



ORDINANCE No. 2023-14

AN ORDINANCE TO AMEND THE 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, 2022 THROUGH SEPTEMBER 30, 2023

BE IT ORDAINED BY THE CITY COUNCIL DULY ASSEMBLED, that the attached budget consisting of two (2) pages are hereby adopted as the amended 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, 2022 through September 30, 2023.

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 2022-2023 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 2022-2023 budget allocates \$2,200,000 to remain invested in a sinking fund held by the SC Local Government Investment Pool ("Bond Repayment Account") and appropriations of \$2,955,046 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 2022-2023 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 2022-2023 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 2022-2023 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

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

	ORIGINAL BUDGET <u>2022-2023</u>	AMENDED PROJECTED <u>2022-2023</u>	VARIANCE
<u>OPERATING INCOME:</u>			
Utility Billings	\$ 112,447,443	\$ 115,000,000	\$ 2,552,557
Counter Service Fees	1,229,300	1,200,000	(29,300)
Fiber Rentals	141,000	30,000	(111,000)
Miscellaneous Sales & Services	529,800	1,000,000	470,200
Bad Debt Expense	(208,000)	(208,000)	-
TOTAL OPERATING INCOME	<u>114,139,543</u>	<u>117,022,000</u>	<u>2,882,457</u>
<u>COST OF SALES:</u>			
Electricity Purchased	52,673,930	56,000,000	3,326,070
Natural Gas Purchased	5,651,098	5,800,000	148,902
TOTAL COST OF SALES	<u>58,325,028</u>	<u>61,800,000</u>	<u>3,474,972</u>
<u>OPERATING EXPENSES:</u>			
Depreciation Expense	12,749,700	12,500,000	(249,700)
Operating Expense	14,193,200	17,500,000	3,306,800
Administrative Expense	14,992,200	15,700,000	707,800
TOTAL OPERATING EXPENSES	<u>41,935,100</u>	<u>45,700,000</u>	<u>3,764,900</u>
OPERATING PROFIT	13,879,415	9,522,000	(4,357,415)
<u>NON-OPERATING INCOME:</u>			
Water and Wastewater Taps	400,300	400,300	-
Water and Wastewater Impact Fees	-	-	-
Gain (Loss) on Disposal of Property	(975,000)	(975,000)	-
Interest Income	447,960	1,900,000	1,452,040
Interest (Expense)	(653,820)	(720,000)	(66,180)
TOTAL NON-OPERATING INCOME	<u>(780,560)</u>	<u>605,300</u>	<u>1,385,860</u>
NET PROFIT BEFORE TRANSFER AND CONTRIBUTIONS	13,098,855	10,127,300	(2,971,555)
Contributed Capital	-	1,000,000	1,000,000
Transfer to City of Orangeburg - General Fund	(6,100,000)	(6,100,000)	-
Economic Development Revolving Fund	-	-	-
NET PROFIT AFTER TRANSFER AND CONTRIBUTIONS	\$ 6,998,855	\$ 5,027,300	(1,971,555)

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

	ORIGINAL PROJECTED <u>2022-2023</u>	AMENDED PROJECTED <u>2022-2023</u>	VARIANCE
<u>OPERATING ACTIVITIES:</u>			
Receipts from customers	\$ 114,139,543	\$ 116,692,100	\$ 2,552,557
Payments to suppliers and service providers	(87,510,428)	(78,000,000)	9,510,428
Payments to employees for salaries and benefits	(13,671,638)	(14,992,200)	(1,320,562)
Net cash provided by operations	<u>12,957,477</u>	<u>23,699,900</u>	<u>10,742,423</u>
<u>NONCAPITAL FINANCING ACTIVITIES:</u>			
Cash used for transfers to the City of Orangeburg (General Fund Transfer)	(6,100,000)	(6,100,000)	-
Principal repayments on Notes Receivable	-	-	-
Net cash used for noncapital financing	<u>(6,100,000)</u>	<u>(6,100,000)</u>	<u>-</u>
<u>CAPITAL & RELATED FINANCING ACTIVITIES:</u>			
Acquisition of capital assets (Projects)	(47,000,000)	(28,500,000)	18,500,000
Acquisition of capital assets (Routine)	-	-	-
Acquisition of capital assets (Economic Development)	-	-	-
Proceeds from bonds	-	-	-
Tap and impact fees	400,300	400,300	-
Principal paid on capital debt	(2,301,226)	(2,301,226)	-
Interest paid on capital debt	(653,820)	(653,820)	-
Proceeds from sale of assets	-	-	-
Capital grants and contributions	-	-	-
Net cash used by capital and financing	<u>(49,554,746)</u>	<u>(31,054,746)</u>	<u>18,500,000</u>
<u>INVESTING ACTIVITIES:</u>			
Investment Interest	447,960	-	(447,960)
Proceeds from investments (net of purchases)	-	2,000,000	2,000,000
Net cash provided by investing	<u>447,960</u>	<u>2,000,000</u>	<u>1,552,040</u>
Net increase (decrease) in cash and equivalents	\$ (42,249,309)	\$ (11,454,846)	\$ 30,794,463
Beginning cash and equivalents	<u>23,543,943</u>	<u>30,334,491</u>	<u>6,790,548</u>
Ending cash and equivalents	(18,705,366)	18,879,645	37,585,011
Ending investments	30,000,000	32,500,000	2,500,000

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 2022-2023 Budget appropriates no additional funds to the Liability Reserve Account.

The Department of Public Utilities also maintains the "Economic Development Revolving Fund" as described in the authorizing resolution (EDRF4-6-21) 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 \$1,550,000. 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 account for funding related liabilities. Therefore, the Fiscal Year 2022-2023 Budget appropriates no additional funds to the Economic Development Revolving 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 2022-2023 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 \$13,520,000. Accordingly, the Council hereby determines and finds, as a fact and based on the information described above, that the amount of \$6,100,000 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 19th DAY OF SEPTEMBER, 2023.



Michael C. Butch
Mayor
Sam Hare
Ed Zimmer
Ed Jones
Richard T. Thomas
Paola P. Butch
[Signature]
Members of Council

ATTEST:

Ruida McDaniel
City Clerk

First Reading: August 1, 2023
Public Hearing: September 5, 2023
Second Reading: September 5, 2023
Third Reading: September 19, 2023