees to accumulate leave depending upon length of service. The maximum leave that can be accrued is 1,080 hours for persons with twenty or more years of service (calculated as hours earned times hourly rate). Upon termination, accumulated leave will be paid to the employee. All leave and compensatory pay are accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only to the extent they are payable from current resources and represent matured liabilities, for example, as a result of employee resignations and retirements. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service.

#### N. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Position. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## NOTES TO FINANCIAL STATEMENTS

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

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

In addition to assets, the Statement of Net Position reports a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City has four (4) items that qualify for reporting in this category, all of which relate to the City's Retirement Plans and OPEB Plan and are combined in the Statement of Net Position under the heading "Pension" and "Other postemployment benefits", respectively. The first item, experience losses, results from periodic studies by the actuaries of the Retirement Plans, which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience losses are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of the plan members. The second item results from changes in the proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions. These changes are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability over a four-year period. The third item, changes in the actuarial assumptions, adjust the net pension and total OPEB liabilities and is amortized into pension and OPEB expense over the expected remaining service lives of plan members. The fourth item, pension and OPEB contributions made subsequent to the plan measurement date, includes any contributions made by the City to the pension and OPEB plan before year-end but subsequent to the measurement date of the City's net pension and total OPEB liabilities are reported as deferred outflows of resources and will be recognized as a reduction of the net pension and total OPEB liabilities during the year ended September 30, 2024.

In addition to liabilities, the Statement of Net Position and the Governmental Funds Balance Sheet reports a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has five (5) items that qualify for reporting in this category. The first item, *unavailable revenue*, arises only under a modified accrual basis of accounting and is reported only in the Governmental Funds Balance Sheet. The governmental funds report unavailable revenue from property taxes and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The second item, experience gains relating to the City's Retirement Plans and OPEB Plan, is recorded in the Statement of Net Position under the heading "Pension" and "Other postemployment benefits." Experience gains result from periodic studies by the actuaries of the Retirement Plans and OPEB Plan, which adjust the net pension and total OPEB liabilities for actual experience for certain trend information that was previously assumed. These gains are recorded as deferred inflows of resources and are amortized into pension expense and OPEB expense over the expected remaining lives of the plan members.

## NOTES TO FINANCIAL STATEMENTS

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

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

The third item results from changes in the proportionate share and differences between employer contributions and the proportionate share of total pension plan employer contributions. The fourth item, changes in the actuarial assumptions, adjust the total other postemployment benefits liability and is amortized into OPEB expense over the expected remaining service lives of plan members. The fifth item, differences between projected investment return on pension investments and actual return on those investments, is deferred and amortized into pension expense over a four-year period.

#### P. Fund Equity

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

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

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

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

#### P. Fund Equity (Continued)

##### *Fund Balance (Continued)*

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

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

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

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

#### Q. Use of Estimates

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

#### R. Pensions

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

## NOTES TO FINANCIAL STATEMENTS

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

#### S. Leases

**Lease Accounting (Lessee)** - The City is a lessee for non-cancellable leases of certain vehicles and equipment. The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

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

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

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

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

#### T. Subscription-Based Information Technology Arrangements

The City is a party in certain noncancellable Subscription-Based Information Technology Arrangements (SBITAs). The City recognizes a subscription liability and subscription asset in the government-wide financial statements. The City recognizes subscription liabilities with an initial individual value of \$50,000 or more.

At the commencement of a SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of payments made.



## NOTES TO FINANCIAL STATEMENTS

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

#### T. Subscription-Based Information Technology Arrangements (Continued)

The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected payments to present value, (2) agreement term, and (3) payments:

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

The City monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets and liabilities are reported with other capital assets and long-term liabilities, respectively, on the Statement of Net Position.

### NOTE 2. LEGAL COMPLIANCE – BUDGETS

#### Excess of Expenditures over Appropriations

For the fiscal year ended September 30, 2023, expenses exceeded appropriations as follows:

	<b>Excess</b>
General Fund	<u>\$ (3,139,218)</u>

The over expenditures in the General Fund were funded by the use of available fund balance.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3. CASH AND INVESTMENTS

Total cash and investments as of September 30, 2023, are summarized as follows:

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

Cash and cash equivalents	\$ 24,952,012
Investments	35,463,650
Restricted cash and cash equivalents	8,778,351

Amounts as presented in the Statement of Fiduciary Net Position:

Cash and cash equivalents - Custodial Fund	3,328
Total	<u>\$ 69,197,341</u>

Cash and investments deposited with financial institutions	\$ 56,229,318
South Carolina Local Government Investment Pool	12,968,023
Total	<u>\$ 69,197,341</u>

At September 30, 2023, the City's cash and investments included demand deposits with financial institutions, local government pools, mutual funds, and United States Government debt securities. The local government pool is managed by the State of South Carolina. The fair value of its position in the pool is the same as the value of the pool shares.

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

**Custodial Credit Risk – Deposits and Investments:** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of September 30, 2023, all of the City's deposits were covered by federal depository insurance or by collateral held in the pledging financial institutions' trust department in the City's name.

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

## NOTES TO FINANCIAL STATEMENTS

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

**Investments:** As of September 30, 2023, the City had the following investments:

Investment	Fair Value	Percentage of Portfolio	Credit Rating
U.S. Treasuries	\$ 33,578,778	94.7%	AAA/AA+
Mutual funds	1,884,872	0.4%	N/A
	<u>\$ 35,463,650</u>		

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

The City has the following recurring fair value measurements as of September 30, 2023:

Investment	Level 1	Level 2	Level 3	Fair Value
U.S. Treasury securities	\$ 33,578,778	\$ -	\$ -	\$ 33,578,778
Mutual funds	1,884,872	-	-	1,884,872
Total investments measured at fair value	<u>\$ 35,463,650</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,463,650</u>

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

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

**Credit Risk:** Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The City's investment policy allows for investments in the LGIP. As of September 30, 2023, the underlying security ratings of the City's investment in the LGIP may be obtained from the LGIP's complete financial statements. This investment pool does not have a credit quality rating assigned. These financial statements may be obtained by writing to the State Treasurer's Office, Local Government Investment Pool, Post Office Box 11778, Columbia, South Carolina 29211.

## NOTES TO FINANCIAL STATEMENTS

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

**Credit Risk (Continued):** Additionally, the City may invest in obligations of the United States, obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, Bank of Cooperatives, Federal Intermediate Credit Bank, Federal Land Banks, Federal Home Loan Banks, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Government National Mortgage Association, Federal Housing Administration, and Farmer's Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise issued by at least two nationally recognized credit organizations.

**Interest Rate Risk:** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City does not have a formal investment policy that would limit investment maturities as a means of managing its exposure to fair value arising from increasing interest rates.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>
U.S. Treasury Securities	\$ 33,578,778	\$ 8,620,225	\$ 24,958,553	\$ -
Mutual Funds	1,884,872	1,884,872	-	-
Total fair value	<u>\$ 35,463,650</u>	<u>\$ 10,505,097</u>	<u>\$ 24,958,553</u>	<u>\$ -</u>

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

### NOTE 4. RECEIVABLES

Property taxes are levied on real and personal properties owned on the preceding December 31 of the City's fiscal year ended September 30. Liens attach to the property at the time the taxes are levied, which is usually in November of each year. These taxes are due without penalty through January 15. After January 15, penalties are added, and taxes become delinquent. After March 16, the taxes go into execution. The levy date for motor vehicle taxes is the first day of the month in which the motor vehicle license expires. These taxes are due by the last day of the same month. Penalty dates and rates are the same as that established by the Orangeburg County Council (January 16 – 3%, February 2 - an additional 7%, and March 16 - an additional 5%). If taxes are not paid by March 15, they are turned over to the delinquent tax office for collection. Orangeburg County bills and collects current and delinquent property taxes. City tax revenues are recognized in the period for which they are levied; therefore, revenue recognition is deferred.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. RECEIVABLES (CONTINUED)

Taxes on licensed motor vehicles are levied during the month when the taxpayer's license is up for renewal and are, therefore, recognized when cash is received by the County. The taxpayer must provide proof of payment to the Highway Department before the vehicle license will be renewed.

Receivables at September 30, 2023, for the City's individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Department of Public Utilities</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 443,452	\$ -	\$ -	\$ -	\$ 443,452
Accounts	101,056	127,608	13,947,047	1,301	14,177,012
Due from other governments	111,729	174,165	-	68,305	354,199
Gross receivables	<u>656,237</u>	<u>301,773</u>	<u>13,947,047</u>	<u>69,606</u>	<u>14,974,663</u>
Less allowance for uncollectibles	(58,476)	-	(460,000)	-	(518,476)
Net total receivables	<u>\$ 597,761</u>	<u>\$ 301,773</u>	<u>\$ 13,487,047</u>	<u>\$ 69,606</u>	<u>\$ 14,456,187</u>

