



ORDINANCE No. 2019 - 7

AN ORDINANCE TO ADOPT AN AMENDED BUDGET FOR THE OPERATION OF THE DEPARTMENT OF PUBLIC UTILITIES OF THE CITY OF ORANGEBURG, STATE OF SOUTH CAROLINA FOR THE FISCAL YEAR OCTOBER 1, 2018 THROUGH SEPTEMBER 30, 2019

BE IT ORDAINED BY THE CITY COUNCIL DULY ASSEMBLED, that the attached budget consisting of eight (8) pages is hereby adopted as the operating budget for the Department of Public Utilities of the City of Orangeburg, consisting of the Administrative, Electric, Natural Gas, Water and Wastewater Divisions (collectively referred to as the "System") for the fiscal year October 1, 2018 through September 30, 2019.

BE IT FURTHER ORDAINED that the Manager of the Department of Public Utilities is authorized to transfer budgeted amounts between line items and/or divisions or between approved capital projects in accordance with the duties and responsibilities of said Manager, subject to the limitations of the Revenue Bond Act for Utilities, South Carolina Ann. Code Sec. 6-21-440.

BE IT FURTHER ORDAINED that the City Council hereby finds and determines, as a fact and after appropriate investigation, as follows:

The Fiscal Year 2018-2019 Budget appropriates sufficient revenues to pay the principal of and interest on all bonds secured by revenues of the System as and when they become due and payable in one or more bond and interest redemption funds (a.k.a. "debt service funds"). The Fiscal Year 2018-2019 budget allocates \$2,000,000 to remain invested in a sinking fund held by the SC Local Government Investment Pool ("Bond Repayment Account") and appropriations of \$1,768,650 for fiscal year revenue bond repayments.

The Department of Public Utilities maintains an account described as the "Customer Deposit Account." This account is restricted for ensuring the collectability of customer's accounts receivable. This account ensures all customer deposits are held as cash and in trust until the customer's account is closed in good standing. The budget provides a restriction on of all customer deposits held by the Department.

The Fiscal Year 2018-2019 Budget appropriates sufficient revenues to provide for the payment of all expenses of administration and operation of the System, as well as such expenses for maintenance as may be necessary to preserve the System in good repair and working order. These appropriations are shown as multiple accounts, organized by Division and line items collectively serving as the "Operation and Maintenance" fund.

The Department of Public Utilities maintains an account described as the "Capital Reserve Account." The funds held in this account are restricted for the purpose of funding depreciation of the System. The budgeted balance to continue to be invested in the Capital Reserve Account is \$15,000,000. The Fiscal Year 2018-2019 Budget appropriates no additional funds to the Capital Reserve Account. Upon advice of the Manager of the Department of Public Utilities, and as supported by capital improvement plans prepared by the Departments' Directors, the City Council hereby finds and declares that such appropriations are sufficient (together with the existing balance in the Contingency Reserve Account) to build up a reserve for depreciation of the System.

The Department of Public Utilities maintains an account described as the "Contingency Reserve Account" that is restricted for the purposes of funding improvements, betterments and extensions to the System. The Fiscal Year 2018-2019 Budget appropriates through multiple line items additions to fund capital improvements in this account of \$15,000,000. Upon advice of the Manager of the Department of Public Utilities, and as supported by analyses of the System's current physical condition as presented by the Departments' Directors, the City Council hereby finds and declares that such appropriations are sufficient for funding improvements, betterments, and extensions to the System, other than those necessary to maintain it in good repair and working order as provided above.

