

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

ANNUAL FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH SINGLE AUDIT SECTION
YEAR ENDED SEPTEMBER 30, 2011
AND INDEPENDENT AUDITORS' REPORT

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

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J. W. HUNT AND COMPANY, LLP

JOHN C. CREECH, JR., CPA
ANNE H. ROSS, CPA
WILLIAM F. QUATTLEBAUM, CPA, CVA
WILLIAM T. POUNCEY, CPA
DAVID J. FRYER, CPA

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
PRIVATE COMPANIES PRACTICE SECTION AND
CENTER FOR PUBLIC COMPANY AUDIT FIRMS

CPA ASSOCIATES INTERNATIONAL, INC.,
A WORLDWIDE NETWORK OF INDEPENDENT ACCOUNTING FIRMS

MIDDLEBURG OFFICE PARK
1607 ST. JULIAN PLACE
POST OFFICE BOX 265
COLUMBIA, SC 29202-0265
803-254-8196
866-299-8196
FAX 803-256-1524
jwhunt.com

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying 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, as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Orangeburg, South Carolina's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the 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 of Orangeburg, South Carolina, as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2012 on our consideration of the City of Orangeburg, South Carolina'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 5 through 17, the budgetary comparison information on pages 56 through 59, and the schedule of funding progress for retiree health plan on page 60 be presented to supplement the basic financial statements. Such information, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Orangeburg, South Carolina's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

J. W. Hunt and Company, LLP

January 30, 2012

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City of Orangeburg
Orangeburg, South Carolina
Management's Discussion and Analysis (Unaudited)
September 30, 2011

Within this section for the City of Orangeburg, we are presenting this overview and analysis of the financial activities for the City for the Fiscal Year ended September 30, 2011. This overview is to be read in conjunction with the financial statements that follow and the audit should be reviewed for more detailed information.

The City is comprised of many Departments which are included in the City's General Fund; Executive, Finance, Administration, Public Works, Public Safety, Parks & Recreation, Non-Operating and Service. The City has enterprise funds including Utilities, Airport, Pro Shop and the Municipal Golf Course as well as other Boards and Commissions.

Financial Highlights from FY 2010-2011

As of September 30, 2011, the end of the fiscal year, the Government Wide assets of the City of Orangeburg exceeded its liabilities by \$270,115,144. Of this amount \$55,260,684 may be used to meet the government's ongoing needs.

Also, as of September 30, 2011, the total governmental fund balance is \$11,139,831; the unreserved fund balance for the General Fund was \$9,453,951. The unreserved fund balance is also undesignated and represents a traditional fund balance reserve that may be utilized for operating deficits, emergencies, liquidity, unforeseen needs and overall financial strength. City Council has indicated that expenditures of even a portion of this fund's balance for operational costs should be on a limited basis. Reserves may be used in the future to supplement capital projects. Of course, reduced reserves will reduce interest income and operating income from investments. Also, investment income has dropped tremendously from previous years due to lower investment interest rates. It was noted in financial planning sessions with City Council for FY 2010-11 and the prior fiscal year that it may be necessary to expend a limited amount of fund balance for several years to weather recent economic times.

The City governmental activities had a total of \$6,296,447 long term liabilities beginning October 1, 2010 and issued \$1,219,313 debt for FY 2010-2011, including accrued annual leave. Long term liabilities were reduced by the amount of \$1,399,186 leaving a total of \$6,116,574. Capital lease debt of \$2,539,196 is secured by sales tax revenue and not backed by ad valorem property taxes. Accrued annual leave is the other major form of debt in the amount of \$1,190,445. The City does try to lower this debt by allowing employees once a year to buyback a portion of their annual leave at half price.

The City has adopted Governmental Accounting Standards Board Statement 45 *Accounting for Other Post-Employment Benefits* (GASB 45) for financial reporting for Other Post-Employment Benefits (OPEB) which includes retiree health, dental and vision insurance, prescription, long-term care insurance, life insurance and other benefits. The City along with the Department of

Public Utilities (DPU) performed an extensive search and review of benefit alternatives and funding options. The City has decided not to fund this GASB prescribed liability as it has successfully formulated and funded, on a pay as you go basis, an annual retiree medical plan for thirty years. The City and DPU overhauled their insurance program, have changed insurance carriers for employees and have opted to provide a Medicare Advantage Plan for those retirees over 65. These steps have greatly reduced the OPEB liability and this will continue over the next thirty years. All new employees hired after December 31, 2009, will have no medical insurance post-employment benefits funded by the City. They will have the option of a Health Savings Account (HSA). The City continues to offer exceptional benefits to its employees.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and the required supplementary information. This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three parts: (1) government wide financial statements, (2) fund financial statements, and (3) notes to the financial statements themselves.

Government Wide Financial Statements - The government wide financial statements (Statement of Net Assets and Statement of Activities) are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. These statements include all assets and liabilities using the accrual basis of accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The Statement of Net Assets and Statement of Activities report the City's net assets and changes in those assets. The change in net assets is important because it tells the reader that, for the City as a whole, the financial position of the City has either improved or diminished.

The government-wide financial statements can be found on pages 18-20 of this report.

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 requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds - Most of the City's basic services are included in the governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balance left at year-end that is available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported

in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the fund financial statements.

Proprietary Fund - Services for which the City charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements.

Fiduciary Funds - The City is the trustee, or fiduciary, for assets that belong to others. The City is responsible for ensuring that assets reported in these funds are used only for their intended purpose and by those to whom the asset belongs. The City excludes these activities from the government-wide financial statements because it cannot use these assets to finance operations.

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 on pages 31-55 of this report.

All of these funds are explained in greater detail in the upcoming sections of this analysis.

Government Wide Statements

Condensed Statement of Net Assets:
September 30, 2011 and September 30, 2010

	2011 Governmental <u>Activities</u>	2011 Business Type <u>Activities</u>	2010 Governmental <u>Activities</u>	2010 Business Type <u>Activities</u>
Current and other assets	\$ 17,692,950	\$ 41,512,306	\$ 16,963,254	\$ 31,675,226
Capital assets (net)	20,918,549	217,770,369	21,211,440	218,423,373
Total assets	<u>38,611,499</u>	<u>259,282,675</u>	<u>38,174,694</u>	<u>250,098,599</u>
Long term debt outstanding	7,560,036	10,250,921	6,271,524	10,069,094
Other liabilities	262,456	9,705,617	1,397,572	8,096,965
Total liabilities	<u>7,822,492</u>	<u>19,956,538</u>	<u>7,669,096</u>	<u>18,166,059</u>
Net assets:				
Invested in capital assets, net of debt	16,742,420	195,580,768	17,184,863	202,372,567
Restricted	1,682,892	937,305	1,593,967	937,144
Unrestricted (deficit)	12,363,695	42,808,064	11,726,768	28,622,829
Total net assets	<u>\$ 30,789,007</u>	<u>\$ 239,326,137</u>	<u>\$ 30,505,598</u>	<u>\$ 231,932,540</u>