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## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended September 30, 2023, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers and Reclassifications</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 3,641,492	\$ -	\$ -	\$ -	\$ 3,641,492
Construction in progress	8,201	371,008	-	-	379,209
Total capital assets, not being depreciated	<u>3,649,693</u>	<u>371,008</u>	<u>-</u>	<u>-</u>	<u>4,020,701</u>
Capital assets, being depreciated/amortized:					
Land and site improvements	24,355,415	28,440	-	-	24,383,855
Buildings	15,984,666	349,500	-	(43,366)	16,290,800
Building improvements	3,105,944	-	-	(3,105,944)	-
Vehicles	10,698,154	369,529	(1,476,277)	301,171	9,892,577
Machinery and equipment	2,279,300	489,995	(49,076)	341,738	3,061,957
Infrastructure	9,009,275	-	-	3,149,310	12,158,585
Furniture and fixtures	1,619,582	12,769	-	-	1,632,351
Computer equipment	2,741,121	9,470	(5,240)	(164,633)	2,580,718
Right-to-use lease vehicles	776,011	742,950	-	-	1,518,961
Right-to-use lease equipment	457,275	-	-	-	457,275
Right-to-use subscriptions	-	408,893	-	-	408,893
Tools and other	1,706,260	6,664	-	(547,769)	1,165,155
Total capital assets, being depreciated/amortized	<u>72,733,003</u>	<u>2,418,210</u>	<u>(1,530,593)</u>	<u>(69,493)</u>	<u>73,551,127</u>
Less accumulated depreciation for:					
Land and site improvements	(7,353,774)	(1,389,777)	-	-	(8,743,551)
Buildings	(7,587,245)	(745,942)	-	-	(8,333,187)
Building improvements	(2,154,814)	-	-	2,154,814	-
Vehicles	(7,437,698)	(1,344,996)	1,476,277	(25,245)	(7,331,662)
Machinery and equipment	(1,745,407)	(165,836)	49,076	(341,738)	(2,203,905)
Infrastructure	(5,127,249)	(175,905)	-	(2,154,814)	(7,457,968)
Furniture and fixtures	(1,537,488)	(26,951)	-	-	(1,564,439)
Computer equipment	(2,453,985)	(110,148)	5,240	-	(2,558,893)
Right-to-use lease vehicles	(170,867)	(324,215)	-	-	(495,082)
Right-to-use lease equipment	(111,986)	(111,985)	-	-	(223,971)
Right-to-use subscriptions	-	(34,074)	-	-	(34,074)
Tools and other	(1,540,315)	(20,846)	-	436,476	(1,124,685)
Total accumulated depreciation/amortization	<u>(37,220,828)</u>	<u>(4,450,675)</u>	<u>1,530,593</u>	<u>69,493</u>	<u>(40,071,417)</u>
Total capital assets, being depreciated, net	<u>35,512,175</u>	<u>(2,032,465)</u>	<u>-</u>	<u>-</u>	<u>33,479,710</u>
Governmental activities capital assets, net	<u>\$ 39,161,868</u>	<u>\$ (1,661,457)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,500,411</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the business-type activities for the year ended September 30, 2023, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Business-type Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 3,847,375	\$ -	\$ -	\$ 19,200	\$ 3,866,575
Construction in progress	56,254,042	32,909,990	(12,276)	(28,511,156)	60,640,600
Total capital assets, not being depreciated	<u>60,101,417</u>	<u>32,909,990</u>	<u>(12,276)</u>	<u>(28,491,956)</u>	<u>64,507,175</u>
Capital assets, being depreciated:					
Buildings and improvements	10,196,780	-	(17,496)	14,348,739	24,528,023
Vehicles	-	-	(11,438)	69,483	58,045
Electric division	163,217,601	-	(2,696,571)	5,667,784	166,188,814
Gas division	39,227,551	-	(104,988)	1,982,227	41,104,790
Water division	113,431,938	-	(39,435)	1,252,994	114,645,497
Wastewater division	102,548,647	-	(109,957)	2,101,114	104,539,804
Land improvements	13,396,287	108,184	-	1,128,583	14,633,054
Tools and equipment	19,371,946	22,443	(98,260)	178,790	19,474,919
Furniture and fixtures	1,206,915	-	(15,746)	1,831,725	3,022,894
Total capital assets, being depreciated	<u>462,597,665</u>	<u>130,627</u>	<u>(3,093,891)</u>	<u>28,561,439</u>	<u>488,195,840</u>
Less accumulated depreciation for:					
Buildings and improvements	(6,357,337)	(494,843)	17,496	-	(6,834,684)
Vehicles	-	-	11,438	(69,483)	(58,045)
Electric division	(95,706,895)	(4,887,598)	1,754,529	-	(98,839,964)
Gas division	(17,586,991)	(989,194)	63,361	-	(18,512,824)
Water division	(47,523,700)	(2,565,574)	33,396	-	(50,055,878)
Wastewater division	(40,070,668)	(2,351,987)	75,228	-	(42,347,427)
Land improvements	(11,877,953)	(919,210)	-	-	(12,797,163)
Tools and equipment	(9,392,299)	(1,262,871)	115,164	-	(10,540,006)
Furniture and fixtures	(940,810)	(69,971)	15,746	-	(995,035)
Total accumulated depreciation	<u>(229,456,653)</u>	<u>(13,541,248)</u>	<u>2,086,358</u>	<u>(69,483)</u>	<u>(240,981,026)</u>
Total capital assets, being depreciated, net	<u>233,141,012</u>	<u>(13,410,621)</u>	<u>(1,007,533)</u>	<u>28,491,956</u>	<u>247,214,814</u>
Business-type activities capital assets, net	<u>\$ 293,242,429</u>	<u>\$ 19,499,369</u>	<u>\$ (1,019,809)</u>	<u>\$ -</u>	<u>\$ 311,721,989</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:	
General government	\$ 973,966
Public safety	626,118
Public works	1,230,103
Culture and recreation	1,620,488
Total depreciation/amortization expense - governmental activities	<u>\$ 4,450,675</u>

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

Business-type activities:	
Public utilities	\$ 12,548,566
Municipal airport	992,682
Total depreciation expense - business-type activities	<u>\$ 13,541,248</u>

### NOTE 6. LONG-TERM DEBT

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

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

Bonds Payable – The City issues bonds payable to fund the acquisition and construction of certain facilities and buildings as well as to defray the costs of the construction of a Department of Public Utilities Operations Center and infrastructure. The primary source of revenue repayment of the bonds is the Local Hospitality and Accommodations Fund and the revenues derived from the operation of the City's Combined Public Utility System. The City's installment purchase revenues bonds are funded by the General Fund.

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

Subscriptions Payable – These obligations represent non-cancellable subscription-based information technology arrangements in which the City is obligated to pay for the right to use certain software. Repayment is primarily budgeted in the General Fund.

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



## NOTES TO FINANCIAL STATEMENTS

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

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

Financed Purchase Obligations – The City periodically finances the purchase of various equipment with financed purchase agreements. These obligations are primarily paid from the General Fund and Local Hospitality and Accommodations Tax Fund.

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

#### Changes in Long-term Liabilities

The following is a summary of long-term debt activity of the City for the year ended September 30, 2023:

	<u>Beginning Balance</u>	<u>Additions/ Remeasurements</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental activities:					
Financed purchase obligations	\$ 2,617,113	\$ 861,000	\$ (741,009)	\$ 2,737,104	\$ 576,473
Revenue Bonds payable					
from direct borrow ings	10,875,974	-	(302,734)	10,573,240	311,272
Leases payable	956,209	742,950	(405,992)	1,293,167	423,443
Subscriptions payable	-	408,893	(30,315)	378,578	75,379
Compensated absences	864,650	529,499	(400,432)	993,717	496,859
Net pension liability	17,989,500	1,850,573	(2,190,983)	17,649,090	-
Total other postemployment benefit liability	<u>2,629,781</u>	<u>197,802</u>	<u>(602,046)</u>	<u>2,225,537</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 35,933,227</u>	<u>\$ 4,590,717</u>	<u>\$ (4,673,511)</u>	<u>\$ 35,850,433</u>	<u>\$ 1,883,426</u>
Business-type activities:					
Notes payable					
from direct borrow ings	\$ 20,291,907	\$ -	\$ (1,443,558)	\$ 18,848,349	\$ 1,467,949
Revenue Bonds payable					
from direct borrow ings	12,740,338	-	(888,383)	11,851,955	911,668
Compensated absences	1,393,162	1,390,017	(1,203,987)	1,579,192	1,388,049
Net pension liability	26,549,547	2,365,839	(2,044,208)	26,871,178	-
Total other postemployment benefit liability	<u>4,831,936</u>	<u>337,231</u>	<u>(1,091,965)</u>	<u>4,077,202</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$ 65,806,890</u>	<u>\$ 4,093,087</u>	<u>\$ (6,672,101)</u>	<u>\$ 63,227,876</u>	<u>\$ 3,767,666</u>

## NOTES TO FINANCIAL STATEMENTS

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

#### Notes Payable

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

The formal approval of each note payable was provided for under various revenue bond ordinances passed by City Council which stipulates that the notes are payable solely from the revenues of the operations of the system. All issuances of the notes are considered parity notes and have equal standing. The notes are secured by all revenues which remain after paying the cost of the operation and maintenance of the system of the Department. 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, 2023, balances in all funds met the requirements. Additional such debt can be issued only if (1) there are no defaults in payments of interest and principal of any existing debt having claim on the revenues of the system, (2) existing debt cushion funds have been maintained as required, and (3) the net earnings of the system for the fiscal year in which debt is to be issued should not be less than 120 percent of the highest combined annual principal requirements of any succeeding fiscal year on all such debt outstanding and all such debt then proposed to be issued.

Notes payable from business-type activities at September 30, 2023, are as follows:

	Interest Rate	Balance at September 30, 2023
State Revolving Fund, Series 2009A	1.84%	\$ 1,418,475
State Revolving Fund, Series 2009B	1.68%	309,111
State Revolving Fund, Series 2014	1.68%	17,120,763
		\$ 18,848,349

## NOTES TO FINANCIAL STATEMENTS

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

#### Notes Payable (Continued)

The annual requirements for debt service on notes payable outstanding at September 30, 2023, are summarized as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending September 30,			
2024	\$ 1,467,949	\$ 309,951	\$ 1,777,900
2025	1,492,852	285,048	1,777,900
2026	1,518,279	259,621	1,777,900
2027	1,544,242	233,659	1,777,901
2028	1,570,754	207,147	1,777,901
2029 - 2033	7,151,145	655,299	7,806,444
2034 - 2036	4,103,128	107,738	4,210,866
	<u>\$ 18,848,349</u>	<u>\$ 2,058,463</u>	<u>\$ 20,906,812</u>

#### Bonds Payable

##### Governmental Activities

The City entered into a financing agreement with South State Bank during 2018 in the amount of \$5,000,000 titled Accommodations and Hospitality Tax Revenue Bond on 2018. The bonds are payable from and are secured by a pledge of and a lien upon, revenues received by the City from the State Accommodations Tax. Principal and interest payments on the bond are due in semi-annual installments through 2033. The bond bears interest of 2.96%.