DEPARTMENT OF PUBLIC UTILITIES
CITY OF ORANGEBURG
THREE YEAR OPERATIONAL BUDGET (PROJECTED AND ACTUAL)
ADMIN DIVISION

	<u>AMENDED ACTUAL 2017-2018</u>	<u>AMENDED PROJECTED 2018-2019</u>	<u>PROJECTED 2019-2020</u>
<u>OPERATING INCOME:</u>			
Utility Billings	\$ -	\$ -	\$ -
Counter Service Fees	-	-	-
Fiber Rentals	-	-	-
Miscellaneous Sales & Services	-	-	25,000
Bad Debt (Expense)	-	-	(5,000)
TOTAL OPERATING INCOME	-	-	20,000
<u>OPERATING EXPENSES:</u>			
Depreciation Expense	1,016,966	1,350,000	1,400,000
Operating Expense	-	-	-
Administrative Expense	8,287,558	8,535,000	8,425,000
TOTAL OPERATING EXPENSES	9,304,524	9,885,000	9,825,000
OPERATING PROFIT	(9,304,524)	(9,885,000)	(9,805,000)
<u>NON-OPERATING INCOME (EXPENSE):</u>			
Gain (Loss) on Disposal of Property	\$ -	\$ 55,000	\$ -
Interest Income	-	-	-
Interest Expense	-	-	(660,000)
TOTAL NON-OPERATING INCOME	-	55,000	(660,000)
NET PROFIT BEFORE TRANSFER AND CONTRIBUTIONS	(9,304,524)	(9,830,000)	(10,465,000)
Contributed Capital	-	-	-
Transfer to City of Orangeburg - General Fund	-	-	-
NET PROFIT AFTER TRANSFER AND CONTRIBUTIONS	\$ (9,304,524)	\$ (9,830,000)	\$ (10,465,000)

DEPARTMENT OF PUBLIC UTILITIES
CITY OF ORANGEBURG
THREE YEAR OPERATIONAL BUDGET (PROJECTED AND ACTUAL)
ELECTRIC DIVISION

	<u>AMENDED</u> <u>ACTUAL</u> <u>2017-2018</u>	<u>AMENDED</u> <u>PROJECTED</u> <u>2018-2019</u>	<u>PROJECTED</u> <u>2019-2020</u>
<u>OPERATING INCOME:</u>			
Utility Billings	\$ 75,975,667	\$ 73,650,000	\$ 82,516,000
Counter Service Fees	390,609	650,000	675,000
Fiber Rentals	20,050	20,000	18,500
Miscellaneous Sales & Services	384,258	350,000	335,000
Bad Debt (Expense)	(120,945)	(135,000)	(185,000)
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TOTAL OPERATING INCOME	76,649,639	74,535,000	83,359,500
<u>COST OF SALES:</u>			
Electricity Purchased	50,560,893	47,950,000	51,339,000
<u>OPERATING EXPENSES:</u>			
Depreciation Expense	4,592,337	4,569,500	4,400,000
Operating Expense	4,479,482	4,250,000	4,550,000
Administrative Expense	2,101,515	2,045,000	2,100,000
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TOTAL OPERATING EXPENSES	11,173,334	10,864,500	11,050,000
OPERATING PROFIT	14,915,412	15,720,500	20,970,500
<u>NON-OPERATING INCOME (EXPENSE):</u>			
Gain (Loss) on Disposal of Property	\$ (1,080,386)	\$ (875,000)	\$ (900,000)
Interest Income	290,843	305,000	325,000
Interest Expense	(28,432)	-	-
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TOTAL NON-OPERATING INCOME	(817,975)	(570,000)	(575,000)
NET PROFIT BEFORE TRANSFER AND CONTRIBUTIONS	14,097,437	15,150,500	20,395,500
Contributed Capital	41,564	1,835,000	-
Transfer to City of Orangeburg - General Fund	(4,039,216)	(4,216,843)	(4,199,500)
NET PROFIT AFTER TRANSFER AND CONTRIBUTIONS	\$ 10,099,785	\$ 12,768,657	\$ 16,196,000

