

**ORDINANCE NO. 2021-11**

**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, 2021 THROUGH SEPTEMBER 30, 2022**

**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, 2021 through September 30, 2022.

**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 2021-2022 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 2021-2022 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 2021-2022 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 2021-2022 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 2021-2022 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 2021-2022 Budget appropriates no additional funds to the Liability Reserve Account.

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

	<u>AMENDED ACTUAL 2019-2020</u>	<u>AMENDED PROJECTED 2020-2021</u>	<u>PROJECTED 2021-2022</u>
<b><u>OPERATING INCOME:</u></b>			
Utility Billings	\$ -	\$ -	\$ -
Counter Service Fees	838,778	-	-
Fiber Rentals	-	-	-
Miscellaneous Sales & Services	-	20,000	20,000
Bad Debt (Expense)	-	(5,000)	(5,000)
TOTAL OPERATING INCOME	838,778	15,000	15,000
<b><u>OPERATING EXPENSES:</u></b>			
Depreciation Expense	1,463,877	1,400,000	2,050,000
Operating Expense	-	-	-
Administrative Expense	10,797,319	8,564,407	9,350,000
TOTAL OPERATING EXPENSES	12,261,196	9,964,407	11,400,000
OPERATING PROFIT	(11,422,418)	(9,949,407)	(11,385,000)
<b><u>NON-OPERATING INCOME (EXPENSE):</u></b>			
Gain (Loss) on Disposal of Property	\$ (36,074)	\$ -	\$ -
Interest Income	1,624,227	-	-
Interest Expense	(311,960)	(365,000)	(345,000)
TOTAL NON-OPERATING INCOME	1,276,193	(365,000)	(345,000)
NET PROFIT BEFORE TRANSFER AND CONTRIBUTIONS	(10,146,225)	(10,314,407)	(11,730,000)
Contributed Capital	-	-	-
Transfer to City of Orangeburg - General Fund	-	-	-
NET PROFIT AFTER TRANSFER AND CONTRIBUTIONS	\$ (10,146,225)	\$ (10,314,407)	\$ (11,730,000)

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

	<u>AMENDED</u> <u>ACTUAL</u> <u>2019-2020</u>	<u>AMENDED</u> <u>PROJECTED</u> <u>2020-2021</u>	<u>PROJECTED</u> <u>2021-2022</u>
<b><u>OPERATING INCOME:</u></b>			
Utility Billings	\$ 74,360,208	\$ 73,841,000	\$ 74,375,000
Counter Service Fees	216,008	350,000	262,000
Fiber Rentals	149,850	18,500	141,000
Miscellaneous Sales & Services	310,287	325,000	325,000
Bad Debt (Expense)	(1,340,522)	(300,000)	(300,000)
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TOTAL OPERATING INCOME	73,695,831	74,234,500	74,803,000
<b><u>COST OF SALES:</u></b>			
Electricity Purchased	45,779,691	42,701,000	44,730,000
<b><u>OPERATING EXPENSES:</u></b>			
Depreciation Expense	4,673,337	4,500,000	4,700,000
Operating Expense	4,954,479	4,575,000	4,900,000
Administrative Expense	2,102,398	2,201,333	2,100,000
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TOTAL OPERATING EXPENSES	11,730,214	11,276,333	11,700,000
OPERATING PROFIT	16,185,926	20,257,167	18,373,000
<b><u>NON-OPERATING INCOME (EXPENSE):</u></b>			
Gain (Loss) on Disposal of Property	\$ (933,920)	\$ (1,050,000)	\$ (900,000)
Interest Income	-	350,000	325,000
Interest Expense	-	(50,000)	(50,000)
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TOTAL NON-OPERATING INCOME	(933,920)	(750,000)	(625,000)
NET PROFIT BEFORE TRANSFER AND CONTRIBUTIONS	15,252,006	19,507,167	17,748,000
Contributed Capital	85,625	-	-
Transfer to City of Orangeburg - General Fund	(4,217,018)	(4,199,500)	(5,399,357)
NET PROFIT AFTER TRANSFER AND CONTRIBUTIONS	\$ 11,120,613	\$ 15,307,667	\$ 12,348,643