Condensed Statement of Activities:
September 30, 2011 and September 30, 2010

Revenues:	2011 Governmental Activities	2011 Business Type Activities	2010 Governmental Activities	2010 Business Type Activities
Program revenues:				
Charges for services	\$ 5,928,267	\$ 103,774,538	\$ 5,628,524	\$ 104,819,916
Operating grants	502,428	-	559,549	-
Capital grants	298,417	473,635	292,430	160,445
General revenues:				
Property taxes	3,369,415	-	3,075,058	-
Other taxes	1,183,030	-	1,380,405	-
Franchise fees	144,646	-	149,992	-
Other revenues	15,628	45,932	99,807	45,308
Total revenues	<u>11,441,831</u>	<u>104,294,105</u>	<u>11,185,765</u>	<u>105,025,669</u>
Expenses:				
General government	2,346,918	-	2,472,606	-
Public Safety	7,649,858	-	7,397,224	-
Public Works	2,591,930	-	2,319,239	-
Culture/recreation	2,191,231	-	2,182,145	-
Service	582,454	-	569,504	-
Interest/long term debt	198,373	-	198,342	-
Public Utilities	-	90,505,141	-	91,061,830
Airport	-	1,231,655	-	1,214,071
Golf Course	-	732,609	-	717,882
Total expenses	<u>15,560,764</u>	<u>92,469,405</u>	<u>15,139,060</u>	<u>92,993,783</u>
Excess or (deficiency) before special items or transfers	(4,118,933)	11,824,700	(3,953,295)	12,031,886
Transfers	<u>4,405,984</u>	<u>(4,405,984)</u>	<u>4,371,068</u>	<u>(4,371,068)</u>
Increase or (decrease) in net assets	<u>\$ 287,051</u>	<u>\$ 7,418,716</u>	<u>\$ 417,773</u>	<u>\$ 7,660,818</u>

In fiscal year 2010-2011, there was only one fee increase on services which was a \$1 increase per month for residential sanitation from \$10 to \$11. There was no tax millage increase; the millage rate remained at 87 mills.

There was a 1% Cost of Living increase for employees in this fiscal year. It is important to note that with mid-year budget cuts, as well as departments watching their budgets, revenues exceeded expenditures this fiscal year in the amount of \$510,894 in the general fund. The City originally anticipated using cash reserves of \$500,000 to balance the budget. However, due to the changes noted above which created an addition to fund balance for 2011, no cash reserves were used to balance the budget. It is obvious that City Council must address and research additional revenue sources in the upcoming budget years or continue to possibly use fund balance monies to balance the budget annually. Additionally, current program costs must be held at current budget amounts and possibly some services eliminated such as cutting the state right of ways.

The City's Utility Fund plays a large role in the funding of governmental services. The General Fund reported a \$5,120,081 deficit before the transfer of \$4,717,410 from the Department of Public Utilities. After the transfer, sale of assets and lease proceeds, the General Fund had a net increase of \$510,894 to Fund Balance. DPU traditionally initiates a significant transfer to the City and this amount has remained steady with only moderate increases which are approved in budget process by City Council. The overall stability of the business activities is always of utmost consideration when transfers are set. In fact, the City's Department of Public Utilities continues to have some of the lowest electric rates in the state and has very competitive rates on sewer, water, and natural gas. As the City continues to annex property, many customers are receiving a reduced water and sewer rate. Electric and natural gas rates are not affected.

The Municipal Airport had an operating loss of \$714,648 which includes depreciation of \$692,957 and a change in net assets of \$(633,813). The Hillcrest Golf Course and Pro Shop had a combined operating loss of \$182,310 including depreciation of \$125,063 and a change in net assets of \$(182,310).

DPU has presented a separate management discussion and analysis in the DPU financial statement section. It is important that DPU fully funds its operating costs through fees and rates in order to realize a net income that allows revenue assistance to the General Fund of the City.

Budget Analysis

Moderate revenue increases are normal from one budget year to the next. Property taxes increase mainly due to reassessments; however with the millage cap restrictions that the State has imposed on local governments and the 15% cap on increases in real property for assessment purposes, real growth in property values are not always reflected in tax revenues. Business licenses have in the past generally increased 3-5% annually due to new businesses and new construction. This fiscal year, due to the economy, business license revenue was down as well as investment interest. Again, due to the national economic condition, we are watching this carefully as it may not hold true for a couple of years.

The City has a system in place to assure that total expenditures do not exceed revenues. As we begin the budget cycle for the upcoming year, there are only a few months remaining in the current fiscal year. It is at this point that we have a much clearer picture of projected year-end revenues and expenditures; due to the current national economic picture and state legislature uncertainty, a closer review is more important than ever. These projections are reviewed with the Department Heads of the City and the expenditures are adjusted to bring them in line, as closely as possible, with conservative new projected revenues to minimize expending reserve funds. These are then adopted by City Council as an amended budget. City Council should be credited with allowing staff to manage finances, while providing responsible oversight and sound policy decisions.

Fiduciary Funds are used to account for resources held for the benefit of parties outside the City. They are not reflected in the government wide statement. The City acts as a fiduciary for funds from delinquent property tax sales. Currently, as of September 30, 2011 the amount of \$14,763 is due trust fund holders as shown in Statement of Net Assets, Fiduciary Funds.

The General Fund of the City had a net decrease of \$1,064,013 in outstanding debt during the last fiscal year. Debt is mainly in the form of capital equipment lease purchase items such as police cars, fire trucks, tractors, equipment and projects funded by the Hospitality & Accommodations Tax Fund.

The capital lease related to Hospitality & Accommodations Tax Fund as of September 30, 2011, is \$2,539,196. This is funded by 2% tax levied against prepared meals and accommodation rentals. The original lease issue of \$4,300,000, was used to fund tourist related programs and capital projects. It should be noted that the City's Hospitality & Accommodations Tax Fund revenues are exceeding the state threshold of approximately \$900,000 so that the City can use a portion of this sales tax (20%) to fund maintenance on some of our projects originally funded by this tax.

The Business type activities including DPU had a decrease in debt of \$1,185,013 excluding accrued annual leave. Ending balance as of September 30, 2011 is \$7,696,943. Accrued annual leave is also shown under the General Fund Debt and Business Type Activities Debt. The number has increased slightly over the years due to the number of retirees receiving payment for accrued annual leave balances. It should be noted that the City does not give sick leave so all leave liability is in the form of annual leave.

In Other Government Funds, these funds had a net increase of \$233,892. The beginning balance for the year was \$5,973,446 and the ending balance was \$6,207,338. The largest portion of this change is in the capital projects funds. As capital projects are being planned and designed, funds or reserves accumulate; once the projects are bid and constructed the reserves diminish. This is according to plan and should not be regarded negatively.

Closing

In closing, I would like to stress that with the national economic outlook, it is obvious that the City should look into increasing revenues by continuing its annexation and promoting city growth, user fees, etc. Otherwise with state mandates and increased cuts in local government funding, it will be extremely difficult for the City not to diminish fund balance yearly in order to balance the budget annually. However, one of the primary purposes for orderly development of fund balance is to be able to access it to continue the delivery of essential public services.