DEPARTMENT OF PUBLIC UTILITIES
CITY OF ORANGEBURG
THREE YEAR OPERATIONAL BUDGET (PROJECTED AND ACTUAL)
GAS DIVISION

	AMENDED ACTUAL <u>2017-2018</u>	AMENDED PROJECTED <u>2018-2019</u>	PROJECTED <u>2019-2020</u>
<u>OPERATING INCOME:</u>			
Utility Billings	\$ 8,743,331	\$ 8,630,000	\$ 9,848,000
Counter Service Fees	135,713	190,000	185,000
Miscellaneous Sales & Services	9,984	10,000	10,000
Bad Debt (Expense) Recovery	(13,419)	(5,000)	(8,500)
TOTAL OPERATING INCOME	<hr/> 8,875,609	8,825,000	10,034,500
<u>COST OF SALES:</u>			
Natural Gas Purchased	4,080,211	3,798,000	4,275,000
<u>OPERATING EXPENSES:</u>			
Depreciation Expense	768,095	722,500	1,000,000
Operating Expense	940,362	1,125,000	1,150,000
Administrative Expense	611,293	540,000	550,000
TOTAL OPERATING EXPENSES	<hr/> 2,319,750	2,387,500	2,700,000
OPERATING PROFIT	2,475,648	2,639,500	3,059,500
<u>NON-OPERATING INCOME (EXPENSE):</u>			
Gain (Loss) on Disposal of Property	(18,378)	-	-
Interest Income	26,908	50,000	48,000
Interest (Expense)	(9,918)	-	-
TOTAL NON-OPERATING EXPENSE	<hr/> (1,388)	50,000	48,000
NET PROFIT BEFORE TRANSFER AND CONTRIBUTIONS	2,474,260	2,689,500	3,107,500
Contributed Capital	-	-	-
Transfer to City of Orangeburg - General Fund	(467,301)	(461,482)	(505,000)
NET PROFIT AFTER TRANSFER AND CONTRIBUTIONS	\$ 2,006,959	\$ 2,228,018	\$ 2,602,500

DEPARTMENT OF PUBLIC UTILITIES
CITY OF ORANGEBURG
THREE YEAR OPERATIONAL BUDGET (PROJECTED AND ACTUAL)
WATER DIVISION

	<u>AMENDED ACTUAL 2017-2018</u>	<u>AMENDED PROJECTED 2018-2019</u>	<u>PROJECTED 2019-2020</u>
<u>OPERATING INCOME:</u>			
Utility Billings	\$ 9,395,736	\$ 9,100,000	\$ 9,309,000
Counter Service Fees	253,275	85,000	84,000
Miscellaneous Sales & Services	47,338	30,000	25,000
Bad Debt Expense	(13,471)	(12,000)	(15,000)
TOTAL OPERATING INCOME	9,682,878	9,203,000	9,403,000
<u>OPERATING EXPENSES:</u>			
Depreciation Expense	2,308,050	2,222,000	2,400,000
Operating Expense	3,423,355	3,950,000	3,975,000
Administrative Expense	942,445	900,000	925,000
TOTAL OPERATING EXPENSES	6,673,850	7,072,000	7,300,000
OPERATING PROFIT (LOSS)	3,009,028	2,131,000	2,103,000
<u>NON-OPERATING INCOME (EXPENSE):</u>			
Water Taps	257,100	200,000	250,000
Water Impact Fees	152,973	100,000	125,000
Gain (Loss) on Disposal of Property	(30,548)	-	-
Interest Income	52,261	80,000	82,000
Interest Expense	(28,202)	(9,250)	(10,000)
TOTAL NON-OPERATING INCOME	403,584	370,750	447,000
NET PROFIT BEFORE TRANSFER AND CONTRIBUTIONS	3,412,612	2,501,750	2,550,000
Contributed Capital	102,830	-	200,000
Transfer to City of Orangeburg - General Fund	(510,478)	(521,215)	(510,400)
NET PROFIT AFTER TRANSFER AND CONTRIBUTIONS	\$ 3,004,964	\$ 1,980,535	\$ 2,239,600

DEPARTMENT OF PUBLIC UTILITIES
CITY OF ORANGEBURG
THREE YEAR OPERATIONAL BUDGET (PROJECTED AND ACTUAL)
WASTEWATER DIVISION

	<u>AMENDED ACTUAL 2017-2018</u>	<u>AMENDED PROJECTED 2018-2019</u>	<u>PROJECTED 2019-2020</u>
<u>OPERATING INCOME:</u>			
Utility Billings	\$ 7,002,840	\$ 6,900,000	\$ 7,049,000
Counter Service Fees	126,637	55,000	53,000
Miscellaneous Sales & Services	151,659	50,000	45,000
Bad Debt Expense	(11,639)	(6,000)	(15,000)
TOTAL OPERATING INCOME	7,269,497	6,999,000	7,132,000
<u>OPERATING EXPENSES:</u>			
Depreciation Expense	2,265,433	2,611,000	2,700,000
Operating Expense	2,608,487	2,325,000	2,900,000
Administrative Expense	591,767	160,000	260,000
TOTAL OPERATING EXPENSES	5,465,687	5,096,000	5,860,000
OPERATING PROFIT	1,803,810	1,903,000	1,272,000
<u>NON-OPERATING INCOME (EXPENSE):</u>			
Wastewater Taps	39,300	55,000	50,000
Wastewater Impact Fees	134,226	85,000	80,000
Gain (Loss) on Disposal of Property	6,681	-	-
Interest Income	28,961	37,000	35,000
Interest Expense	(424,761)	(417,770)	-
TOTAL NON-OPERATING INCOME	(215,593)	(240,770)	165,000
NET PROFIT BEFORE TRANSFER AND CONTRIBUTIONS	1,588,217	1,662,230	1,437,000
Contributed Capital	221,623	-	3,500,000
Transfer to City of Orangeburg - General Fund	(383,005)	(400,460)	(385,100)
NET PROFIT AFTER TRANSFER AND CONTRIBUTIONS	\$ 1,426,835	\$ 1,261,770	\$ 4,551,900