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

Bonds payable from governmental-type activities at September 30, 2023, are as follows:

	<u>Interest Rate</u>	<u>Balance at September 30, 2023</u>
Accommodations and Hospitality Tax Revenue Bond, 2018	2.96%	\$ 3,573,240
Installment Purchase Revenue Bond, 2022	3.49%	7,000,000
		<u>\$ 10,573,240</u>

## NOTES TO FINANCIAL STATEMENTS

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

#### Bonds Payable (Continued)

#### Governmental Activities (Continued)

The annual requirements for debt service on revenue bonds payable outstanding at September 30, 2023, are summarized as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending September 30,			
2024	\$ 311,272	\$ 105,151	\$ 416,423
2025	320,955	95,468	416,423
2026	330,650	85,773	416,423
2027	340,637	75,786	416,423
2028	350,754	65,669	416,423
2029 - 2033	1,918,972	227,682	2,146,654
	<u>\$ 3,573,240</u>	<u>\$ 655,529</u>	<u>\$ 4,228,769</u>

The annual requirements for debt service on installment purchase revenue bonds payable outstanding at September 30, 2023, are summarized as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending September 30,			
2024	\$ -	\$ 244,300	\$ 244,300
2025	25,000	244,300	269,300
2026	75,000	243,428	318,428
2027	150,000	240,810	390,810
2028	174,000	235,575	409,575
2029 - 2032	6,576,000	879,480	7,455,480
	<u>\$ 7,000,000</u>	<u>\$ 2,087,893</u>	<u>\$ 9,087,893</u>

#### Business-type Activities

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

## NOTES TO FINANCIAL STATEMENTS

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

#### Business-type Activities (Continued)

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

Bonds payable from business-type activities at September 30, 2023, are as follows:

	Interest Rate	Balance at September 30, 2023
Combined Public Utilities System Revenue Bonds, Series 2020	2.59%	\$ 11,851,955
		\$ 11,851,955

The annual requirements for debt service on bonds payable outstanding at September 30, 2023, are summarized as follows:

	Principal	Interest	Total
Year ending September 30,			
2024	\$ 911,668	\$ 296,194	\$ 1,207,862
2025	935,562	272,300	1,207,862
2026	960,083	247,779	1,207,862
2027	985,246	222,615	1,207,861
2028	1,011,069	196,792	1,207,861
2029 - 2033	5,467,011	572,297	6,039,308
2034 - 2035	1,581,316	29,166	1,610,482
	\$ 11,851,955	\$ 1,837,143	\$ 13,689,098

#### Financed Purchase Obligations

The City entered into a financed purchase agreement in the amount of \$655,517 with a regional bank during 2019 for various equipment. Payments are made annually at 1.04% for a term of three years. This obligation was paid in full during the fiscal year ended September 30, 2023.

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

## NOTES TO FINANCIAL STATEMENTS

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

#### Financed Purchase Obligations (Continued)

The City entered into a financed purchase agreement in the amount of \$451,000 with a regional bank during 2023 for various equipment. Payments are made annually at 4.08% for a term of three years.

The City entered into a financed purchase agreement in the amount of \$410,000 with a regional bank during 2023 for various equipment. Payments are made annually at 4.08% for a term of five years.

The annual requirements for debt service on financed purchase obligations outstanding at September 30, 2023, are summarized as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending September 30,			
2024	\$ 576,473	\$ 97,555	\$ 674,028
2025	592,459	70,340	662,799
2026	612,401	50,398	662,799
2027	468,817	29,764	498,581
2028	486,954	15,116	502,070
	<u>\$ 2,737,104</u>	<u>\$ 263,173</u>	<u>\$ 3,000,277</u>

#### Leases

The City has entered into multiple noncancelable leases as the lessee for various right-to-use assets. Payments are due in monthly installments through 2028. As no interest rate is stated in the lease agreements, the City used its incremental borrowing rate as the discount rate for these leases. As of September 30, 2023, the City has \$1,293,167 outstanding in leases payable.

Annual principal and interest requirements to maturity for the lease liability as of September 30, 2023, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending September 30,			
2024	\$ 423,443	\$ 61,902	\$ 485,345
2025	435,694	59,436	495,130
2026	222,649	67,699	290,348
2027	131,379	47,409	178,788
2028	80,002	-	80,002
	<u>\$ 1,293,167</u>	<u>\$ 236,446</u>	<u>\$ 1,529,613</u>

## NOTES TO FINANCIAL STATEMENTS

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

#### Leases (Continued)

Lease asset activity for the City's governmental activities for the year ended September 30, 2023, was as follows:

	Beginning Balance	Additions	Remeasurements	Deductions	Ending Balance
<b>Governmental activities:</b>					
Lease Assets:					
Vehicles	\$ 776,011	\$ 556,794	\$ 186,156	\$ -	\$ 1,518,961
Equipment	457,275	-	-	-	457,275
Total lease assets	<u>1,233,286</u>	<u>\$ 556,794</u>	<u>\$ 186,156</u>	<u>\$ -</u>	<u>1,976,236</u>
Less accumulated amortization:					
Vehicles	(170,867)	(324,215)	-	-	(495,082)
Equipment	(111,986)	(111,985)	-	-	(223,971)
Total accumulated amortization	<u>(282,853)</u>	<u>(436,200)</u>	<u>-</u>	<u>-</u>	<u>(719,053)</u>
Governmental activities total lease assets, net	<u>\$ 950,433</u>	<u>\$ 120,594</u>	<u>\$ 186,156</u>	<u>\$ -</u>	<u>\$ 1,257,183</u>

#### Subscription-Based Information Technology Arrangements

The City has entered into a noncancelable Subscription-Based Information Technology Arrangement (SBITA) for a subscription asset. As no interest rate is stated in the lease agreements, the City used its incremental borrowing rate as the discount rate for these leases. As of September 30, 2023, the City has \$378,578 outstanding in leases payable.

The annual requirements to amortize all SBITAs payable as of September 30, 2023, including interest payments, are as follows:

Year ending September 30,	Principal	Interest	Total
2024	\$ 75,379	\$ 17,217	\$ 92,596
2025	79,235	13,361	92,596
2026	83,289	9,307	92,596
2027	87,550	5,046	92,596
2028	53,125	889	54,014
	<u>\$ 378,578</u>	<u>\$ 45,820</u>	<u>\$ 424,398</u>

## NOTES TO FINANCIAL STATEMENTS

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

#### Subscription-Based Information Technology Arrangements (Continued)

Subscription asset activity for the City's governmental activities for the year ended September 30, 2023, was as follows:

	Beginning Balance	Additions	Remeasurements	Deductions	Ending Balance
<b>Governmental activities:</b>					
Subscription Assets:	\$ -	\$ 408,893	\$ -	\$ -	\$ 408,893
Less accumulated amortization:	-	(34,074)	-	-	(34,074)
Governmental activities total subscription assets, net	\$ -	\$ 374,819	\$ -	\$ -	\$ 374,819

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

The composition of interfund balances as of September 30, 2023, is as follows:

#### Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Public Utilities Fund	\$ 120,879
General Fund	Nonmajor Governmental Funds	7,315
General Fund	General Fund	174,999
County Capital One Percent Fund	General Fund	738,438
Nonmajor Governmental Funds	General Fund	229,340
		\$ 1,270,971

#### Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Airport	\$ 677,485
		\$ 677,485

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



## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

The composition of interfund transfers for the year ended September 30, 2023, is as follows:

Transfer to	Transfer from		Total
	Department of Public Utilities	Nonmajor Governmental Funds	
General Fund	\$ 6,100,000	\$ 1,341,504	\$ 7,441,504
Nonmajor Governmental Funds	-	11,373	11,373
Total	\$ 6,100,000	\$ 1,352,877	\$ 7,452,877

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

### NOTE 8. COMMITMENTS AND CONTINGENT LIABILITIES

#### Risk Management

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

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

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

## NOTES TO FINANCIAL STATEMENTS

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

#### Risk Management (Continued)

Changes in the balance of the liability for health, dental and prescription claims during the fiscal years ended September 30, 2023 and 2022, were as follows:

	<u>September 30, 2023</u>	<u>September 30, 2022</u>
Unpaid claims, beginning of fiscal year	\$ 346,927	\$ 287,832
Incurred claims and changes in estimates	4,129,013	4,807,877
Claim payments	<u>(4,102,867)</u>	<u>(4,748,782)</u>
Unpaid claims, end of fiscal year	<u>\$ 373,073</u>	<u>\$ 346,927</u>

#### Contingent Liabilities

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

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

**Unemployment Compensation.** The City makes payments to the South Carolina Department of Employment and Workforce on a reimbursement basis for costs incurred in the administration of the state unemployment compensation statutes. Claims incurred but not reported at September 30, 2023, are not significant.

**Construction Commitments.** At September 30, 2023, the City had construction commitments related to various capital projects of approximately \$65,729,819.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. EMPLOYEE BENEFITS

#### Retirement Plan

*Overview:*

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

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

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

*Plan Description:*

The City contributes to the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan that was established July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. EMPLOYEE BENEFITS (CONTINUED)

#### Retirement Plan (Continued)

*Plan Description (Continued):*

SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals first elected to the South Carolina General Assembly at or after the general election in November 2012.

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

*Membership:*

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

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

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

*Benefits:*

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. EMPLOYEE BENEFITS (CONTINUED)

#### Retirement Plan (Continued)

**South Carolina Retirement System.** A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least 8 or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

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

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

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

#### *Contributions:*

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. EMPLOYEE BENEFITS (CONTINUED)

#### Retirement Plan (Continued)

*Contributions (Continued):*

Effective July 1, 2017, employee rates were increased and capped at 9 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017, for both SCRS and PORS until reaching 18.56 percent for SCRS and 21.24 percent for PORS. The legislation included a further provision that if the scheduled contributions are not sufficient to meet the funding periods set in state statute, the PEBA board would increase the employer contribution rates as necessary to meet the funding periods set for the applicable year.

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

Required employee contribution rates for the year ended September 30, 2023, are as follows:

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. EMPLOYEE BENEFITS (CONTINUED)

#### Retirement Plan (Continued)

*Contributions (Continued):*

Required employer contribution rates for the year ended September 30, 2023, are summarized below:

#### South Carolina Retirement System

Employee Class Two	17.41% of earnable compensation from October 1st through June 30th 18.41% of earnable compensation from July 1st through September 30th
Employee Class Three	17.41% of earnable compensation from October 1st through June 30th 18.41% of earnable compensation from July 1st through September 30th
Employer incidental death benefit	0.15% of earnable compensation

#### South Carolina Police Officers Retirement System

Employee Class Two	19.84% of earnable compensation from October 1st through June 30th 20.84% of earnable compensation from July 1st through September 30th
Employee Class Three	19.84% of earnable compensation from October 1st through June 30th 20.84% of earnable compensation from July 1st through September 30th
Employer incidental death benefit	0.20% of earnable compensation
Employer accidental death program	0.20% of earnable compensation

*Net Pension Liability:*

The June 30, 2023, (the measurement date) total pension liability, net pension liability, and sensitivity information were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (GRS), and are based on the July 1, 2022 actuarial valuation. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2023, using generally accepted actuarial principles. There was no legislation enacted during the 2023 legislative session that had a material change in the benefit provisions for any of the systems. Information included in the following schedules is based on the certification provided by GRS. The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67, less that system's fiduciary net position.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. EMPLOYEE BENEFITS (CONTINUED)

#### Retirement Plan (Continued)

*Net Pension Liability (Continued):*

As of September 30, 2023, (measurement date of June 30, 2023), the net pension liability amounts for SCRS and PORS plans are as follows:

<u>System</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employers' Net Pension Liability</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>	<u>City's Proportionate Share of the Collective Net Pension Liability</u>
SCRS	\$ 58,464,402,454	\$ 34,286,961,942	\$ 24,177,440,512	58.6%	0.154105%
PORS	\$ 9,450,021,576	\$ 6,405,925,370	\$ 3,044,096,206	67.8%	0.238547%

*Actuarial Assumptions and Methods:*

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

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2022, valuations for SCRS and PORS.