This analysis is intended to provide the reader a brief overview of the City's financial position. The audit should be reviewed for more detailed information and full explanation. Each annual budget is reviewed by staff and City Council in planning sessions and workshops to ensure good financial planning is ongoing and continues each year even during our mid-year projections. If you have any questions or need additional information, please contact me at 803-539-3713 at 979 Middleton Street, Orangeburg SC 29115 or email at Cjohnson@orangeburg.sc.us.

Thank you.

Carrie Johnson
Finance Director

**City of Orangeburg
Orangeburg, South Carolina
Department of Public Utilities
Management's Discussion and Analysis (Unaudited)
September 30, 2011**

Within this section of the Department of Public Utilities' (Department) annual financial report, the Department's management provides narrative discussion and analysis of the financial activities of the Department for the year ending September 30, 2011.

The Department is comprised of four separate operating Divisions: Electric, Natural Gas, Water and Wastewater. Each Division supports its operations through its own sales, revenues and fees.

Overview of Basic Financial Statements

The Department is deemed an enterprise fund of the City of Orangeburg. The financial statement within the annual report for the Department provides information using an accrual basis of accounting similar to those used by the private sector. Detailed basic financial statements include: (1) Statement of Net Assets which include all of the Department's assets and liabilities. Increases or decreases in the net assets may serve as an indicator of whether the financial condition of the Department is improving or deteriorating, (2) Statement of Revenues, Expenses, and Changes in Net Assets provides information to determine the Department's profitability and whether the Department successfully recovered all its costs through its rates and fees, (3) Statements of Cash Flows which report net changes in cash resulting from operations, investing and financing activities. Included within this analysis is a condensed version of the above noted statements with supporting comments. (4) Transfers to the City which are determined by City Council and are allocated per division based on each division's percentage of the Department's total sales.

Condensed Statements of Net Assets

	<u>FY 2011</u>	<u>FY 2010</u>
Current assets	\$ 42,606,565	\$ 32,716,854
Non-current assets	4,165,523	4,097,054
Capital assets (net)	<u>203,239,285</u>	<u>203,255,245</u>
Total assets	<u>250,011,373</u>	<u>240,069,153</u>
Current liabilities	10,608,559	8,141,338
Non-current liabilities	<u>9,165,358</u>	<u>9,925,198</u>
Total liabilities	<u>19,773,917</u>	<u>18,066,536</u>
Invested in capital assets, net of related debt	195,580,768	194,421,934
Restricted	937,305	937,144
Unrestricted	<u>33,719,383</u>	<u>26,643,539</u>
Total net assets	<u>230,237,456</u>	<u>222,002,617</u>
Total net assets and liabilities	<u>\$ 250,011,373</u>	<u>\$ 240,069,153</u>

Total net assets grew by \$8.2 million. Significant changes in the net assets were due to several factors: an increase in cash due to a decrease in projects, a \$1.1 million decrease in bonds payable, and the continued completion of construction in progress projects led by the Wastewater Division Treatment Plant funded by South Carolina State Revolving Funds, along with the increase of Investment Capital.

Condensed Statement of Revenues, Expenses and Changes in Net Assets by Division

Electric Division

	<u>FY 2011</u>	<u>FY 2010</u>
Operating revenues	\$ 79,045,966	\$ 80,058,891
Non-operating revenues (expenses)	<u>(32,542)</u>	<u>(47,183)</u>
Total revenues	<u>79,013,424</u>	<u>80,011,708</u>
Electricity purchased	59,696,264	59,423,820
Depreciation expense	3,248,620	3,246,924
Other operating expense	<u>6,660,658</u>	<u>6,498,661</u>
Total expenses	<u>69,605,542</u>	<u>69,169,405</u>
Income before transfers	9,407,882	10,842,303
Transfers to City	<u>3,417,314</u>	<u>3,379,892</u>
Change in net assets	<u>\$ 5,990,568</u>	<u>\$ 7,462,411</u>

Sales by volume decreased, but only marginally. Operating revenues decreased 1.3% in dollars due to an increase in cost of electricity along with an increase of unbilled receivables. The cost of purchased electricity increased due to our suppliers' increased fuel cost and a 3% contractual increase. The existing rate schedules contain provisions that automatically pass increases and decreases in purchase cost to customers so that the Department's margin on the service remains unchanged. Decreased non-operating revenue is due to continued low interest rates. Based upon the continued economic downturn, new construction expenses have been replaced by general maintenance project expense. This increase in system maintenance has increased operating expenses. However, this expense has been reduced due to the lower cost for OPEB health coverage. Because of the Energy Act of 2005, the FERC has mandated that electric suppliers such as the Electric Division must become compliant with numerous new regulations tied to homeland security issues. Failure to meet compliance deadlines could subject the Division to extensive fines. The Division is currently working to become compliant under all regulations pertaining to the Division.

Condensed Statement of Revenues, Expenses and Changes in Net Assets by Division

Gas Division

	<u>FY 2011</u>	<u>FY 2010</u>
Operating revenues	\$ 10,745,411	\$ 11,868,856
Non-operating revenues (expenses)	<u>(2,246)</u>	<u>(5,548)</u>
Total revenues	<u>10,743,165</u>	<u>11,863,308</u>
Natural gas purchased	6,980,821	7,897,693
Depreciation expense	590,208	615,546
Other operating expense	<u>1,809,986</u>	<u>1,827,733</u>
Total expenses	<u>9,381,015</u>	<u>10,340,972</u>
Income before transfers	1,362,150	1,522,336
Transfers to City	<u>462,766</u>	<u>501,211</u>
Change in net assets	<u>\$ 899,384</u>	<u>\$ 1,021,125</u>

Sales remained stable in volume, while operating revenues were lower due to the lower cost of natural gas. Unbilled receivables decreased sales marginally. Operating Revenues are modified over a period of time to levelize bills to customers. Four large industrial customers purchase their own natural gas on the open market. The Department collects sales and profits solely from transportation of natural gas for these customers. There continues to be a risk of losing some industrial gas customers due to the effect of competition with alternate fuels, the delivery restrictions on the interstate pipeline infrastructure, and the reorganization of the gas business in this state. This has occurred previously on an irregular basis. Over half of the Gas Division's profits come from industrial sales. Since November 1, 2006 the Department has been responsible for purchasing and arranging transportation for its entire load of natural gas. Another factor to the improved profits is the recording of lower expenses for OPEB health benefits. The Division participates in the underground storage of natural gas to mitigate extreme price or demand fluctuations. Presently, the Division has the capacity to store approximately 167,000 dekatherms of natural gas. Storage gas is normally used during high price or high demand periods and replenished during low price or low demand periods.

