



ORDINANCE No. 2020-10

AN ORDINANCE TO ADOPT A 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, 2020 THROUGH SEPTEMBER 30, 2021

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, 2020 through September 30, 2021.

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 2020-2021 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 2020-2021 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 \$2,980,000 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 2020-2021 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 2020-2021 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 2020-2021 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.

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 \$3,000,000. 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 2020-2021 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 2020-2021 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 \$13,266,400. 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 14th DAY OF SEPTEMBER, 2020.



Michael C. Butler
Mayor

[Signature]

L. Zimmerman Keitt

[Signature]

Richard A. Starn

[Signature]

[Signature]
Members of Council

ATTEST:
[Signature]
City Clerk

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

	AMENDED ACTUAL <u>2018-2019</u>	AMENDED PROJECTED <u>2019-2020</u>	PROJECTED <u>2020-2021</u>
<u>OPERATING INCOME:</u>			
Utility Billings	\$ -	\$ -	\$ -
Counter Service Fees	1,128,361	-	-
Fiber Rentals	-	-	-
Miscellaneous Sales & Services	-	25,000	20,000
Bad Debt (Expense)	-	(5,000)	(5,000)
TOTAL OPERATING INCOME	1,128,361	20,000	15,000
<u>OPERATING EXPENSES:</u>			
Depreciation Expense	1,100,154	1,400,000	1,400,000
Operating Expense	-	-	-
Administrative Expense	8,681,790	8,425,000	8,565,000
TOTAL OPERATING EXPENSES	9,781,944	9,825,000	9,965,000
OPERATING PROFIT	(8,653,583)	(9,805,000)	(9,950,000)
<u>NON-OPERATING INCOME (EXPENSE):</u>			
Gain (Loss) on Disposal of Property	\$ 37,565	\$ -	\$ -
Interest Income	1,464,384	-	-
Interest Expense	(12,383)	(255,000)	(365,000)
TOTAL NON-OPERATING INCOME	1,489,566	(255,000)	(365,000)
NET PROFIT BEFORE TRANSFER AND CONTRIBUTIONS	(7,164,017)	(10,060,000)	(10,315,000)
Contributed Capital	-	-	-
Transfer to City of Orangeburg - General Fund	-	-	-
NET PROFIT AFTER TRANSFER AND CONTRIBUTIONS	\$ (7,164,017)	\$ (10,060,000)	\$ (10,315,000)

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

	<u>AMENDED ACTUAL 2018-2019</u>	<u>AMENDED PROJECTED 2019-2020</u>	<u>PROJECTED 2020-2021</u>
<u>OPERATING INCOME:</u>			
Utility Billings	\$ 73,998,220	\$ 82,516,000	\$ 73,841,000
Counter Service Fees	232,347	337,500	350,000
Fiber Rentals	153,350	120,000	18,500
Miscellaneous Sales & Services	471,962	335,000	325,000
Bad Debt (Expense)	(144,717)	(1,500,000)	(300,000)
TOTAL OPERATING INCOME	<u>74,711,162</u>	<u>81,808,500</u>	<u>74,234,500</u>
<u>COST OF SALES:</u>			
Electricity Purchased	49,407,722	51,339,000	44,201,000
<u>OPERATING EXPENSES:</u>			
Depreciation Expense	4,680,884	4,400,000	4,500,000
Operating Expense	4,665,584	4,550,000	4,575,000
Administrative Expense	2,010,972	2,100,000	2,201,000
TOTAL OPERATING EXPENSES	<u>11,357,440</u>	<u>11,050,000</u>	<u>11,276,000</u>
OPERATING PROFIT	13,946,000	19,419,500	18,757,500
<u>NON-OPERATING INCOME (EXPENSE):</u>			
Gain (Loss) on Disposal of Property	\$ (1,105,783)	\$ (900,000)	\$ (1,050,000)
Interest Income	67,636	325,000	350,000
Interest Expense	-	-	(50,000)
TOTAL NON-OPERATING INCOME	<u>(1,038,147)</u>	<u>(575,000)</u>	<u>(750,000)</u>
NET PROFIT BEFORE TRANSFER AND CONTRIBUTIONS	12,907,853	18,844,500	18,007,500
Contributed Capital	1,835,389	-	-
Transfer to City of Orangeburg - General Fund	(4,141,817)	(4,199,500)	(4,199,500)
NET PROFIT AFTER TRANSFER AND CONTRIBUTIONS	\$ 10,601,425	\$ 14,645,000	\$ 13,808,000