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

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.



## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. EMPLOYEE BENEFITS (CONTINUED)

#### Retirement Plan (Continued)

*Actuarial Assumptions and Methods (Continued):*

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

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2023 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

Allocation / Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-term Expected Portfolio Real Rate of Return
<b>Public Equity</b>	<b>46.0%</b>	6.62%	3.04%
<b>Bonds</b>	<b>26.0%</b>	0.31%	0.08%
<b>Private Equity</b>	<b>9.0%</b>	10.91%	0.98%
<b>Private Debt</b>	<b>7.0%</b>	6.16%	0.43%
<b>Real assets</b>	<b>12.0%</b>		
Real estate	9.0%	6.41%	0.58%
Infrastructure	3.0%	6.62%	0.20%
	100%		
		Total expected real return	5.31%
		Inflation for actuarial purposes	2.25%
		Total expected nominal return	7.56%

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 9. EMPLOYEE BENEFITS (CONTINUED)**

**Retirement Plan (Continued)**

*Discount Rate:*

The discount rate used to measure the total pension liability was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The following table presents the collective NPL of the participating employers calculated using the discount rate of 7 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1 percent lower (6 percent) or 1 percent higher (8 percent) than the current rate.

<b>Sensitivity of the Net Position Liability to Changes in the Discount Rate</b>			
	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
City's portion - SCRS	\$ 48,141,747	\$ 37,258,664	\$ 28,213,022
City's portion - PORS	\$ 10,243,590	\$ 7,261,604	\$ 4,818,985

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## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. EMPLOYEE BENEFITS (CONTINUED)

#### Retirement Plan (Continued)

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

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS pension plans, respectively, from the following sources:

<b>SCRS</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 646,875	\$ 103,324
Changes of assumptions	570,856	-
Net difference between projected and actual earnings on pension plan investments	-	51,000
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	677,722	143,805
Employer contributions subsequent to the measurement date	<u>867,505</u>	<u>-</u>
Total	<u>\$ 2,762,958</u>	<u>\$ 298,129</u>
<b>PORS</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 341,738	\$ 89,520
Changes of assumptions	158,042	-
Net difference between projected and actual earnings on pension plan investments	-	12,462
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	199,598	397,680
Employer contributions subsequent to the measurement date	<u>235,040</u>	<u>-</u>
Total	<u>\$ 934,418</u>	<u>\$ 499,662</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. EMPLOYEE BENEFITS (CONTINUED)

#### Retirement Plan (Continued)

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

City contributions subsequent to the measurement date of \$867,505 and \$235,040 for the SCRS plan and the PORS plan, respectively, are deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended September 30:</b>	<b>SCRS</b>	<b>PORS</b>
2024	\$ 1,008,798	\$ 147,143
2025	(568,903)	(191,936)
2026	1,179,284	252,107
2027	(21,855)	(7,598)

*Pension Expense:*

For the year ended September 30, 2023, the City recognized its proportionate share of collective pension expense of \$3,679,033 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of \$350,776 for a total of \$4,029,809 for the SCRS plan. Additionally, for the year ended September 30, 2023, the City recognized its proportionate share of collective pension expense of \$854,595 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of (\$173,470) for a total of \$681,125 for the PORS plan.

*Pension Plan Fiduciary Net Position:*

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

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. EMPLOYEE BENEFITS (CONTINUED)

#### Other Postemployment Benefits

##### *Plan Description*

The City administers a Retiree Medical and Prescription Drug Plan (the "Plan") as a single employer defined benefit other postemployment benefit plan (OPEB). The Plan provides for continuation of medical insurance benefits for certain retirees and can be amended by action of the City. Eligibility requirements are set forth in the Plan's provisions and based on amount of service to the City. Employees hired prior to June 1, 1993, may receive benefits under the terms of the Plan if they meet one of the following requirements: (a) completes 15 years of service with the City and attains age 65; (b) completes 20 years of service with the City and attains age 60; (c) completes 25 years of service with the City; (d) completes 25 years of service with the City Department of Public Safety; (e) completes 28 years of service under the South Carolina Retirement System and completes 15 years of continuous service with the City; or (f) completes 25 years of service under the South Carolina Police Officers Retirement System and completes 15 years of continuous service with the City.

Employees hired on or after June 1, 1993, and prior to January 1, 2010, may continue coverage under the terms of the Plan if they meet one of the following requirements: (a) completes 25 years of service with the City; or (b) completes 25 years of service with the City Department of Public Safety. Employees hired on or after January 1, 2010, are not eligible for post-employment benefits under this Plan. Additionally, disabled retirees must meet the same eligibility requirements as non-disabled retirees.

Eligible retirees will receive health benefits through the City's self-insured group plan at no cost between the ages of 60 and 65. Prior to age 60, retirees must pay the full premium for health coverage. Upon reaching Medicare eligibility, the retiree will be removed from the City's group health plan. At this time, the City will pay up to \$100 per month toward the cost of a Medicare supplement.

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

##### *Plan Membership*

Membership of the Plan consisted of the following at September 30, 2021, the date of the latest actuarial valuation:

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. EMPLOYEE BENEFITS (CONTINUED)

#### Other Postemployment Benefits (Continued)

##### *Contributions*

The City Council has elected to fund the Plan on a “pay as you go” basis. The required contribution rate of the City varies depending on the applicable agreement. The costs of administering the Plan are paid by the City. Monthly premiums in effect during the City’s fiscal year ended September 30, 2023, were \$676 for retirees only and \$1,326 for retiree family coverage. For the year ended September 30, 2023, the City contributed \$536,610 for the pay as you go benefits for the Plan.

##### *Total OPEB Liability*

The City’s total OPEB liability was measured as of September 30, 2022, and was determined by an actuarial valuation as of September 30, 2021.

##### *Actuarial Assumptions*

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

Discount rate:	4.02% as of September 30, 2022 (measurement date)
Healthcare cost trend rate:	7.00% - 4.50%, Ultimate trend by 2031
Inflation rate:	2.25%
Salary increase:	3.00% to 10.50%, including inflation
Participation rate:	100% for retirees aged 55 and above at retirement 50% for retirees aged up to 55 at retirement 25% for retiree spouse coverage for all ages

Mortality rates were based on the PUB-2010 Mortality Table for Employees with a 135% multiplier to better reflect the anticipated experience and provide margin for future improvements in mortality.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the September 30, 2021 valuation were based on the results of an actuarial experience adopted by the SCRS and PORS. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the September 30, 2021 valuation were based on a review of recent plan experience done concurrently with the September 30, 2021 valuation.

##### *Discount Rate*

The discount rate used to measure the total OPEB liability was 4.02%. This rate was determined using an index rate of 20-year, tax-exempt general obligation municipal bonds with an average rating of AA or higher – which was 4.02% as determined by the Bond Buyer 20-Bond GO Index Rate as of September 30, 2022 (the measurement date).

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. EMPLOYEE BENEFITS (CONTINUED)

#### Other Postemployment Benefits (Continued)

*Changes in the Total OPEB Liability of the City*

The changes in the total OPEB liability of the City for the year ended September 30, 2023, (measurement date of September 30, 2022), were as follows:

	<b>Total OPEB</b>
<b>Balance at September 30, 2021</b>	<b>\$ 7,461,717</b>
<b>Changes for the year:</b>	
Service cost	161,965
Interest	163,996
Difference between actual and expected experience	74,267
Assumption changes	(1,146,364)
Benefit payments and implicit subsidy	(412,842)
<b>Net changes</b>	<b>(1,158,978)</b>
<b>Balance at September 30, 2022</b>	<b>\$ 6,302,739</b>

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

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

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

<b>Sensitivity of the Total OPEB Liability to Changes in the Discount Rate</b>			
<b>Fiscal Year</b>	<b>1% Decrease (3.02%)</b>	<b>Current Discount Rate (4.02%)</b>	<b>1% Increase (5.02%)</b>
2023	\$ 6,921,528	\$ 6,302,739	\$ 5,758,642

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

The table on the following page presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. EMPLOYEE BENEFITS (CONTINUED)

#### Other Postemployment Benefits (Continued)

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

<b>Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate</b>			
<b>Fiscal Year</b>	<b>1% Decrease (6.00% decreasing to 3.50%)</b>	<b>Current Healthcare Cost Trend Rates (7.00% decreasing to 4.50%)</b>	<b>1% Increase (8.00% decreasing to 5.50%)</b>
2023	\$ 5,896,828	\$ 6,302,739	\$ 6,772,306

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2023, and the current sharing pattern of costs between employer and inactive employees.

#### *OPEB Expense*

For the year ended September 30, 2023, the City recognized OPEB expense of (\$671,424). The components of OPEB expense are detailed in the table below.

<b>Description</b>	<b>2023</b>
Service cost (annual cost of current service)	\$ 161,965
Interest on the total OPEB liability	163,996
Recognition of amortization - difference between expected and actual experience and assumption changes	(997,385)
Total aggregate OPEB expense	\$ (671,424)

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

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 56,668	\$ 1,367,214
Changes of assumptions	346,507	1,028,087
Employer contributions subsequent to the measurement date	536,610	-
Total	\$ 939,785	\$ 2,395,301



## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. EMPLOYEE BENEFITS (CONTINUED)

#### Other Postemployment Benefits (Continued)

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

City contributions subsequent to the measurement date of \$536,610 for the Retiree Health plan are reported as deferred outflows of resources and will be recognized as a reduction of the total OPEB liability in the year ended September 30, 2024.