Condensed Statement of Revenues, Expenses and Changes in Net Assets by Division

Water Division

	<u>FY 2011</u>	<u>FY 2010</u>
Operating revenues	\$ 7,541,717	\$ 7,126,918
Non-operating revenues (expenses)	208,951	177,006
Contributed capital	74,565	92,744
Total revenues	<u>7,825,233</u>	<u>7,396,668</u>
Depreciation expense	1,959,636	1,930,319
Other operating expense	4,966,730	4,942,692
Total expenses	<u>6,926,366</u>	<u>6,873,011</u>
Income before transfers	898,867	523,657
Transfers to City	<u>322,346</u>	<u>300,901</u>
Change in net assets	<u>\$ 576,521</u>	<u>\$ 222,756</u>

Sales increased 1.7% by volume, while sales increased 5.0% by dollars due to a 10.0% rate increase in October 2010. Non-operating revenue increased due to an increase of tap and impact fees. Contributed capital decreased due to the decrease of Orangeburg County Penny Projects. These projects vary year to year according to County Council's direction. The increase to other operating expenses is due to general inflation of consumables such as chemicals, utilities and miscellaneous products coupled with increasing small repair expenditures as a result of the Division's aging infrastructure. The recording of lower expenses for OPEB health benefits affected profits overall. Additions and improvement to the Water Plant in 2004 provide the Division with adequate water provision for the foreseeable future. As with most cities, the Division recognizes that it has considerable exposure from its aged distribution system and is addressing the challenges.

Condensed Statement of Revenues, Expenses and Changes in Net Assets by Division

Wastewater Division

	<u>FY 2011</u>	<u>FY 2010</u>
Operating revenues	\$ 4,960,432	\$ 4,542,587
Non-operating revenues (expenses)	171,932	42,375
Contributed capital	326,985	3,535
Total revenues	<u>5,459,349</u>	<u>4,588,497</u>
Depreciation expense	1,503,196	1,457,705
Other operating expense	2,974,508	3,081,745
Total expenses	<u>4,477,704</u>	<u>4,539,450</u>
Income (loss) before transfers	981,645	49,047
Transfers to City	<u>213,279</u>	<u>191,562</u>
Change in net assets	<u>\$ 768,366</u>	<u>\$ (142,515)</u>

Sales increased 9.5% due to a rate increase of 10.0% and unbilled receivables at the end of the year. An increase in non-operating revenue is because of tap and impact fees. Contributed capital increased significantly from prior years due to the Orangeburg County Penny Projects. These projects vary year to year according to County Council's direction. The recording of lower expenses for OPEB health benefits kept profits from being lower. The Wastewater Division completed upgrades to the Wastewater Treatment Plant and the Rehabilitation of the Gravity Sewer Line at a cost of \$4,017,494, which was \$262,669 less than projected. This project is funded through The South Carolina State Revolving Fund. The Wastewater Plant is now thirty-five years old and is in need of major renovations. Management is researching alternatives at this time for project proposals. As with most cities, the Division recognizes that it has considerable exposure from its aged distribution system and is addressing the challenges.

Condensed Statement of Cash Flows

	<u>FY 2011</u>	<u>FY 2010</u>
Cash flow from operating activities	\$ 22,699,409	\$ 18,883,862
Transfer to the City and other entities	(4,415,705)	(4,373,566)
Cash flow for capital assets	(8,296,211)	(15,665,982)
Cash flow from financing and grants	72,390	3,180,221
Cash flow from investing activities	(6,878,228)	(1,473,513)
	<u>3,181,655</u>	<u>551,022</u>
Beginning cash and cash investments	<u>4,433,656</u>	<u>3,882,634</u>
Ending cash and cash investments	<u>\$ 7,615,311</u>	<u>\$ 4,433,656</u>

Spending on capital projects in year ending September 30, 2012 is anticipated to be approximately \$5 million, which is lower than spending in 2011. Some notable capital projects include the Electric Division New Substation #25, along with the Advanced Metering Infrastructure, and Water Division Improvement to the Distribution System. The Department expects project expenditures to increase significantly for the next five years. These increases will address aging infrastructure and software improvements, pending City Council approval. All investments are insured government securities. Management is aware that major layoffs or industry relocations could cause significant reduction of revenue and/or proper collections. If significant economic problems occur, management is poised to suspend any and all projects.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2011

<u>ASSETS</u>	Primary Government		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current assets:			
Cash and equivalents	\$ 1,787,072	\$ 3,525,296	\$ 5,312,368
Receivables:			
Current taxes	64,168	-	64,168
Delinquent taxes, net of allowance of \$55,550	83,325	-	83,325
State of South Carolina	139,832	-	139,832
Other	129,807	11,357,824	11,487,631
Investments	14,119,281	24,341,389	38,460,670
Internal balances	1,241,002	(1,241,002)	-
Prepaid expenses	-	55,566	55,566
Inventory	128,463	3,473,233	3,601,696
Total current assets	17,692,950	41,512,306	59,205,256
Noncurrent assets:			
Restricted assets:			
Cash:			
Customer deposits	-	3,228,218	3,228,218
Bond repayment	-	862,297	862,297
Investments:			
Self insurance fund	-	75,008	75,008
Capital assets (net of depreciation)	20,918,549	213,604,846	234,523,395
Total noncurrent assets	20,918,549	217,770,369	238,688,918
TOTAL ASSETS	38,611,499	259,282,675	297,894,174

(Continued) - 1.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
GOVERNMENT-WIDE STATEMENT OF NET ASSETS

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 173,697	\$ 5,378,485	\$ 5,552,182
Withholdings and accrued expenses	60,159	156,208	216,367
Accrued sales tax payable	28,600	80,409	109,009
Accrued annual leave, current	428,560	605,898	1,034,458
Lease payable, current	733,642	9,971	743,613
Bond payable, current	300,000	307,357	607,357
Total current liabilities	<u>1,724,658</u>	<u>6,538,328</u>	<u>8,262,986</u>
Liabilities payable from restricted net assets:			
Customer deposits	-	3,228,218	3,228,218
Current portion of revenue bonds payable	-	862,297	862,297
Total liabilities payable from restricted assets	<u>-</u>	<u>4,090,515</u>	<u>4,090,515</u>
Noncurrent liabilities:			
Capital leases	3,142,487	28,455	3,170,942
Accrued annual leave	761,885	794,706	1,556,591
Other post-employment benefit payable	1,443,462	2,015,671	3,459,133
General obligation bond	750,000	-	750,000
Revenue bond payable	-	6,488,863	6,488,863
Total noncurrent liabilities	<u>6,097,834</u>	<u>9,327,695</u>	<u>15,425,529</u>
TOTAL LIABILITIES	<u>7,822,492</u>	<u>19,956,538</u>	<u>27,779,030</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	16,742,420	195,580,768	212,323,188
Restricted for:			
Self insurance fund	186,666	75,008	261,674
Inventory	125,475	-	125,475
Fire equipment	186,011	-	186,011
Amount due from Hillcrest	638,456	-	638,456
Amount due from municipal airport	546,284	-	546,284
Bond payment	-	862,297	862,297
Unrestricted	<u>12,363,695</u>	<u>42,808,064</u>	<u>55,171,759</u>
TOTAL NET ASSETS	<u>\$ 30,789,007</u>	<u>\$ 239,326,137</u>	<u>\$ 270,115,144</u>