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

	<u>AMENDED ACTUAL 2018-2019</u>	<u>AMENDED PROJECTED 2019-2020</u>	<u>PROJECTED 2020-2021</u>
<u>OPERATING INCOME:</u>			
Utility Billings	\$ 9,903,352	\$ 9,848,000	\$ 8,804,800
Counter Service Fees	21,814	90,000	150,000
Miscellaneous Sales & Services	8,375	10,000	5,000
Bad Debt (Expense) Recovery	(15,204)	(100,000)	(30,000)
TOTAL OPERATING INCOME	9,918,337	9,848,000	8,929,800
<u>COST OF SALES:</u>			
Natural Gas Purchased	4,659,506	4,275,000	3,500,000
<u>OPERATING EXPENSES:</u>			
Depreciation Expense	871,800	1,000,000	1,000,000
Operating Expense	950,134	1,150,000	1,150,000
Administrative Expense	552,603	550,000	614,000
TOTAL OPERATING EXPENSES	2,374,537	2,700,000	2,764,000
OPERATING PROFIT	2,884,294	2,873,000	2,665,800
<u>NON-OPERATING INCOME (EXPENSE):</u>			
Gain (Loss) on Disposal of Property	(23,302)	-	-
Interest Income	8,552	48,000	48,000
Interest (Expense)	-	-	-
TOTAL NON-OPERATING EXPENSE	(14,750)	48,000	48,000
NET PROFIT BEFORE TRANSFER AND CONTRIBUTIONS	2,869,544	2,921,000	2,713,800
Contributed Capital	-	-	-
Transfer to City of Orangeburg - General Fund	(555,625)	(505,000)	(505,000)
NET PROFIT AFTER TRANSFER AND CONTRIBUTIONS	\$ 2,313,919	\$ 2,416,000	\$ 2,208,800

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

	<u>AMENDED ACTUAL 2018-2019</u>	<u>AMENDED PROJECTED 2019-2020</u>	<u>PROJECTED 2020-2021</u>
<u>OPERATING INCOME:</u>			
Utility Billings	\$ 9,321,445	\$ 9,309,000	\$ 8,843,550
Counter Service Fees	35,139	42,000	50,000
Miscellaneous Sales & Services	29,140	25,000	25,000
Bad Debt Expense	(40,206)	(50,000)	(50,000)
TOTAL OPERATING INCOME	9,345,518	9,326,000	8,868,550
<u>OPERATING EXPENSES:</u>			
Depreciation Expense	2,383,810	2,400,000	2,500,000
Operating Expense	3,317,897	3,975,000	3,975,000
Administrative Expense	1,000,185	925,000	983,000
TOTAL OPERATING EXPENSES	6,701,892	7,300,000	7,458,000
OPERATING PROFIT (LOSS)	2,643,626	2,026,000	1,410,550
<u>NON-OPERATING INCOME (EXPENSE):</u>			
Water Taps	54,341	250,000	250,000
Water Impact Fees	210,487	125,000	125,000
Gain (Loss) on Disposal of Property	(17,774)	-	-
Interest Income	22,094	82,000	80,000
Interest Expense	(9,003)	(10,000)	(10,000)
TOTAL NON-OPERATING INCOME	260,145	447,000	445,000
NET PROFIT BEFORE TRANSFER AND CONTRIBUTIONS	2,903,771	2,473,000	1,855,550
Contributed Capital	29,571	200,000	-
Transfer to City of Orangeburg - General Fund	(532,153)	(510,400)	(510,400)
NET PROFIT AFTER TRANSFER AND CONTRIBUTIONS	\$ 2,401,189	\$ 2,162,600	\$ 1,345,150

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

	<u>AMENDED ACTUAL 2018-2019</u>	<u>AMENDED PROJECTED 2019-2020</u>	<u>PROJECTED 2020-2021</u>
<u>OPERATING INCOME:</u>			
Utility Billings	\$ 7,169,284	\$ 7,049,000	\$ 6,696,550
Counter Service Fees	23,040	25,000	25,000
Miscellaneous Sales & Services	207,645	45,000	45,000
Bad Debt Expense	(28,171)	(25,000)	(25,000)
TOTAL OPERATING INCOME	7,371,798	7,094,000	6,741,550
<u>OPERATING EXPENSES:</u>			
Depreciation Expense	2,301,753	2,700,000	2,700,000
Operating Expense	2,864,867	2,900,000	2,900,000
Administrative Expense	590,998	260,000	302,000
TOTAL OPERATING EXPENSES	5,757,618	5,860,000	5,902,000
OPERATING PROFIT	1,614,180	1,234,000	839,550
<u>NON-OPERATING INCOME (EXPENSE):</u>			
Wastewater Taps	32,300	50,000	50,000
Wastewater Impact Fees	54,091	80,000	80,000
Gain (Loss) on Disposal of Property	156	-	-
Interest Income	9,511	35,000	35,000
Interest Expense	(418,017)	(400,000)	-
TOTAL NON-OPERATING INCOME	(321,959)	(235,000)	165,000
NET PROFIT BEFORE TRANSFER AND CONTRIBUTIONS	1,292,221	999,000	1,004,550
Contributed Capital	-	3,500,000	-
Transfer to City of Orangeburg - General Fund	(414,740)	(385,100)	(385,100)
NET PROFIT AFTER TRANSFER AND CONTRIBUTIONS	\$ 877,481	\$ 4,113,900	\$ 619,450