As of September 30, 2024, other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Retiree Health Insurance Plan</u>	
Year ended September 30:	
2024	\$ (865,168)
2025	(706,271)
2026	(364,794)
2027	(55,893)

### NOTE 10. TAX ABATEMENTS

As of September 30, 2023, the City's ad valorem property tax revenues were reduced by \$6,759 under tax abatement agreements entered into by Orangeburg County. Such agreements, enacted under Title 12 of the South Carolina Code of Laws as the Fee-in-Lieu of Tax Act and the Special Source Revenue Credit Acts, allow the County to enter into negotiated fee-in-lieu of tax (FILOT) arrangements with entities in exchange for making investments in facilities and jobs in the County. The FILOT's typically include millage caps and reduced assessment ratios for entities who commit to certain investment and employment targets. Some FILOT's also include Special Source Revenue Credits (SSRC's) which further reduce the negotiated fee by a percentage for a set time period. The City is not reimbursed by the County for the foregone property tax revenues associated with the agreements.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 4,750,000	\$ 3,962,767	\$ 4,020,959	\$ 58,192
Franchise taxes	170,000	131,581	197,549	65,968
Sales taxes	14,000	9,000	15,649	6,649
Other taxes	2,788,300	2,631,516	2,965,578	334,062
Licenses and permits	1,550,300	1,267,755	1,546,480	278,725
Intergovernmental	3,019,800	2,756,906	1,612,093	(1,144,813)
Charges for services	3,545,130	2,897,448	2,915,606	18,158
Fines and forfeitures	217,750	200,050	230,559	30,509
Investment income	50,000	23,000	111,960	88,960
Other revenues	172,700	292,708	364,291	71,583
Total revenues	<u>16,277,980</u>	<u>14,172,731</u>	<u>13,980,724</u>	<u>(192,007)</u>
<b>Expenditures:</b>				
Current:				
General government	3,956,130	4,107,233	3,845,626	261,607
Judicial	469,024	446,121	449,651	(3,530)
Public safety	10,738,608	9,627,469	9,682,900	(55,431)
Public works	2,905,200	3,089,563	2,586,943	502,620
Culture and recreation	3,857,750	3,877,871	3,982,015	(104,144)
Non-departmental	1,192,100	1,096,245	3,925,141	(2,828,896)
Debt Service:				
Principal	876,991	392,220	1,177,316	(785,096)
Interest	41,209	41,209	167,557	(126,348)
Total expenditures	<u>24,037,012</u>	<u>22,677,931</u>	<u>25,817,149</u>	<u>(3,139,218)</u>
Deficiency of revenues under expenditures	<u>(7,759,032)</u>	<u>(8,505,200)</u>	<u>(11,836,425)</u>	<u>(3,331,225)</u>
<b>Other financing sources:</b>				
Issuance of debt	-	244,000	1,826,687	1,582,687
Sale of capital assets	250,000	350,000	369,730	19,730
Transfers in	7,509,032	7,911,200	7,441,504	(469,696)
Total other financing sources	<u>7,759,032</u>	<u>8,505,200</u>	<u>9,637,921</u>	<u>1,132,721</u>
Net change in fund balances	-	-	(2,198,504)	(2,198,504)
Fund balance, beginning of year	<u>5,630,038</u>	<u>5,630,038</u>	<u>5,630,038</u>	<u>1,089,053</u>
Fund balance, end of year	<u>\$ 5,630,038</u>	<u>\$ 5,630,038</u>	<u>\$ 3,431,534</u>	<u>\$ (1,109,451)</u>

# CITY OF ORANGEBURG, SOUTH CAROLINA

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

	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>						
Service cost	\$ 161,965	\$ 250,209	\$ 218,414	\$ 189,179	\$ 213,065	\$ 241,515
Interest on total OPEB liability	163,996	205,989	234,794	375,731	338,374	290,803
Difference between actual and expected experience	74,267	(1,997,716)	(66,976)	(1,304,218)	(195,882)	(28,865)
Assumption changes	(1,146,364)	(177,531)	402,286	890,134	(586,120)	(673,229)
Benefit payments	(412,842)	(278,492)	(310,197)	(314,117)	(205,124)	(348,149)
<b>Net change in total OPEB liability</b>	(1,158,978)	(1,997,541)	478,321	(163,291)	(435,687)	(517,925)
<b>Total OPEB liability - beginning</b>	7,461,717	9,459,258	8,980,937	9,144,228	9,579,915	10,097,840
<b>Total OPEB liability - ending</b>	\$ 6,302,739	\$ 7,461,717	\$ 9,459,258	\$ 8,980,937	\$9,144,228	\$ 9,579,915
<b>Covered-employee payroll</b>	\$ 8,528,295	\$ 8,528,295	\$ 9,416,097	\$ 9,238,697	\$9,406,674	\$ 9,854,392
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	73.90%	87.49%	100.46%	97.21%	97.21%	97.21%

**Notes to the Schedule:**

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

The assumptions used in the preparation of the above schedule are disclosed in Note 9 to the financial statements.

The discount rate changed from 2.93% as of September 30, 2016, to 3.57% as of September 30, 2017, to 4.18% as of September 30, 2018, to 2.66% as of September 30, 2019, to 2.16% as of September 30, 2020, to 2.26% as of September 30, 2021, to 4.02% as of September 30, 2022.

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

**CITY OF ORANGEBURG, SOUTH CAROLINA**

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

**South Carolina Retirement System**

Plan Year Ended June 30,	City's proportion of the net pension liability	City's proportionate share of the net pension liability	City's covered payroll	City's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.154105%	\$ 37,258,664	\$ 16,072,495	231.8%	58.6%
2022	0.152132%	36,880,131	15,100,370	244.2%	57.1%
2021	0.152090%	32,914,165	14,887,497	221.1%	60.7%
2020	0.148452%	37,932,284	13,764,484	275.6%	50.7%
2019	0.148288%	33,860,387	13,617,407	248.7%	54.4%
2018	0.149280%	33,448,829	12,827,458	260.8%	54.1%
2017	0.146364%	32,948,890	12,020,937	274.1%	53.3%
2016	0.148145%	31,643,554	11,504,330	275.1%	52.9%
2015	0.146676%	27,817,811	11,059,365	251.5%	57.0%
2014	0.149959%	25,817,968	11,149,182	231.6%	59.9%

**South Carolina Police Officers Retirement System**

Plan Year Ended June 30,	City's proportion of the net pension liability	City's proportionate share of the net pension liability	City's covered payroll	City's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.23855%	\$ 7,261,604	\$ 3,611,040	201.1%	67.8%
2022	0.25538%	7,658,916	3,663,792	209.0%	66.4%
2021	0.24095%	6,199,393	3,471,235	178.6%	70.4%
2020	0.24363%	8,079,221	3,357,814	240.6%	58.8%
2019	0.26106%	7,481,740	3,411,914	219.3%	62.7%
2018	0.27843%	7,889,382	3,517,419	224.3%	61.7%
2017	0.26358%	7,221,044	3,129,209	230.8%	60.9%
2016	0.26213%	6,648,861	2,989,380	222.4%	60.4%
2015	0.26653%	5,790,921	2,870,220	201.8%	64.6%
2014	0.26843%	5,072,658	2,773,388	182.9%	67.5%

**Notes to the Schedule of City's Proportionate Share of the Net Pension Liability:**

The assumptions used in the preparation of the above schedules are disclosed in Note 9 to the financial statements.

**CITY OF ORANGEBURG, SOUTH CAROLINA**

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

**South Carolina Retirement System**

Fiscal Year Ended September 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percentage of covered payroll
2023	\$ 3,355,003	\$ 3,355,003	\$ -	\$ 19,120,544	17.55%
2022	3,089,216	3,089,216	-	18,350,491	16.83%
2021	2,783,742	2,783,742	-	17,601,868	15.82%
2020	2,602,212	2,602,212	-	16,723,730	15.56%
2019	2,351,593	2,351,593	-	15,861,847	14.83%
2018	2,151,673	2,151,673	-	15,573,109	13.82%
2017	1,805,147	1,805,147	-	14,938,944	12.08%
2016	1,586,649	1,586,649	-	14,701,855	10.79%
2015	1,499,035	1,499,035	-	13,899,391	10.78%
2014	1,443,115	1,443,115	-	13,649,729	10.57%

**South Carolina Police Officers Retirement System**

Fiscal Year Ended September 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percentage of covered payroll
2023	\$ 861,408	\$ 861,408	\$ -	\$ 4,201,297	20.50%
2022	801,824	801,824	-	4,111,099	19.50%
2021	710,594	710,594	-	3,839,473	18.51%
2020	666,858	666,858	-	3,656,020	18.24%
2019	662,825	662,825	-	3,744,189	17.70%
2018	635,478	635,478	-	3,859,030	16.47%
2017	542,493	542,493	-	3,686,997	14.71%
2016	459,163	459,163	-	3,152,742	14.56%
2015	442,795	442,795	-	3,376,453	13.11%
2014	414,534	414,534	-	3,091,849	13.41%

# CITY OF ORANGEBURG, SOUTH CAROLINA

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

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### Notes to the Schedule of City Pension Contributions (Continued):

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

System	SCRS	PORS
Calculation date	July 1, 2021	July 1, 2021
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	5-year Smoothed	5-year Smoothed
Amortization method	Level % of pay	Level % of pay
Amortization period	26 year maximum, closed period	26 year maximum, closed period
Investment return	7.00%	7.00%
Inflation	2.25%	2.25%
Salary increases	3.00% plus step-rate increases for members with less than 21 years of service.	3.50% plus step-rate increases for members with less than 21 years of service.
Mortality	2020 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale UMP from the year 2020. Male rates are multiplied by 97% for non-educators and 95% for educators. Female rates multiplied by 107% for non-educators and 94% for educators.	2020 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale UMP from the year 2020. Male rates are multiplied by 127% and females rates are multiplied by 107%.