(Concluded) - 2.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2011

Program Activities	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Executive	\$ 343,605	\$ -	\$ -	\$ -	\$ (343,605)	\$ -	\$ (343,605)
Finance	612,449	-	-	-	(612,449)	-	(612,449)
Administrative	524,256	-	-	-	(524,256)	-	(524,256)
Public works	2,591,930	4,099,422	11,482	191,448	1,710,422	-	1,710,422
Public safety	7,649,858	1,594,060	122,403	106,969	(5,826,426)	-	(5,826,426)
Parks and recreation	2,191,231	129,080	93,696	-	(1,968,455)	-	(1,968,455)
Service	582,454	-	-	-	(582,454)	-	(582,454)
Non-departmental	866,608	105,705	274,847	-	(486,056)	-	(486,056)
Interest on long-term debt	198,373	-	-	-	(198,373)	-	(198,373)
Total governmental activities	15,560,764	5,928,267	502,428	298,417	(8,831,652)	-	(8,831,652)
Business-type activities:							
Public utilities	90,505,141	102,708,203	-	401,550	-	12,604,612	12,604,612
Municipal airport	1,231,655	516,036	-	72,085	-	(643,534)	(643,534)
Pro shop	66,168	117,089	-	-	-	50,921	50,921
Golf	666,441	433,210	-	-	-	(233,231)	(233,231)
Total business-type activities	92,469,405	103,774,538	-	473,635	-	11,778,768	11,778,768
Total government	\$ 108,030,169	\$ 109,702,805	\$ 502,428	\$ 772,052	(8,831,652)	11,778,768	2,947,116
General revenues:							
Taxes:							
					\$ 3,369,415	\$ -	\$ 3,369,415
					1,183,030	-	1,183,030
					144,646	-	144,646
					37,686	45,932	83,618
					(22,058)	-	(22,058)
					4,405,984	(4,405,984)	-
					287,051	7,418,716	7,705,767
					30,501,956	231,907,421	262,409,377
					\$ 30,789,007	\$ 239,326,137	\$ 270,115,144

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2011

<u>ASSETS</u>	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and equivalents	\$ 142,271	\$ 1,644,801	\$ 1,787,072
Investments	9,612,562	4,506,719	14,119,281
Receivables:			
Current taxes	64,168	-	64,168
Delinquent taxes	138,874	-	138,874
State of South Carolina	125,117	14,715	139,832
Other	129,807	-	129,807
Due from other funds	62,349	80,448	142,797
Advances to other funds	1,184,740		1,184,740
Inventory	128,463	-	128,463
TOTAL ASSETS	\$ 11,588,351	\$ 6,246,683	\$ 17,835,034
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 140,439	\$ 33,258	\$ 173,697
Withholdings and accrued expenses	60,159	-	60,159
Due to other funds	80,448	6,087	86,535
Deferred property taxes	138,874	-	138,874
Deferred revenue	28,600	-	28,600
Total liabilities	448,520	39,345	487,865
Fund balances:			
Nonspendable:			
Inventory	128,463	-	128,463
Amount due from Hillcrest Golfcourse	638,456	-	638,456
Amount due from municipal airport	546,284	-	546,284
Restricted for:			
Capital projects	-	4,944,660	4,944,660
Tourism related expenditures	-	1,011,003	1,011,003
Law enforcement	-	2,488	2,488
Self insurance	186,666	-	186,666
Committed for:			
Firemen's equipment	186,011	73,193	259,204
Law enforcement	-	40,248	40,248
Capital projects	-	37,426	37,426
Cemetery maintenance	-	84,845	84,845
Other purposes	-	13,475	13,475
Unassigned	9,453,951	-	9,453,951
Total fund balances	11,139,831	6,207,338	17,347,169
TOTAL LIABILITIES AND FUND BALANCES	\$ 11,588,351	\$ 6,246,683	\$ 17,835,034

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011

Total fund balances - governmental funds \$ 17,347,169

Amounts reported for governmental activities in the statement of net assets are different because:

Delinquent taxes receivable and grants will be collected after year-end, but are not available soon enough to pay for current period's expenditures and, therefore, are reported as deferred revenue in the funds 83,325

Capital assets used in governmental activities are not financial resources, and are not reported in the funds 20,918,549

Long-term liabilities are not due and payable in the current period, and are not reported in the funds:

General obligation bond	(1,050,000)
Capital leases	(3,876,129)
Accrued annual leave	(1,190,445)
Other post-employment benefits	<u>(1,443,462)</u>

Net assets of governmental activities \$ 30,789,007

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>General</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
REVENUES:			
Taxes:			
Ad valorem	\$ 3,397,524	\$ -	\$ 3,397,524
Sales	-	1,183,030	1,183,030
Licenses and permits	2,926,262	-	2,926,262
Franchise fee	144,646	-	144,646
Fines and forfeitures	657,789	9,215	667,004
Charges for services	1,946,632	23,159	1,969,791
Interest income	30,937	6,749	37,686
Miscellaneous	245,417	11	245,428
Contributions	-	151,590	151,590
Intergovernmental	455,910	309,621	765,531
	<hr/>	<hr/>	<hr/>
Total revenues	9,805,117	1,683,375	11,488,492
EXPENDITURES:			
Executive	327,721	-	327,721
Finance	576,056	-	576,056
Administrative	489,620	-	489,620
Public works	1,905,429	-	1,905,429
Public safety	6,448,368	158,894	6,607,262
Parks and recreation	1,647,972	54,727	1,702,699
Service	486,795	615	487,410
Non-departmental	877,750	-	877,750
Small capital outlay	162,997	55,417	218,414
Debt service	919,459	342,927	1,262,386
Capital outlay	1,083,031	525,477	1,608,508
	<hr/>	<hr/>	<hr/>
Total expenditures	14,925,198	1,138,057	16,063,255
Excess (deficiency) of revenues over (under) expenditures	(5,120,081)	545,318	(4,574,763)
OTHER FINANCING SOURCES (USES):			
Operating transfers in	4,717,410	20,000	4,737,410
Operating transfers out	-	(331,426)	(331,426)
Lease proceeds	913,565	-	913,565
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	5,630,975	(311,426)	5,319,549
Net change in fund balances	510,894	233,892	744,786
FUND BALANCES, BEGINNING OF YEAR, as restated	<hr/>	<hr/>	<hr/>
	10,628,937	5,973,446	16,602,383
FUND BALANCES, END OF YEAR	<hr/>	<hr/>	<hr/>
	\$ 11,139,831	\$ 6,207,338	\$ 17,347,169

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CITY OF ORANGEBURG
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 YEAR ENDED SEPTEMBER 30, 2011

Net changes in fund balances - total governmental funds \$ 744,786

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital outlay	1,608,508
Loss on disposal of capital assets	(22,058)
Depreciation expense	<u>(1,879,339)</u>
	<u>(292,889)</u>

Repayment of debt principal is an expenditure in the governmental funds while the repayment reduces long-term liabilities in the statement of net assets. Lease proceeds provide current financial resources to governmental funds, but incurring debt increases long-term liabilities in the statement of net assets:

Capital lease proceeds	(913,565)
Capital lease obligation principal payments	814,013
Note payable principal payments	<u>250,000</u>
	<u>150,448</u>

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:

Accrued annual leave	29,424
Other post-employment benefits	<u>(316,610)</u>
	<u>(287,186)</u>

Some property taxes will not be collected for several months after the City's fiscal year-end. They are not considered "available" revenue in governmental funds.