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

	<b>AMENDED ACTUAL <u>2019-2020</u></b>	<b>AMENDED PROJECTED <u>2020-2021</u></b>	<b>PROJECTED <u>2021-2022</u></b>
<b><u>OPERATING INCOME:</u></b>			
Utility Billings	\$ 9,259,439	\$ 8,804,800	\$ 9,625,000
Counter Service Fees	24,181	150,000	45,000
Miscellaneous Sales & Services	758	5,000	10,000
Bad Debt (Expense) Recovery	(100,074)	(30,000)	(30,000)
TOTAL OPERATING INCOME	<u>9,184,304</u>	<u>8,929,800</u>	<u>9,650,000</u>
<b><u>COST OF SALES:</u></b>			
Natural Gas Purchased	3,719,692	4,700,000	3,900,000
<b><u>OPERATING EXPENSES:</u></b>			
Depreciation Expense	874,569	1,000,000	1,000,000
Operating Expense	1,112,745	1,150,000	1,150,000
Administrative Expense	497,690	614,110	550,000
TOTAL OPERATING EXPENSES	<u>2,485,004</u>	<u>2,764,110</u>	<u>2,700,000</u>
OPERATING PROFIT	2,979,608	1,465,690	3,050,000
<b><u>NON-OPERATING INCOME (EXPENSE):</u></b>			
Gain (Loss) on Disposal of Property	(41,550)	-	-
Interest Income	-	48,000	48,000
Interest (Expense)	-	-	-
TOTAL NON-OPERATING EXPENSE	<u>(41,550)</u>	<u>48,000</u>	<u>48,000</u>
NET PROFIT BEFORE TRANSFER AND CONTRIBUTIONS	2,938,058	1,513,690	3,098,000
Contributed Capital	-	-	-
Transfer to City of Orangeburg - General Fund	(530,149)	(505,000)	(649,286)
NET PROFIT AFTER TRANSFER AND CONTRIBUTIONS	\$ 2,407,909	\$ 1,008,690	\$ 2,448,714

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

	<b>AMENDED ACTUAL <u>2019-2020</u></b>	<b>AMENDED PROJECTED <u>2020-2021</u></b>	<b>PROJECTED <u>2021-2022</u></b>
<b><u>OPERATING INCOME:</u></b>			
Utility Billings	\$ 9,238,864	\$ 8,843,550	\$ 9,360,000
Counter Service Fees	29,245	50,000	40,000
Miscellaneous Sales & Services	144,186	25,000	50,000
Bad Debt Expense	(64,946)	(50,000)	(50,000)
TOTAL OPERATING INCOME	9,347,349	8,868,550	9,400,000
<b><u>OPERATING EXPENSES:</u></b>			
Depreciation Expense	2,431,214	2,500,000	2,500,000
Operating Expense	3,464,184	3,975,000	3,875,000
Administrative Expense	978,401	983,141	975,000
TOTAL OPERATING EXPENSES	6,873,799	7,458,141	7,350,000
OPERATING PROFIT (LOSS)	2,473,550	1,410,409	2,050,000
<b><u>NON-OPERATING INCOME (EXPENSE):</u></b>			
Water Taps	277,615	250,000	250,000
Water Impact Fees	-	125,000	125,000
Gain (Loss) on Disposal of Property	(130,181)	-	-
Interest Income	3,507	80,000	75,000
Interest Expense	(8,298)	(10,000)	(10,000)
TOTAL NON-OPERATING INCOME	142,643	445,000	440,000
NET PROFIT BEFORE TRANSFER AND CONTRIBUTIONS	2,616,193	1,855,409	2,490,000
Contributed Capital	564,230	-	-
Transfer to City of Orangeburg - General Fund	(545,642)	(510,400)	(656,229)
NET PROFIT AFTER TRANSFER AND CONTRIBUTIONS	\$ 2,634,781	\$ 1,345,009	\$ 1,833,771