## **OTHER SUPPLEMENTARY INFORMATION**



**CITY OF ORANGEBURG, SOUTH CAROLINA**

**SCHEDULE OF REVENUES - GENERAL FUND  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Property taxes:				
Current taxes	\$ 4,510,000	\$ 3,546,267	\$ 3,638,238	\$ 91,971
Delinquent taxes	210,000	396,500	336,352	(60,148)
Other	30,000	20,000	46,369	26,369
Franchise taxes	170,000	131,581	197,549	65,968
Sales taxes	14,000	9,000	15,649	6,649
Business taxes:				
Insurance	2,510,300	2,510,000	2,584,171	74,171
Other taxes	278,000	121,516	381,407	259,891
Licenses and permits:				
Business licenses	1,360,300	1,187,755	1,340,067	152,312
Permits	190,000	80,000	206,413	126,413
Intergovernmental:				
Local	51,800	63,170	39,497	(23,673)
State	968,000	469,193	700,918	231,725
Federal	2,000,000	2,224,543	871,678	(1,352,865)
Charges for services:				
Sanitation - commercial	800,000	600,000	429,356	(170,644)
Sanitation - residential	1,380,000	1,005,000	992,988	(12,012)
Fire service contracts	850,000	850,000	943,460	93,460
Recreation programs	133,950	136,636	144,920	8,284
Recreation department	16,380	12	14,146	14,134
Golf course and pro shop	364,800	305,800	390,736	84,936
Fines and forfeitures:				
Criminal fines	50,000	58,000	58,756	756
Traffic fines	160,000	135,000	165,689	30,689
Other	7,750	7,050	6,114	(936)
Interest and penalties	50,000	23,000	111,960	88,960
Other revenues:				
Rentals	55,000	11,000	61,135	50,135
Other	117,700	281,708	303,156	21,448
<b>Total revenues</b>	<b>\$ 16,277,980</b>	<b>\$ 14,172,731</b>	<b>\$ 13,980,724</b>	<b>\$ (192,007)</b>

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**SCHEDULE OF EXPENDITURES - GENERAL FUND  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Expenditures:</b>				
General government:				
Executive department:				
Administrative division:				
Personnel	\$ 5,000	\$ 115,994	\$ 174,545	\$ (58,551)
Utilities	8,500	7,000	9,358	(2,358)
Property and tort insurance	2,950	2,931	35,965	(33,034)
Operating	146,500	49,500	196,799	(147,299)
Total administrative division	162,950	175,425	416,667	(241,242)
Election division:				
Operating	-	-	4,937	(4,937)
Total election division	-	-	4,937	(4,937)
Total executive department	162,950	175,425	421,604	(246,179)
Finance department:				
Finance and records division:				
Personnel	420,050	509,149	275,694	233,455
Utilities	10,000	4,700	10,627	(5,927)
Property and tort insurance	5,000	5,995	7,397	(1,402)
Operating	251,025	182,406	364,623	(182,217)
Total finance and records division	686,075	702,250	658,341	43,909
Information technology division:				
Personnel	269,200	193,647	199,521	(5,874)
Utilities	5,375	250	-	250
Property and tort insurance	4,825	4,818	5,583	(765)
Operating	538,490	620,830	351,011	269,819
Total information technology division	817,890	819,545	556,115	263,430
Total finance department	1,503,965	1,521,795	1,214,456	307,339
Administration department:				
Administrative division:				
Personnel	947,525	620,739	745,688	(124,949)
Utilities	13,000	8,193	7,952	241
Property and tort insurance	8,250	4,144	4,802	(658)
Operating	417,800	839,798	475,654	364,144
Total administrative division	1,386,575	1,472,874	1,234,096	238,778
Community planning and development division:				
Personnel	87,450	246,851	221,668	25,183
Utilities	-	1,300	3,436	(2,136)
Property and tort insurance	2,000	3,534	4,095	(561)
Operating	88,640	38,740	8,228	30,512
Total community planning and development division	178,090	290,425	237,427	52,998
Total administration department	1,564,665	1,763,299	1,471,523	291,776

**(Continued)**

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**SCHEDULE OF EXPENDITURES - GENERAL FUND  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Expenditures (Continued):</b>				
General government (Continued):				
Service department:				
Administrative division:				
Personnel	\$ 616,300	\$ 557,718	\$ 588,592	\$ (30,874)
Utilities	6,000	7,000	5,782	1,218
Property and tort insurance	13,150	13,096	15,175	(2,079)
Operating	89,100	68,900	128,494	(59,594)
Total administrative division	724,550	646,714	738,043	(91,329)
Total service department	724,550	646,714	738,043	(91,329)
Total general government	3,956,130	4,107,233	3,845,626	261,607
Judicial:				
Municipal court division:				
Personnel	419,024	391,440	405,397	(13,957)
Property and tort insurance	3,000	2,931	3,396	(465)
Operating	47,000	51,750	40,858	10,892
Total municipal court division	469,024	446,121	449,651	(3,530)
Total judicial	469,024	446,121	449,651	(3,530)
Public safety:				
Public safety department:				
Administrative division:				
Personnel	473,050	237,096	283,961	(46,865)
Utilities	160,000	135,000	164,969	(29,969)
Property and tort insurance	38,475	38,471	39,977	(1,506)
Operating	472,075	510,500	487,186	23,314
Capital	14,000	-	-	-
Total administrative division	1,157,600	921,067	976,093	(55,026)
Patrol division:				
Personnel	2,796,425	2,618,428	2,466,749	151,679
Property and tort insurance	45,200	45,212	52,522	(7,310)
Operating	531,300	648,528	557,242	91,286
Total patrol division	3,372,925	3,312,168	3,076,513	235,655
Special operations division:				
Personnel	1,660,550	2,770,032	3,066,804	(296,772)
Property and tort insurance	52,400	52,386	60,711	(8,325)
Operating	196,800	289,000	335,992	(46,992)
Capital	63,000	-	94,196	(94,196)
Total special operations division	1,972,750	3,111,418	3,557,703	(446,285)
Investigation division:				
Personnel	1,123,993	1,227,556	1,099,593	127,963
Property and tort insurance	29,400	29,409	34,077	(4,668)
Operating	94,900	148,395	90,414	57,981
Total investigation division	1,248,293	1,405,360	1,224,084	181,276

**(Continued)**

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**SCHEDULE OF EXPENDITURES - GENERAL FUND  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Expenditures (Continued):</b>				
Public safety (Continued):				
Public safety department (Continued):				
Highway safety DUI special enforcement division:				
Operating	\$ -	\$ 123,500	\$ -	\$ 123,500
Total highway safety DUI enforcement division	-	123,500	-	123,500
Fire division:				
Personnel	1,940,150	-	-	-
Property and tort insurance	52,400	-	-	-
Operating	227,830	-	-	-
Total fire division	2,220,380	-	-	-
Forensic services division:				
Personnel	593,510	563,031	553,038	9,993
Property and tort insurance	4,750	4,725	5,475	(750)
Operating	168,400	186,200	289,994	(103,794)
Total forensic services division	766,660	753,956	848,507	(94,551)
Total public safety department	10,738,608	9,627,469	9,682,900	(55,431)
Total public safety	10,738,608	9,627,469	9,682,900	(55,431)
Public works:				
Public works department:				
Administrative division:				
Personnel	274,400	263,805	281,778	(17,973)
Utilities	8,500	5,392	6,658	(1,266)
Property and tort insurance	5,200	4,788	5,548	(760)
Operating	13,325	16,959	11,542	5,417
Total administrative division	301,425	290,944	305,526	(14,582)
Building inspection division:				
Personnel	286,550	191,329	202,903	(11,574)
Utilities	7,000	1,715	6,982	(5,267)
Property and tort insurance	4,650	4,650	5,388	(738)
Operating	25,850	42,023	14,749	27,274
Total building inspection division	324,050	239,717	230,022	9,695
Garage division:				
Personnel	400,350	359,745	333,045	26,700
Utilities	18,500	16,252	17,777	(1,525)
Property and tort insurance	7,600	7,560	8,760	(1,200)
Operating	48,375	50,855	59,408	(8,553)
Capital	-	5,700	-	5,700
Total garage division	474,825	440,112	418,990	21,122
Municipal buildings division:				
Personnel	68,300	63,759	69,342	(5,583)
Utilities	36,500	33,224	40,473	(7,249)
Property and tort insurance	1,000	17,175	19,901	(2,726)
Operating	111,400	112,800	127,821	(15,021)
Total municipal buildings division	217,200	226,958	257,537	(30,579)

**(Continued)**

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**SCHEDULE OF EXPENDITURES - GENERAL FUND  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Expenditures (Continued):</b>				
Public works (Continued):				
Public works department (Continued):				
Parking facilities division:				
Property and tort insurance	\$ -	\$ 4,154	\$ 4,813	\$ (659)
Operating	2,000	15,700	3,835	11,865
Total parking facilities division	2,000	19,854	8,648	11,206
Sanitation division:				
Personnel	1,205,150	1,025,279	1,042,369	(17,090)
Utilities	5,300	6,000	5,478	522
Property and tort insurance	22,650	21,929	25,410	(3,481)
Operating	330,600	235,275	266,615	(31,340)
Capital	-	553,000	-	553,000
Total sanitation division	1,563,700	1,841,483	1,339,872	501,611
Street and maintenance division:				
Property and tort insurance	7,000	6,495	7,526	(1,031)
Operating	15,000	24,000	18,822	5,178
Total street and maintenance division	22,000	30,495	26,348	4,147
Total public works department	2,905,200	3,089,563	2,586,943	502,620
Total public works	2,905,200	3,089,563	2,586,943	502,620
Culture and recreation:				
Parks and recreation department:				
Administrative division:				
Personnel	370,650	265,496	295,933	(30,437)
Utilities	8,000	8,281	9,178	(897)
Property and tort insurance	2,500	6,234	2,673	3,561
Operating	7,450	11,050	8,065	2,985
Total administrative division	388,600	291,061	315,849	(24,788)
Recreation division:				
Personnel	419,975	511,178	348,263	162,915
Utilities	78,500	66,554	80,307	(13,753)
Property and tort insurance	19,185	19,181	22,226	(3,045)
Operating	180,250	152,208	206,880	(54,672)
Total recreation division	697,910	749,121	657,676	91,445
Gardens division:				
Personnel	641,045	697,100	579,802	117,298
Utilities	65,500	55,000	70,283	(15,283)
Property and tort insurance	15,200	15,162	17,569	(2,407)
Operating	128,750	103,558	123,897	(20,339)
Total gardens division	850,495	870,820	791,551	79,269