(28,108)

Change in net assets of governmental activities \$ 287,051

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
 SEPTEMBER 30, 2011

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Public</u> <u>Utilities</u>	<u>Other</u> <u>Enterprise</u> <u>Funds</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets:			
Cash and equivalents	\$ 3,524,796	\$ 500	\$ 3,525,296
Investments	24,341,389	-	24,341,389
Accounts receivable - net	4,434,440	27,386	4,461,826
Unbilled customer accounts receivable	6,191,999	-	6,191,999
Other receivables	128,759	-	128,759
Bond proceeds receivable	575,240	-	575,240
Inventories	3,354,376	118,857	3,473,233
Due from other funds	-	27,679	27,679
Other prepaid expenses	55,566	-	55,566
Total current assets	42,606,565	174,422	42,780,987
Noncurrent assets:			
Restricted assets:			
Cash:			
Customer deposits	3,228,218	-	3,228,218
Bond repayment	862,297	-	862,297
Investments:			
Self insurance fund	75,008	-	75,008
Total restricted assets	4,165,523	-	4,165,523
Capital assets:			
Property, plant and equipment net of accumulated depreciation	184,021,931	10,365,561	194,387,492
Property, plant, and equipment not being depreciated	19,217,354	-	19,217,354
Total property, plant, and equipment - net	203,239,285	10,365,561	213,604,846
Total noncurrent assets	207,404,808	10,365,561	217,770,369
TOTAL ASSETS	250,011,373	10,539,983	260,551,356

(Continued) - 1.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

	Business-type Activities - Enterprise Funds		
	Public Utilities	Other Enterprise Funds	Total
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 5,290,129	\$ 88,356	\$ 5,378,485
Withholdings and accrued expenses	156,208	-	156,208
Current portion of capital lease obligation	-	9,971	9,971
Current portion of revenue bonds payable	307,357	-	307,357
Accrued compensated absences	600,000	5,898	605,898
Accrued sales tax payable	80,409	-	80,409
Due to other funds	83,941	-	83,941
Advances from other funds	-	1,184,740	1,184,740
Total current liabilities	6,518,044	1,288,965	7,807,009
Current liabilities (payable from restricted assets):			
Customer deposits	3,228,218	-	3,228,218
Current portion of revenue bonds payable	862,297	-	862,297
Total current liabilities (payable from restricted net assets)	4,090,515	-	4,090,515
Noncurrent liabilities:			
Capital lease obligation	-	28,455	28,455
Accrued compensated absences	736,054	58,652	794,706
Other post employment benefit obligation	1,940,441	75,230	2,015,671
Bonds payable	6,488,863	-	6,488,863
Total noncurrent liabilities	9,165,358	162,337	9,327,695
TOTAL LIABILITIES	19,773,917	1,451,302	21,225,219
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	195,580,768	-	195,580,768
Restricted for self insurance	75,008	-	75,008
Restricted for bond payment	862,297	-	862,297
Unrestricted	33,719,383	9,088,681	42,808,064
TOTAL NET ASSETS	\$ 230,237,456	\$ 9,088,681	\$ 239,326,137

(Concluded) - 2.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS -
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Business-type Activities - Enterprise Funds		
	Public Utilities	Other Enterprise Funds	Total
OPERATING REVENUES:			
Utility sales and wastewater service	\$ 102,293,526	\$ -	\$ 102,293,526
Pro shop sales	-	82,364	82,364
Food sales	-	33,892	33,892
Oil and fuel sales	-	455,436	455,436
Rentals and other	-	61,433	61,433
Green fees, cart rentals and memberships	-	407,535	407,535
Capital projects revenue	-	25,675	25,675
Total operating revenues	102,293,526	1,066,335	103,359,861
OPERATING EXPENSES:			
Cost of goods sold	66,677,085	407,589	67,084,674
Operating and maintenance	7,917,217	259,073	8,176,290
Administrative	8,494,665	478,611	8,973,276
Depreciation and amortization	7,301,660	818,020	8,119,680
Total operating expenses	90,390,627	1,963,293	92,353,920
OPERATING INCOME (LOSS)	11,902,899	(896,958)	11,005,941
NON-OPERATING REVENUES (EXPENSES):			
Water impact and tap fees	245,534	-	245,534
Wastewater impact and tap fees	169,143	-	169,143
Interest, investments	45,932	-	45,932
Interest expense	(114,514)	(971)	(115,485)
Total non-operating revenues (expenses)	346,095	(971)	345,124
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	12,248,994	(897,929)	11,351,065
Capital contributions - grants	401,550	72,085	473,635
Transfers in	-	60,642	60,642
Transfers out	(4,415,705)	(50,921)	(4,466,626)
CHANGES IN NET ASSETS	8,234,839	(816,123)	7,418,716
NET ASSETS - BEGINNING OF YEAR, as restated	222,002,617	9,904,804	231,907,421
NET ASSETS - END OF YEAR	\$ 230,237,456	\$ 9,088,681	\$ 239,326,137

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Business-type Activities - Enterprise Funds		
	Public Utilities	Other	Total
		Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 104,900,331	\$ 1,059,864	\$ 105,960,195
Cash payments to suppliers for goods and services	(73,828,319)	(657,531)	(74,485,850)
Cash payments for employees	(8,372,603)	(449,521)	(8,822,124)
Net cash provided (used) by operating activities	<u>22,699,409</u>	<u>(47,188)</u>	<u>22,652,221</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Due to (from) other funds	-	(50,131)	(50,131)
Advances from (to) other funds	-	139,844	139,844
Transfers in (out)	(4,415,705)	9,721	(4,405,984)
Net cash provided (used) by noncapital financing activities	<u>(4,415,705)</u>	<u>99,434</u>	<u>(4,316,271)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and constructions of capital assets	(8,296,211)	(113,140)	(8,409,351)
Principal payment on capital leases	-	(10,220)	(10,220)
Principal payment on bonds	(1,174,794)	-	(1,174,794)
Proceeds from bonds	545,471	-	545,471
Interest payments	(114,514)	(971)	(115,485)
Water impact and tap fees	245,534	-	245,534
Wastewater impact and tap fees	169,143	-	169,143
Proceeds from capital grants	401,550	72,085	473,635
Net cash used by capital and related financing activities	<u>(8,223,821)</u>	<u>(52,246)</u>	<u>(8,276,067)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment interest	45,932	-	45,932
Purchase of investments	(24,961,794)	-	(24,961,794)
Proceeds from maturities of investments	18,037,634	-	18,037,634
Net cash used by investing activities	<u>(6,878,228)</u>	<u>-</u>	<u>(6,878,228)</u>
NET INCREASE IN CASH AND EQUIVALENTS	3,181,655	-	3,181,655
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	4,433,656	500	4,434,156
CASH AND EQUIVALENTS AT END OF YEAR	\$ 7,615,311	\$ 500	\$ 7,615,811