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

	<b>AMENDED ACTUAL <u>2019-2020</u></b>	<b>AMENDED PROJECTED <u>2020-2021</u></b>	<b>PROJECTED <u>2021-2022</u></b>
<b><u>OPERATING INCOME:</u></b>			
Utility Billings	\$ 6,865,738	\$ 6,696,550	\$ 6,885,000
Counter Service Fees	19,000	25,000	25,000
Miscellaneous Sales & Services	19,003	45,000	45,000
Bad Debt Expense	(35,110)	(25,000)	(25,000)
TOTAL OPERATING INCOME	<u>6,868,631</u>	<u>6,741,550</u>	<u>6,930,000</u>
<b><u>OPERATING EXPENSES:</u></b>			
Depreciation Expense	2,344,821	2,700,000	2,600,000
Operating Expense	2,765,929	2,900,000	2,900,000
Administrative Expense	537,013	302,000	560,000
TOTAL OPERATING EXPENSES	<u>5,647,763</u>	<u>5,902,000</u>	<u>6,060,000</u>
OPERATING PROFIT	1,220,868	839,550	870,000
<b><u>NON-OPERATING INCOME (EXPENSE):</u></b>			
Wastewater Taps	-	50,000	50,000
Wastewater Impact Fees	134,828	80,000	80,000
Gain (Loss) on Disposal of Property	651	(1,250,000)	-
Interest Income	22,923	35,000	35,000
Interest Expense	(396,264)	(385,000)	(365,000)
TOTAL NON-OPERATING INCOME	<u>(237,862)</u>	<u>(1,470,000)</u>	<u>(200,000)</u>
NET PROFIT BEFORE TRANSFER AND CONTRIBUTIONS	983,006	(630,450)	670,000
Contributed Capital	1,912,842	850,000	-
Transfer to City of Orangeburg - General Fund	(397,809)	(385,100)	(495,129)
NET PROFIT AFTER TRANSFER AND CONTRIBUTIONS	\$ 2,498,039	\$ (165,550)	\$ 174,871

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

	<b>AMENDED ACTUAL <u>2019-2020</u></b>	<b>AMENDED Budget <u>2020-2021</u></b>	<b>PROJECTED <u>2021-2022</u></b>
<b><u>OPERATING INCOME:</u></b>			
Utility Billings	\$ 99,724,249	\$ 98,185,900	\$ 100,245,000
Counter Service Fees	1,127,212	575,000	372,000
Fiber Rentals	313,797	93,500	246,000
Miscellaneous Sales & Services	110,157	240,000	240,000
Bad Debt Expense	(1,340,522)	(305,000)	(305,000)
TOTAL OPERATING INCOME	<u>99,934,893</u>	<u>98,789,400</u>	<u>100,798,000</u>
<b><u>COST OF SALES:</u></b>			
Electricity Purchased	45,779,691	42,701,000	44,730,000
Natural Gas Purchased	3,719,692	4,700,000	3,900,000
TOTAL COST OF SALES	<u>49,499,383</u>	<u>47,401,000</u>	<u>48,630,000</u>
<b><u>OPERATING EXPENSES:</u></b>			
Depreciation Expense	11,787,818	12,100,000	12,850,000
Operating Expense	12,297,337	12,600,000	12,825,000
Administrative Expense	14,912,821	12,665,018	13,535,000
TOTAL OPERATING EXPENSES	<u>38,997,976</u>	<u>37,365,018</u>	<u>39,210,000</u>
OPERATING PROFIT	11,437,534	14,023,382	12,958,000
<b><u>NON-OPERATING INCOME:</u></b>			
Water and Wastewater Taps	277,615	300,000	300,000
Water and Wastewater Impact Fees	134,828	205,000	205,000
Gain (Loss) on Disposal of Property	(1,141,074)	(2,300,000)	(900,000)
Interest Income	1,650,657	513,000	483,000
Interest (Expense)	(716,522)	(810,000)	(770,000)
TOTAL NON-OPERATING INCOME	<u>205,504</u>	<u>(2,092,000)</u>	<u>(682,000)</u>
NET PROFIT BEFORE TRANSFER AND CONTRIBUTIONS	11,643,038	11,931,382	12,276,000
Contributed Capital	2,562,697	850,000	-
Transfer to City of Orangeburg - General Fund	(5,690,618)	(5,600,000)	(7,200,001)
NET PROFIT AFTER TRANSFER AND CONTRIBUTIONS	\$ 8,515,117	\$ 7,181,382	\$ 5,075,999