**(Continued)**

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**SCHEDULE OF EXPENDITURES - GENERAL FUND  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Expenditures (Continued):</b>				
Culture and recreation (Continued):				
Parks and recreation department (Continued):				
Parks and cemetery division:				
Personnel	\$ 599,600	\$ 636,801	\$ 529,450	\$ 107,351
Utilities	21,500	18,469	24,272	(5,803)
Property and tort insurance	12,000	11,443	13,259	(1,816)
Operating	97,350	72,388	114,772	(42,384)
Capital	6,100	-	-	-
Total parks and cemetery division	<u>736,550</u>	<u>739,101</u>	<u>681,753</u>	<u>57,348</u>
Recreation complex division:				
Personnel	318,075	243,024	281,035	(38,011)
Utilities	65,500	75,000	83,786	(8,786)
Property and tort insurance	14,650	17,371	17,246	125
Operating	128,620	137,190	127,162	10,028
Total recreation complex division	<u>526,845</u>	<u>472,585</u>	<u>509,229</u>	<u>(36,644)</u>
Golf course division:				
Personnel	495,050	514,105	356,336	157,769
Utilities	31,000	31,000	37,497	(6,497)
Property and tort insurance	8,000	7,092	8,218	(1,126)
Operating	123,300	202,986	175,478	27,508
Capital	-	-	448,428	(448,428)
Total golf course division	<u>657,350</u>	<u>755,183</u>	<u>1,025,957</u>	<u>(270,774)</u>
Total parks and recreation department	<u>3,857,750</u>	<u>3,877,871</u>	<u>3,982,015</u>	<u>(104,144)</u>
Total culture and recreation	<u>3,857,750</u>	<u>3,877,871</u>	<u>3,982,015</u>	<u>(104,144)</u>
Non-departmental:				
Flood recovery	1,500	-	894	(894)
Employee Christmas	-	35,000	16,998	18,002
Building code enforcement	-	50,000	-	50,000
Annexation covenants	18,000	18,000	18,646	(646)
Operating/insurance coverage	300,000	110,001	638,944	(528,943)
Municipal Association	-	50,000	-	50,000
Commercial sanitation fees	275,000	179,099	276,012	(96,913)
Unemployment insurance	5,000	12,500	604	11,896
Special projects	100,000	100,000	179,393	(79,393)
Downtown revitalization	50,000	75,000	37,500	37,500
Retirees group insurance	40,000	25,000	318,382	(293,382)
Setoff debt	500	500	19,154	(18,654)
CDL drug and alcohol testing	6,500	8,000	6,040	1,960
Employee shots	-	2,500	-	2,500
Street lights	360,000	372,000	374,717	(2,717)
Christmas lights	-	8,500	-	8,500
Chamber dues	1,600	1,545	1,545	-
Fiber rental expense	21,000	21,600	21,600	-
Banking fees	5,500	7,000	6,965	35
COVID-19	7,500	20,000	29,788	(9,788)
IPRB capital outlay	-	-	760,032	(760,032)
Lease capital outlay	-	-	965,687	(965,687)
Stevenson auditorium	-	-	2,240	(2,240)
Civil rights museum grant	-	-	250,000	(250,000)
Total non-departmental	<u>1,192,100</u>	<u>1,096,245</u>	<u>3,925,141</u>	<u>(2,828,896)</u>

**(Continued)**

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**SCHEDULE OF EXPENDITURES - GENERAL FUND  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Debt Service:				
Principal	\$ 876,991	\$ 392,220	\$ 1,177,316	\$ (785,096)
Interest	41,209	41,209	167,557	(126,348)
Total debt service	<u>918,200</u>	<u>433,429</u>	<u>1,344,873</u>	<u>(911,444)</u>
<b>Total expenditures</b>	<b><u>\$ 24,037,012</u></b>	<b><u>\$ 22,677,931</u></b>	<b><u>\$ 25,817,149</u></b>	<b><u>\$ (3,139,218)</u></b>

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**DEPARTMENT OF PUBLIC UTILITIES  
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Operating Revenues:</b>				
Charges for services and fees	\$ 114,148,543	\$ 117,031,000	\$ 0	\$ (117,031,000)
Total operating revenues	114,148,543	117,031,000	-	(117,031,000)
<b>Operating Expenses:</b>				
Electricity purchased	52,673,930	56,000,000	55,968,646	31,354
Natural gas purchased	5,651,098	5,800,000	5,144,316	655,684
Operating and maintenance	14,193,200	17,500,000	14,910,720	2,589,280
Administrative	14,992,200	15,700,000	15,207,700	492,300
Depreciation and amortization	12,749,700	12,500,000	12,548,566	(48,566)
Total operating expenses	100,260,128	107,500,000	103,779,948	3,720,052
Operating income	13,888,415	9,531,000	(103,779,948)	(113,310,948)
<b>Nonoperating Revenues (Expenses)</b>				
Water and wastewater taps	400,300	400,300	222,650	(177,650)
Water and wastewater impact fees	-	-	114,495	114,495
Loss on disposal of capital assets	(975,000)	(975,000)	(905,286)	69,714
Investment income	447,960	1,900,000	1,481,307	(418,693)
Interest expense	(653,820)	(720,000)	(704,750)	15,250
Total nonoperating revenues (expenses), net	(780,560)	605,300	208,416	(396,884)
Net income before capital contributions and transfers	13,107,855	10,136,300	(103,571,532)	(113,707,832)
Capital contributions	-	1,000,000	867,420	(132,580)
Transfers to other funds	(6,100,000)	(6,100,000)	(6,100,000)	-
Total capital contributions and transfers, net	(6,100,000)	(5,100,000)	(5,232,580)	(132,580)
Change in net position	7,007,855	5,036,300	(108,804,112)	(113,840,412)
<b>NET POSITION, beginning of year</b>	285,267,714	285,267,714	285,267,714	-
<b>NET POSITION, end of year</b>	\$ 292,275,569	\$ 290,304,014	\$ 176,463,602	\$ (113,840,412)



**CITY OF ORANGEBURG, SOUTH CAROLINA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2023**

	Special Revenue Funds							
	Sunnyside Cemetery Fund	Orangeburg Cemetery Fund	SC Festival of Roses Fund	State Accommodations Tax Fund	Local Hospitality and Accommodations Fund	Victims Advocate Fund	Drug Fund	Stevenson Auditorium Fund
<b>ASSETS</b>								
Cash and cash equivalents	\$ 86,448	\$ 1,165	\$ 53,591	\$ 212,562	\$ 2,518,132	\$ 41,985	\$ 56,684	\$ -
Accounts receivables	-	-	-	-	127,608	-	-	-
Due from other governments	-	-	-	56,887	-	-	-	-
Due from other funds	1,500	-	-	29,778	176,604	2,164	3,887	14,433
Total assets	<u>\$ 87,948</u>	<u>\$ 1,165</u>	<u>\$ 53,591</u>	<u>\$ 299,227</u>	<u>\$ 2,822,344</u>	<u>\$ 44,149</u>	<u>\$ 60,571</u>	<u>\$ 14,433</u>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 18,465	\$ -	\$ -	\$ -
Accrued liabilities	-	-	180	-	-	-	-	30
Due to other funds	-	-	-	-	-	7,315	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>180</u>	<u>-</u>	<u>18,465</u>	<u>7,315</u>	<u>-</u>	<u>30</u>
<b>FUND BALANCES</b>								
Restricted for:								
Housing and development	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	36,834	60,571	-
Public works	87,948	1,165	-	-	-	-	-	-
Culture and recreation	-	-	53,411	-	1,173,012	-	-	14,403
Tourism	-	-	-	299,227	-	-	-	-
Capital outlay	-	-	-	-	1,630,867	-	-	-
Total fund balances	<u>87,948</u>	<u>1,165</u>	<u>53,411</u>	<u>299,227</u>	<u>2,803,879</u>	<u>36,834</u>	<u>60,571</u>	<u>14,403</u>
Total liabilities and fund balances	<u>\$ 87,948</u>	<u>\$ 1,165</u>	<u>\$ 53,591</u>	<u>\$ 299,227</u>	<u>\$ 2,822,344</u>	<u>\$ 44,149</u>	<u>\$ 60,571</u>	<u>\$ 14,433</u>

Special Revenue Funds				Capital Projects Funds		
Orangeburg Senior Games Fund	Community Development Corporation Fund	Firemen's Fund	Police Seizure Fund	Hillcrest Capital Projects Fund	Orangeburg Redevelopment Corporation Fund	Total Nonmajor Governmental Funds
\$ 2,268	\$ 6,905	\$ 203,140	\$ 36,132	\$ 19,020	\$ 5,873,409	\$ 9,111,441
-	-	-	-	-	-	127,608
-	-	117,278	-	-	-	174,165
265	-	709	-	-	-	229,340
<u>\$ 2,533</u>	<u>\$ 6,905</u>	<u>\$ 321,127</u>	<u>\$ 36,132</u>	<u>\$ 19,020</u>	<u>\$ 5,873,409</u>	<u>\$ 9,642,554</u>
\$ -	\$ -	\$ 73,500	\$ -	\$ -	\$ -	\$ 91,965
-	-	-	-	-	-	210
-	-	-	-	-	-	7,315
-	-	73,500	-	-	-	99,490
-	6,905	-	-	-	-	6,905
-	-	247,627	36,132	-	-	381,164
-	-	-	-	-	-	89,113
2,533	-	-	-	-	-	1,243,359
-	-	-	-	-	-	299,227
-	-	-	-	19,020	5,873,409	7,523,296
<u>2,533</u>	<u>6,905</u>	<u>247,627</u>	<u>36,132</u>	<u>19,020</u>	<u>5,873,409</u>	<u>9,543,064</u>
<u>\$ 2,533</u>	<u>\$ 6,905</u>	<u>\$ 321,127</u>	<u>\$ 36,132</u>	<u>\$ 19,020</u>	<u>\$ 5,873,409</u>	<u>\$ 9,642,554</u>

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Special Revenue Funds							
	Sunnyside Cemetery Fund	Orangeburg Cemetery Fund	SC Festival of Roses Fund	State Accommodations Tax Fund	Local Hospitality and Accommodations Fund	Victims Advocate Fund	Drug Fund	Stevenson Auditorium Fund
<b>Revenues:</b>								
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,619,326	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	218,955	-	-	29,210	-
Charges for services	5,500	-	33,185	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	18,100	-	-
Interest revenue	-	-	-	107	55,235	-	-	-
Other revenues	-	-	-	-	15,600	1,398	-	-
Total revenues	<u>5,500</u>	<u>-</u>	<u>33,185</u>	<u>219,062</u>	<u>1,690,161</u>	<u>19,498</u>	<u>29,210</u>	<u>-</u>
<b>Expenditures:</b>								
Current								
Public safety	-	-	-	-	-	-	6,930	-
Culture and recreation	-	-	22,921	-	285,114	-	-	-
Tourism	-	-	-	56,655	-	-	-	-
Debt service								
Principal	-	-	-	-	302,734	-	-	-
Interest	-	-	-	-	112,390	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>22,921</u>	<u>56,655</u>	<u>700,238</u>	<u>-</u>	<u>6,930</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,500</u>	<u>-</u>	<u>10,264</u>	<u>162,407</u>	<u>989,923</u>	<u>19,498</u>	<u>22,280</u>	<u>-</u>
<b>Other financing sources (uses):</b>								
Transfers in	-	-	-	-	-	-	11,373	-
Transfers out	-	-	-	(34,443)	(700,000)	-	-	-
Total other financing sources (uses), net	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34,443)</u>	<u>(700,000)</u>	<u>-</u>	<u>11,373</u>	<u>-</u>
Net change in fund balances	5,500	-	10,264	127,964	289,923	19,498	33,653	-
<b>Fund balances, beginning of year</b>	<u>82,448</u>	<u>1,165</u>	<u>43,147</u>	<u>171,263</u>	<u>2,513,956</u>	<u>17,336</u>	<u>26,918</u>	<u>14,403</u>
<b>Fund balances, end of year</b>	<u>\$ 87,948</u>	<u>\$ 1,165</u>	<u>\$ 53,411</u>	<u>\$ 299,227</u>	<u>\$ 2,803,879</u>	<u>\$ 36,834</u>	<u>\$ 60,571</u>	<u>\$ 14,403</u>