**DEPARTMENT OF PUBLIC UTILITIES
CITY OF ORANGEBURG
THREE YEAR OPERATIONAL BUDGET (BUDGETED AND ACTUAL)
DEPARTMENT TOTALS**

	AMENDED ACTUAL 2017-2018	AMENDED PROJECTED 2018-2019	PROJECTED 2019-2020
<u>OPERATING INCOME:</u>			
Utility Billings	\$ 101,117,574	\$ 98,280,000	\$ 108,722,000
Counter Service Fees	906,234	980,000	997,000
Fiber Rentals	229,031	110,000	98,500
Miscellaneous Sales & Services	345,729	327,000	321,500
Bad Debt Expense	(120,945)	(135,000)	(190,000)
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TOTAL OPERATING INCOME	102,477,623	99,562,000	109,949,000
<u>COST OF SALES:</u>			
Electricity Purchased	50,560,893	47,950,000	51,339,000
Natural Gas Purchased	4,080,211	3,798,000	4,275,000
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TOTAL COST OF SALES	54,641,104	51,748,000	55,614,000
<u>OPERATING EXPENSES:</u>			
Depreciation Expense	10,950,881	11,475,000	11,900,000
Operating Expense	11,451,686	11,650,000	12,575,000
Administrative Expense	12,534,578	12,180,000	12,260,000
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TOTAL OPERATING EXPENSES	34,937,145	35,305,000	36,735,000
OPERATING PROFIT	12,899,374	12,509,000	17,600,000
<u>NON-OPERATING INCOME:</u>			
Water and Wastewater Taps	296,400	255,000	300,000
Water and Wastewater Impact Fees	287,199	185,000	205,000
Gain (Loss) on Disposal of Property	(1,122,631)	(875,000)	(900,000)
Interest Income	398,973	472,000	490,000
Interest (Expense)	(491,313)	(427,020)	(670,000)
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TOTAL NON-OPERATING INCOME	(631,372)	(390,020)	(575,000)
NET PROFIT BEFORE TRANSFER AND CONTRIBUTIONS	12,268,002	12,118,980	17,025,000
Contributed Capital	366,017	1,835,000	3,700,000
Transfer to City of Orangeburg - General Fund	(5,400,000)	(5,600,000)	(5,600,000)
NET PROFIT AFTER TRANSFER AND CONTRIBUTIONS	\$ 7,234,019	\$ 8,353,980	\$ 15,125,000