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

	<b>AMENDED ACTUAL <u>2019-2020</u></b>	<b>AMENDED PROJECTED <u>2020-2021</u></b>	<b>PROJECTED <u>2021-2022</u></b>
<b><u>OPERATING ACTIVITIES:</u></b>			
Receipts from customers	\$ 105,571,681	\$ 99,599,400	\$ 101,608,000
Payments to suppliers and service providers	(60,548,010)	(60,301,000)	(61,455,000)
Payments to employees for salaries and benefits	(12,515,861)	(12,665,000)	(13,030,000)
Net cash provided by operations	<u>32,507,810</u>	<u>26,633,400</u>	<u>27,123,000</u>
<b><u>NONCAPITAL FINANCING ACTIVITIES:</u></b>			
Cash used for transfers to the City of Orangeburg (General Fund Transfer)	(5,690,618)	(5,600,000)	(7,200,000)
Principal repayments on Notes Receivable	450,199	141,000	-
Net cash used for noncapital financing	<u>(5,240,419)</u>	<u>(5,459,000)</u>	<u>(7,200,000)</u>
<b><u>CAPITAL &amp; RELATED FINANCING ACTIVITIES:</u></b>			
Acquisition of capital assets (Projects)	(19,778,550)	(17,500,000)	(45,000,000)
Acquisition of capital assets (Routine)	-	-	-
Acquisition of capital assets (Economic Development)	-	-	-
Proceeds from bonds	15,000,000	-	-
Tap and impact fees	-	325,000	505,000
Principal paid on capital debt	(1,923,724)	(2,236,670)	(2,282,127)
Interest paid on capital debt	(716,522)	(749,091)	(703,635)
Proceeds from sale of assets	108,654	-	-
Capital grants and contributions	2,562,697	850,000	-
Net cash used by capital and financing	<u>(4,747,445)</u>	<u>(19,310,761)</u>	<u>(47,480,762)</u>
<b><u>INVESTING ACTIVITIES:</u></b>			
Investment Interest	1,650,657	513,000	483,000
Proceeds from investments (net of purchases)	(1,325,245)	-	-
Net cash provided by investing	<u>325,412</u>	<u>513,000</u>	<u>483,000</u>
Net increase (decrease) in cash and equivalents	\$ 22,845,358	\$ 2,376,639	\$ (27,074,762)
Beginning cash and equivalents	<u>34,815,893</u>	<u>57,661,251</u>	<u>60,037,890</u>
Ending cash and equivalents	57,661,251	60,037,890	32,963,128
Ending investments	32,455,325	32,455,325	32,455,325



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

	<b><u>AMENDED ACTUAL 2019-2020</u></b>	<b><u>AMENDED PROJECTED 2020-2021</u></b>	<b><u>PROJECTED 2021-2022</u></b>
<b><u>RESTRICTIONS ON CASH:</u></b>			
Bond Repayment Account (Permanent)	2,097,048	2,000,000	2,000,000
Customer Deposit Account (Permanent)	5,377,816	4,800,000	4,800,000
Liability Reserve Account (Temporary)	25,000	3,000,000	3,000,000
Economic Development Revolving Fund	-	1,600,000	2,000,000
Total Restricted Cash	7,499,864	11,400,000	11,800,000

**RESTRICTIONS ON INVESTMENTS:**

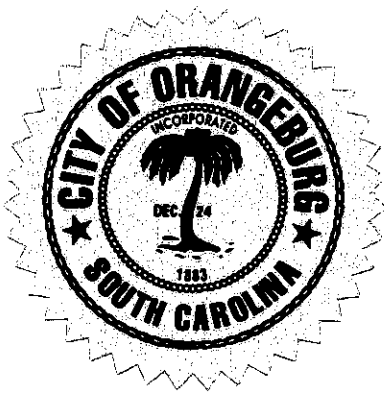
Capital Reserve Account (Temporary)	15,000,000	15,000,000	15,000,000
Contingency Reserve Account (Temporary)	15,000,000	15,000,000	15,000,000
Total Restricted Investments	30,000,000	30,000,000	30,000,000

The Department of Public Utilities also maintains the "Economic Development Revolving Fund" as described in the authorizing resolution (EDRF.4-6-21) and funds are restricted for the purposes of funding certain liabilities associated with the City's economic development efforts. The current budgeted balance in the Reserve Account is \$1,600,000. 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 that an additional amount of \$400,000 be added to the reserve account for funding related liabilities. Therefore, the Fiscal Year 2021-2022 Budget appropriates a total of \$2,000,000 to the Economic Development Revolving Fund.

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 2021-2022 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 \$12,276,000. Accordingly, the Council hereby determines and finds, as a fact and based on the information described above, that the amount of \$7,200,000 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 7<sup>th</sup> DAY OF SEPTEMBER, 2021.**



Michael C. Book  
Mayor  
Janice P. Roberts  
[Signature]  
[Signature]  
[Signature]  
[Signature]  
Members of Council

ATTEST:  
[Signature]  
City Clerk