Special Revenue Funds				Capital Projects Funds		
Orangeburg Senior Games Fund	Community Development Corporation Fund	Firemen's Fund	Police Seizure Fund	Hillcrest Capital Projects Fund	Orangeburg Redevelopment Corporation Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,619,326
-	-	117,278	-	-	-	365,443
3,884	-	-	-	-	-	42,569
-	-	-	10,283	-	-	28,383
-	3	-	23	-	13,818	69,186
-	-	-	-	-	-	16,998
<u>3,884</u>	<u>3</u>	<u>117,278</u>	<u>10,306</u>	<u>-</u>	<u>13,818</u>	<u>2,141,905</u>
-	-	82,774	5,952	-	-	95,656
1,616	-	-	-	-	-	309,651
-	-	-	-	-	-	56,655
-	-	-	-	-	-	302,734
-	-	-	-	-	228,014	340,404
<u>1,616</u>	<u>-</u>	<u>82,774</u>	<u>5,952</u>	<u>-</u>	<u>228,014</u>	<u>1,105,100</u>
<u>2,268</u>	<u>3</u>	<u>34,504</u>	<u>4,354</u>	<u>-</u>	<u>(214,196)</u>	<u>1,036,805</u>
-	-	-	-	-	-	11,373
-	-	-	(11,373)	-	(607,061)	(1,352,877)
-	-	-	(11,373)	-	(607,061)	(1,341,504)
2,268	3	34,504	(7,019)	-	(821,257)	(304,699)
<u>265</u>	<u>6,902</u>	<u>213,123</u>	<u>43,151</u>	<u>19,020</u>	<u>6,694,666</u>	<u>9,847,763</u>
<u>\$ 2,533</u>	<u>\$ 6,905</u>	<u>\$ 247,627</u>	<u>\$ 36,132</u>	<u>\$ 19,020</u>	<u>\$ 5,873,409</u>	<u>\$ 9,543,064</u>

**CITY OF ORANGEBURG, SOUTH CAROLINA  
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

FOR THE STATE TREASURER'S OFFICE:

<b>COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT</b>	<b><u>General Sessions</u></b>	<b><u>Magistrate Court</u></b>	<b><u>Municipal Court</u></b>	<b><u>Total</u></b>
<b>Court Fines, Surcharges and Assessments:</b>				
Court fines, surcharges and assessments collected	N/A	N/A	\$ 242,627	\$ 242,627
Court fines, surcharges and assessments remitted to State Treasurer	N/A	N/A	138,058	138,058
<b>Total Court Fines, Surcharges and Assessments retained</b>	<b>N/A</b>	<b>N/A</b>	<b>\$ 104,569</b>	<b>\$ 104,569</b>
<b>Surcharges and Assessments retained for victim services:</b>				
Surcharges collected and retained	N/A	N/A	\$ 6,302	\$ 6,302
Assessments retained	N/A	N/A	11,798	11,798
<b>Total Surcharges and Assessments retained for victim services</b>	<b>N/A</b>	<b>N/A</b>	<b>\$ 18,100</b>	<b>\$ 18,100</b>

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

<b><u>VICTIM SERVICE FUNDS COLLECTED</u></b>	<b><u>Municipal</u></b>	<b><u>County</u></b>	<b><u>Total</u></b>
<b>Carryforward from Previous Year – Beginning Balance</b>	<b>\$ 17,336</b>	<b>N/A</b>	<b>\$ 17,336</b>
<b><u>Victim Service Revenue:</u></b>			
Victim Service Fines Retained by City/County Treasurer	-	N/A	-
Victim Service Assessments Retained by City/County Treasurer	16,616	N/A	16,616
Victim Service Surcharges Retained by City/County Treasurer	2,882	N/A	2,882
Interest Earned	-	N/A	-
Grant Funds Received			
Grant from:	-	N/A	-
General Funds Transferred to Victim Service Fund	-	N/A	-
<b>Contribution Received from Victim Service Contracts:</b>			
(1) Town of	-	N/A	-
(2) Town of	-	N/A	-
(3) City of	-	N/A	-
<b>Total Funds Allocated to Victim Service Fund + Beginning Balance (A)</b>	<b>\$ 36,834</b>	<b>N/A</b>	<b>\$ 36,834</b>

**CITY OF ORANGEBURG, SOUTH CAROLINA  
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

<b><u>Expenditures for Victim Service Program:</u></b>	<b><u>Municipal</u></b>	<b><u>County</u></b>	<b><u>Total</u></b>
Salaries and Benefits	\$ -	N/A	\$ -
Operating Expenditures	-	N/A	-
<b>Victim Service Contract(s):</b>			
(1) Entity's Name	-	N/A	-
(2) Entity's Name	-	N/A	-
<b>Victim Service Donation(s):</b>			
(1) Domestic Violence Shelter:	-	N/A	-
(2) Rape Crisis Center:	-	N/A	-
(3) Other local direct crime victims service agency:	-	N/A	-
Transferred to General Fund	-	N/A	-
<b>Total Expenditures from Victim Service Fund/Program (B)</b>	-	N/A	-
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	36,834	N/A	36,834
<b>Less: Prior Year Fund Deficit Repayment</b>	-	N/A	-
<b>Carryforward Deficit – End of Year</b>	<b>\$ 36,834</b>	<b>N/A</b>	<b>\$ 36,834</b>

## **COMPLIANCE SECTION**



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Orangeburg, South Carolina** (the "City") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 7, 2024. Our report includes a reference to the change in accounting principle resulting from the implementation of GASBS No. 96, *Subscription-Based Information Technology Arrangements*.

### Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001, that we consider to be a material weakness.



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## **Report on Compliance and Other Matters**

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

## **City of Orangeburg South Carolina's Response to the Finding**

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

## **Purpose of this Report**

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



Columbia, South Carolina  
October 7, 2024



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

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

## Report on Compliance for Each Major Federal Program

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

We have audited the **City of Orangeburg, South Carolina's** (the "City") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

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

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

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

### ***Responsibilities of Management for Compliance***

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

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

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

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

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

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

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### **Report on Internal Control over Compliance**

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

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

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

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

*Mauldin & Jenkins, LLC*

Columbia, South Carolina  
October 7, 2024

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Federal Grantor/Pass-through Grantor/Program Title	Federal AL Number	Grant Identification Number	Total Expenditures	Passed through to Subrecipients
<b><u>U.S. Department of the Treasury</u></b>				
<b>(Passed through South Carolina Department of Administration)</b>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ 934,077	\$ 153,953
<b>Total U.S. Department of the Treasury</b>			<u>934,077</u>	<u>153,953</u>
<b><u>U.S. Department of Agriculture</u></b>				
<b>Direct award</b>				
Community Facilities Loans and Grants Cluster				
Community Facilities Loans and Grants	10.766	46-038-725688326	857,075	-
<b>Total U.S. Department of Agriculture</b>			<u>857,075</u>	<u>-</u>
<b><u>U.S. Department of Transportation</u></b>				
<b>Direct award</b>				
Airport Improvement Program	20.106	3-45-0045-025-2021	23,000	-
Airport Improvement Program	20.106	3-45-0045-026-2022	59,000	-
Airport Improvement Program	20.106	3-45-0045-028-2021	68,305	-
<b>Total U.S. Department of Transportation</b>			<u>150,305</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,941,457</u>	<u>\$ 153,953</u>

# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

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

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

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

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

The City chose not to use the ten percent de Minimis indirect cost rate for the year ended September 30, 2023.

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

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

### **NOTE 4. FEDERAL EXPENDITURES INCURRED IN PRIOR YEARS**

On its Schedule of Expenditures of Federal Awards for the year ended September 30, 2023, the City reported federal expenditures relative to the U.S. Department of Agriculture Rural Development program titled Community Facilities Loans and Grants, incurred during the City's prior year ended September 30, 2022, in the amount of \$857,075, associated with pass-through identifying number 46-038-725688326. These expenditures were incurred in 2022 but were not approved by the federal awarding agency for reimbursement until 2023. In accordance with the OMB Compliance Supplement, these expenditures were therefore reported in 2023.

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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

**Financial Statements**

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

Internal control over financial reporting:  
Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

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

Significant deficiencies identified?  Yes  No

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?  Yes  No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.766	<b>U.S. Department of Agriculture Rural Development</b> Community Facilities Loans and Grants Cluster Community Facilities Loans and Grants Program
21.027	<b>U.S. Department of the Treasury</b> COVID-19 State and Local Fiscal Recovery Program

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

Auditee qualified as low-risk auditee?  Yes  No

# CITY OF ORANGEBURG, SOUTH CAROLINA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

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### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

#### 2023-001 Year-end Close and General Accounting Matters

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

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

**Condition:** A significant amount of accounting, reporting, and reconciling activity was not properly performed and reviewed during the fiscal year which required a significant effort to close the City's 2023 fiscal year. Significant adjustments amounting to over \$22.7 million across thirteen (13) City funds were determined and required to be recorded in the months that followed September 30, 2023. Further, and throughout the course of the audit process, we noted there was an overall lack of proper and adequate accounting on a timely basis. We noted deficiencies in timeliness, completeness, and accuracy. Specifically, we noted a lack of timely and accurate financial and non-financial information needed:

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

**Context:** We addressed these matters with City officials, who worked diligently and who were able to ultimately determine the propriety of all respective details and reconciliations as of and for the fiscal year ended September 30, 2023.

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

- a significant delayed conclusion to the 2023 fiscal year financial reporting process;
- the potential for errors and irregularities to occur and not be detected and corrected in a timely manner.

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



# CITY OF ORANGEBURG, SOUTH CAROLINA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

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

#### 2023-001 Year-end Close and General Accounting Matters (Continued)

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

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

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

### SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

**CITY OF ORANGEBURG, SOUTH CAROLINA**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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**SECTION IV**  
**PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

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

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

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

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

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

**Status:** Unresolved. See current year finding 2023-001.



Orangeburg

SOUTH CAROLINA

## MANAGEMENT CORRECTIVE ACTION PLAN

### Section II – Financial Statement Findings

<b>Finding:</b>	2023-001 – Year-End Close and General Accounting Matters
<b>Name of contact person:</b>	Michelle S. Corbett, Finance Director
<b>Corrective action:</b>	City management agrees with the auditor's recommendation. The City is in the process of evaluating the policies, procedures, and internal controls relative to the operations of the finance department from an accounting and financial reporting perspective in an effort to ensure both timely and accurate financial reporting going forward.
<b>Proposed completion date:</b>	September 30, 2024