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

	<u>AMENDED ACTUAL 2018-2019</u>	<u>AMENDED PROJECTED 2019-2020</u>	<u>PROJECTED 2020-2021</u>
<u>OPERATING INCOME:</u>			
Utility Billings	\$ 100,392,301	\$ 108,722,000	\$ 98,185,900
Counter Service Fees	1,440,701	494,500	575,000
Fiber Rentals	398,510	200,000	93,500
Miscellaneous Sales & Services	388,381	185,000	240,000
Bad Debt Expense	(144,717)	(1,505,000)	(305,000)
TOTAL OPERATING INCOME	<hr/> 102,475,176	108,096,500	98,789,400
<u>COST OF SALES:</u>			
Electricity Purchased	49,407,722	51,339,000	44,201,000
Natural Gas Purchased	4,659,506	4,275,000	3,500,000
TOTAL COST OF SALES	<hr/> 54,067,228	55,614,000	47,701,000
<u>OPERATING EXPENSES:</u>			
Depreciation Expense	11,338,401	11,900,000	12,100,000
Operating Expense	11,798,482	12,575,000	12,600,000
Administrative Expense	12,836,548	12,260,000	12,665,000
TOTAL OPERATING EXPENSES	<hr/> 35,973,431	36,735,000	37,365,000
OPERATING PROFIT	12,434,517	15,747,500	13,723,400
<u>NON-OPERATING INCOME:</u>			
Water and Wastewater Taps	86,641	300,000	300,000
Water and Wastewater Impact Fees	264,578	205,000	205,000
Gain (Loss) on Disposal of Property	(1,109,138)	(900,000)	(1,050,000)
Interest Income	1,572,177	490,000	513,000
Interest (Expense)	(439,403)	(665,000)	(425,000)
TOTAL NON-OPERATING INCOME	<hr/> 374,855	(570,000)	(457,000)
NET PROFIT BEFORE TRANSFER AND CONTRIBUTIONS	12,809,372	15,177,500	13,266,400
Contributed Capital	1,864,960	3,700,000	-
Transfer to City of Orangeburg - General Fund	(5,644,335)	(5,600,000)	(5,600,000)
NET PROFIT AFTER TRANSFER AND CONTRIBUTIONS	<hr/> \$ 9,029,997	\$ 13,277,500	\$ 7,666,400

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

	<u>AMENDED ACTUAL 2018-2019</u>	<u>AMENDED PROJECTED 2019-2020</u>	<u>PROJECTED 2020-2021</u>
<u>OPERATING ACTIVITIES:</u>			
Receipts from customers	\$ 103,179,056	\$ 108,879,000	\$ 95,619,400
Payments to suppliers and service providers	(64,716,176)	(69,950,000)	(58,473,538)
Payments to employees for salaries and benefits	(11,604,679)	(13,232,900)	(13,045,862)
Net cash provided by operations	<u>26,858,201</u>	<u>25,696,100</u>	<u>24,100,000</u>
<u>NONCAPITAL FINANCING ACTIVITIES:</u>			
Cash used for transfers to the City of Orangeburg (General Fund Transfer)	(5,644,335)	(5,600,000)	(5,600,000)
Principal repayments on Notes Receivable	570,138	451,000	141,000
Net cash used for noncapital financing	<u>(5,074,197)</u>	<u>(5,149,000)</u>	<u>(5,459,000)</u>
<u>CAPITAL & RELATED FINANCING ACTIVITIES:</u>			
Acquisition of capital assets (Projects)	(15,248,035)	(29,864,000)	(27,595,800)
Proceeds from bonds	664,778	15,000,000	-
Tap and impact fees	351,219	505,000	450,000
Principal paid on capital debt	(1,350,880)	(1,995,000)	(1,995,000)
Interest paid on capital debt	(439,403)	(985,000)	(985,000)
Proceeds from sale of assets	94,640	-	-
Capital grants and contributions	1,864,960	3,875,000	-
Net cash used by capital and financing	<u>(14,062,721)</u>	<u>(13,464,000)</u>	<u>(30,125,800)</u>
<u>INVESTING ACTIVITIES:</u>			
Investment Interest	1,572,177	300,000	300,000
Proceeds from investments (net of purchases)	(1,373,788)	-	-
Net cash provided by investing	<u>198,389</u>	<u>300,000</u>	<u>300,000</u>
Net increase (decrease) in cash and equivalents	\$ 7,919,672	\$ 7,383,100	\$ (11,184,800)
Beginning cash and equivalents	<u>21,442,011</u>	<u>29,361,683</u>	<u>36,744,783</u>
Ending cash and equivalents	29,361,683	36,744,783	25,559,983
Ending investments	31,130,080	31,745,080	32,360,080

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

	<u>AMENDED ACTUAL 2018-2019</u>	<u>AMENDED PROJECTED 2019-2020</u>	<u>PROJECTED 2020-2021</u>
<u>RESTRICTIONS ON CASH:</u>			
Bond Repayment Account (Permanent)	2,000,000	2,000,000	2,000,000
Customer Deposit Account (Permanent)	4,500,000	4,800,000	4,800,000
Liability Reserve Account (Temporary)	2,000,000	3,000,000	3,000,000
Total Restricted Cash	8,500,000	9,800,000	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