DEPARTMENT OF PUBLIC UTILITIES
CITY OF ORANGEBURG
CASH FLOWS - (BUDGETED AND ACTUAL)
DEPARTMENT TOTALS

	AMENDED ACTUAL 2017-2018	AMENDED PROJECTED 2018-2019	PROJECTED 2019-2020
<u>OPERATING ACTIVITIES:</u>			
Receipts from customers	\$ 98,743,928	\$ 100,632,000	\$ 109,785,000
Payments to suppliers and service providers	(69,138,150)	(66,748,000)	(69,950,000)
Payments to employees for salaries and benefits	(10,377,590)	(13,203,000)	(13,232,900)
Net cash provided by operations	<u>19,228,188</u>	<u>20,681,000</u>	<u>26,602,100</u>
<u>NONCAPITAL FINANCING ACTIVITIES:</u>			
Cash used for transfers to the City of Orangeburg (General Fund Transfer)	(5,400,000)	(5,600,000)	(5,600,000)
Principal repayments on Notes Receivable	-	-	-
Net cash used for noncapital financing	<u>(5,400,000)</u>	<u>(5,600,000)</u>	<u>(5,600,000)</u>
<u>CAPITAL & RELATED FINANCING ACTIVITIES:</u>			
Acquisition of capital assets (Projects)	(13,654,602)	(11,059,450)	(31,553,000)
Acquisition of capital assets (Routine)	(3,454,900)	(5,160,000)	(4,761,000)
Acquisition of capital assets (Economic Development)	-	(624,000)	(3,550,000)
Proceeds from bonds	-	-	14,400,000
Tap and impact fees	583,600	440,000	505,000
Principal paid on capital debt	(1,267,261)	(1,350,880)	(1,995,000)
Interest paid on capital debt	(491,310)	(417,770)	(985,000)
Proceeds from sale of assets	228,423	-	-
Capital grants and contributions	366,017	1,835,000	4,550,000
Net cash used by capital and financing	<u>(17,690,033)</u>	<u>(16,337,100)</u>	<u>(23,389,000)</u>
<u>INVESTING ACTIVITIES:</u>			
Investment Interest	82,412	472,000	615,000
Proceeds from investments (net of purchases)	58,796	-	-
Net cash provided by investing	<u>141,208</u>	<u>472,000</u>	<u>615,000</u>
Net increase (decrease) in cash and equivalents	\$ (3,720,637)	\$ (784,100)	\$ (1,771,900)
Beginning cash and equivalents	<u>30,616,863</u>	<u>26,896,226</u>	<u>26,112,126</u>
Ending cash and equivalents	26,896,226	26,112,126	24,340,226
Ending investments	29,756,292	30,650,000	31,265,000

DEPARTMENT OF PUBLIC UTILITIES
CITY OF ORANGEBURG
CASH AND INVESTMENT RESTRICTIONS
DEPARTMENT TOTALS

	<u>AMENDED ACTUAL 2017-2018</u>	<u>AMENDED PROJECTED 2018-2019</u>	<u>PROJECTED 2019-2020</u>
<u>RESTRICTIONS ON CASH:</u>			
Bond Repayment Account (Permanent)	2,000,000	2,000,000	2,000,000
Customer Deposit Account (Permanent)	4,200,000	4,500,000	4,800,000
Liability Reserve Account (Temporary)	1,500,000	2,000,000	3,000,000
Total Restricted Cash	7,700,000	8,500,000	9,800,000
 <u>RESTRICTIONS ON INVESTMENTS:</u>			
Capital Reserve Account (Temporary)	15,000,000	15,000,000	15,000,000
Contingency Reserve Account (Temporary)	15,000,000	15,000,000	15,000,000
Total Restricted Investments	30,000,000	30,000,000	30,000,000

The Department of Public Utilities also maintains an account described as the "Liability Reserve Account" that is restricted for the purposes of funding certain liabilities associated with the operation of the System. The budgeted balance to be maintained in the Liability Reserve Account is \$8,500,000. Upon advice of the Manager of the Department of Public Utilities, and as supported by analyses of the utility systems' current financial condition as prepared by the Department's Directors, the City Council hereby finds and declares such amount to be a sufficient reserve for funding liabilities associated with the operation of the utility systems, other than those necessary to maintain it in good repair and working order as provided above. Therefore, the Fiscal Year 2018-2019 Budget appropriates no additional funds to the Liability Reserve Account.

Based on the current levels of funding in the Capital Reserve Account and the Contingency Account and various capital funding appropriations in the Fiscal Year 2018-2019 Budget, the City Council believes that the Department's depreciation and contingency fund is adequately and appropriately funded.

After giving effect to the funding described above, the budgeted revenues for the utility systems exceed the budgeted expenses for the systems by an amount of not less than \$12,118,980. Accordingly, the Council hereby determines and finds, as a fact and based on the information described above, that the amount of \$5,600,000 shall be considered surplus revenues of the utility systems and are hereby budgeted for discretionary transfer by City Council to the City of Orangeburg General Fund.

DONE AND RATIFIED BY THE CITY OF ORANGEBURG, STATE OF SOUTH CAROLINA THIS 3rd DAY OF SEPTEMBER, 2019.



Michael C. Butler

Mayor

Charles D. ...

James D. Hair

Pamela P. Kuster

Liz ...

Richard ...

Jim ...

Members of Council

ATTEST:
[Signature]

City Clerk