(Continued) - 1.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

	Business-type Activities - Enterprise Funds		
	Public <u>Utilities</u>	Other Enterprise <u>Funds</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 11,902,899	\$ (896,958)	\$ 11,005,941
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	7,922,910	818,020	8,740,930
Changes in assets and liabilities:			
(Increase) decrease in:			
Customer accounts receivable	(71,048)	-	(71,048)
Unbilled receivables	18,518	-	18,518
Other receivables - operating	(34,263)	(6,471)	(40,734)
Bond proceeds receivable	545,471	-	545,471
Inventories	(305,694)	(59,956)	(365,650)
Other prepaid expenses	(5,348)	-	(5,348)
Increase (decrease) in:			
Accounts payable	(246,519)	69,087	(177,432)
Under (over) billing	2,625,292	-	2,625,292
Withholdings and accrued expenses	(91,122)	-	(91,122)
Accrued compensated absences	14,126	15,399	29,525
OPEB obligation	351,023	13,691	364,714
Due to City of Orangeburg - General Fund	4,859	-	4,859
Customer deposits payable	68,305	-	68,305
Net cash provided (used) by operating activities	<u>\$ 22,699,409</u>	<u>\$ (47,188)</u>	<u>\$ 22,652,221</u>
RECONCILIATION OF TOTAL CASH AND CASH INVESTMENTS:			
Cash on hand and in bank	\$ 3,524,796	\$ 500	\$ 3,525,296
Restricted cash - customer deposits	3,228,218	-	3,228,218
Restricted cash - bond repayment	862,297	-	862,297
Total cash and cash equivalents	<u>\$ 7,615,311</u>	<u>\$ 500</u>	<u>\$ 7,615,811</u>

(Concluded) - 2.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
SEPTEMBER 30, 2011

	Delinquent Tax Collector <u>Agency Fund</u>
ASSETS	
Cash	\$ 14,763
Total assets	<u>\$ 14,763</u>
LIABILITIES	
Due to trust fund holders	\$ 14,763
Total liabilities	<u>\$ 14,763</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS, SEPTEMBER 30, 2011

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES:

REPORTING ENTITY:

The City of Orangeburg, South Carolina (City) was incorporated under an Act of the General Assembly of the State of South Carolina (State) on December 24, 1883, and operates under the Council form of government.

The financial statements of the City have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles in the United States of America. All applicable GASB statements have been implemented.

The City has been defined as a primary government under the criteria established by GASB Statement No. 14, *The Financial Reporting Entity*. The criteria include an elected governing body by the citizens of the City of Orangeburg, a legally separate entity and fiscally independent of other state and local government entities.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

Government-wide Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non fiduciary activities of the City. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and the proprietary fund financial statements to the extent they do not conflict or contradict guidance of the GASB. Governments also have the option of following subsequent private sector guidance for their business type activities and enterprise funds. The City has elected not to follow subsequent private sector guidance.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED):

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non major funds.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT
PRESENTATION:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenses are recognized at the time the liability is incurred.

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 government 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 earned vacation pay, other post-employment benefits, and claims and judgments, are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

The government reports the following major governmental fund:

General Fund

The general fund is the primary operating fund of the City. It is used to account for all financial resources of the general government, except those required to be accounted for in other funds.

The government reports the following major enterprise fund:

Public Utilities

The public utilities fund accounts for the user charges, fees, and other resources and all costs associated with the operation of the water and sewer systems and the electricity and gas systems of the City.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT
PRESENTATION (CONTINUED):

The government reports the following non major enterprise funds:

Municipal Airport

The municipal airport fund accounts for the fuel sales, hangar rents, and grant incomes and all costs associated with the operations of the municipal airport of the City.

Pro Shop

The pro shop fund accounts for merchandise and food sales and rentals related to the golf course of the City along with all costs associated with the operation of the pro shop.

Golf Course

The golf course fund accounts for user fees and all costs associated with the operation of the City's golf course.

Additionally, the government reports the following fund type:

Fiduciary Funds

The delinquent tax collector fund accounts for the City's collection of delinquent taxes. This agency fund accounts for monies held on behalf of others.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payment-in-lieu of taxes and other charges between the City's water and sewer function and various other City functions. Elimination of these charges would distort costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Therefore, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY:

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits and certificates of deposit with initial maturities of three months or less.

Deposits and Investments

The City is authorized by South Carolina state law to invest in the following types of investments:

1. Obligations of the United State and its agencies.
2. Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a debt rating in one of the top two ratings categories.
3. General obligations of the State of South Carolina or any of its political units or revenue obligations of the State of South Carolina or it political units with appropriate credit ratings
4. Savings and loan associations to the extent that the same are insured by an agency of the Federal government.
5. Certificates of deposit which are secured by securities described in (1) and (2) above held by a third custodian, of a market value not less than the face value of the certificate, including accrued interest; however such collateral shall not be required to the extent the certificates are insured by an agency of the Federal government.
6. Repurchase agreements when collateralized as outlined above.
7. Certain no load open-end or closed-end management type investment companies or trusts registered under the Investment Company Act of 1940 or operating in a manner consistent with that Act.
8. A political subdivision receiving Medicaid funds appropriated by the General Assembly may utilize appropriated funds to participate in principal protected investments in the form of notes, bonds, guaranteed investment contracts, debentures or other contracts issued by a bank chartered in the United States or agency of a bank if chartered in the United States. No more than forty percent of the appropriated funds may be invested in the manner provided in this item.

State law also requires the City to secure its deposits with either Federal Deposit Insurance, surety bonds, pledged securities as described above or a qualified irrevocable letter of credit.

Receivables and Payables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. 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.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (CONTINUED):

Interfund Receivables, Payables and Transfers

Activity between funds that are representative of lending and borrowing arrangements outstanding at the end of the year are referred to as due to/from other funds (current inter-fund loans) or advances to/from other funds (non-current 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.

Inter-fund transfers represent permanent reallocation of resources between funds. Inter-fund transfers are eliminated in the statement of activities.

Reserve for Bad Debts

The recorded reserve is approximately 1.38% of accounts receivable at September 30, 2011, which management feels is a reasonable estimate. The provision for bad debts is reported as a reduction in operating revenues, not as an expense.

Inventory

The City's inventories are valued at the lower of cost or market (first-in, first-out). The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. Amounts reported as inventory in the General Fund are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. Inventories in the Department of Public Utilities proprietary fund consist of fuel for sale and materials for operating and maintenance and improving property and plant and are recorded at average cost. Inventories in the Municipal Airport and Hillcrest Pro Shop proprietary funds consist of supplies and items held for resale, and are recorded at cost.

Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

CITY OF ORANGEBURG
 ORANGEBURG, SOUTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (CONTINUED):

Capital Assets (Continued)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Useful Life (Years)</u>
Building and machinery	40
Water and sewer systems	50
Infrastructure	25
Major improvements	20
Furniture and fixtures	5
Equipment	5-10

The buildings, equipment and vehicles in other proprietary funds are depreciated using the straight-line method. Estimated useful lives are as follows:

<u>Assets</u>	<u>Useful Life (Years)</u>
Airport:	
Building	30-39
Runways	20
Vehicles	5
Equipment	3-20
Pro Shop:	
Buildings	30-39
Vehicles	5
Equipment	3-20
Public Utilities:	
Electric system	25-50
Gas system	35-50
Water system	30-100
Wastewater system	40-60
Buildings	45
Warehouse	25
Fiber optics and SCADA systems (part of the electric system)	12-30
Tools	3-7
Furniture and fixtures	3-20

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (CONTINUED):

Accrued Annual Leave

The City's policy is to permit employees to accumulate leave depending upon length of service. The maximum leave which may be accrued is 1,080 hours for persons with twenty or more years of service (calculated as hours earned times hourly rate). 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. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

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 or proprietary fund type statement of net assets.

Fund Balance

During the year ended September 30, 2011, the City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54"). The objective of GASB 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The implementation of this statement had no impact on the total fund balance for the City's governmental funds.

The City classifies governmental fund balances as follows:

Nonspendable - includes amounts that inherently cannot be spent either because they are not in spendable form (i.e. prepaids, inventories, long-term portion of loans receivable, etc.) or because of legal or contractual requirements (i.e., principal on an endowment, etc.).

Restricted - includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts or (d) imposed by law through constitutional provisions or enabling legislation.

Committed - includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action taken by the City Council, which is the highest level of decision making authority, before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned - includes amounts that are intended to be used for specific purposes that are neither considered restricted nor committed; in addition, such assignments are made before the report issuance date.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (CONTINUED):

Fund Balance (Continued)

Unassigned - includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The City generally uses restricted amounts first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance is available unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the City generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets are classified as invested in capital assets net of related debt, restricted, and unrestricted. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings, including accrued interest, used for the acquisition, construction or improvement of those assets. Outstanding debt which has not been spent is included in the same net assets component as the unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could vary from the estimates that were used. Material estimates that are particularly susceptible to significant changes in the near term relate to the determination of unbilled customer accounts receivable and the calculation of post employment benefits other than pension.

Subsequent Events

The City has considered subsequent events through January 30, 2012, the date of issuance, in preparing the financial statements and notes.

CITY OF ORANGEBURG
 ORANGEBURG, SOUTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS:

At September 30, 2011 the City had the following investments:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Treasuries	\$ 24,411,967	.23
State Treasurer's investment pool	<u>14,119,281</u>	.32
Total investments	<u><u>\$ 38,531,248</u></u>	

Investments are carried at amortized cost which approximates market value. The City invests in the State Treasurer's South Carolina Local Government Investment Pool which is an unrated investment trust fund, not required to register with the Securities and Exchange Commission. The fair value of the investment in the pool is the same as the value of the pool shares.

Interest Rate Risk

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. However, the City limits its risk by restricting its investment maturities to no more than one year.

Credit Risk

The City has no investment policy that would limit its investment choices other than those that are mandated by State law.

Concentration of Credit Risk

The City places no limit on the amount that can be invested with any one issuer.

Custodial Credit Risk for Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits might not be recovered. The City's custodial credit risk policy is to use only high quality financial institutions for its deposits. In addition, its policy is to comply with the State's collateralization statutes. At September 30, 2011, City deposits totaled \$5,312,369 and the bank balance was \$9,886,362. Of the bank balance, \$3,432,364 was covered by Federal depository insurance. The balance is collateralized by obligations of the United States of America and its agencies (as required by state law) and is held at the Federal Reserve under the City's control via book entry or by the pledging banks in the City's name.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 - PROPERTY TAXES:

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.

Delinquent taxes uncollected at September 30, 2011 are \$138,874 and are not considered available to liquidate current period liabilities. Accordingly, the City has provided deferred revenue equal to the that amount in the fund financial statements.

NOTE 4 - ACCOUNTS RECEIVABLE:

Proprietary fund accounts receivable consist primarily of amounts billed to customers for electric, gas and water utilities and wastewater services which were not collected as of the end of the year. The balance is net of an allowance for doubtful accounts of \$60,756. Delinquent taxes have an allowance for doubtful accounts of \$55,550.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 - INTERFUND BALANCES:

Individual fund interfund receivable and payable balances at September 30, 2011 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Due from/to other funds:		
General Fund	\$ 62,349	\$ 80,448
Special Revenue Funds:		
Accommodations Tax Fund	-	3,967
Hospitality and Accommodations Tax Fund	80,448	-
Capital Projects Funds:		
Hillcrest Golf Course Fund	-	2,120
Proprietary funds:		
Pro Shop	27,679	-
Department of Public Utilities	-	83,941
Total due from/to other funds	<u>170,476</u>	<u>170,476</u>
Advances to/from other funds:		
General Fund	1,184,740	-
Proprietary funds:		
Airport	-	546,284
Hillcrest	-	638,456
Total advances to/from other funds	<u>1,184,740</u>	<u>1,184,740</u>
Total interfund receivables and payables	<u>\$ 1,355,216</u>	<u>\$ 1,355,216</u>

Individual fund operating transfers for the year ended September 30, 2011 were as follows:

	<u>Transfers out</u>	<u>Transfers in</u>
General fund	\$ -	\$ 4,717,410
Nonmajor funds:		
Accommodations Tax Fund	25,211	-
Hospitality and Accommodations Tax Fund	269,722	-
Stevenson Auditorium	-	20,000
Victims' Advocate Fund	36,493	-
Enterprise funds:		
Municipal Airport	-	9,721
Hillcrest		
Department of Public Utilities	<u>4,415,705</u>	<u>-</u>
Total	<u>\$ 4,747,131</u>	<u>\$ 4,747,131</u>

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 - CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2011 was as follows:

<u>Governmental Activities</u>	<u>Balance</u> <u>9/30/2010</u>	<u>Additions</u>	<u>Transfers/</u> <u>Adjustments</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/2011</u>
Capital assets not being depreciated:					
Land	\$ 2,086,915	\$ 1,450	\$ -	\$ -	\$ 2,088,365
Construction in progress	1,287,075	326,327	(387,867)	-	1,225,535
Total	<u>3,373,990</u>	<u>327,777</u>	<u>(387,867)</u>	<u>-</u>	<u>3,313,900</u>
Capital assets being depreciated:					
Buildings	9,798,502	20,163	-	-	9,818,665
Building improvements	2,847,297	15,476	-	(12,529)	2,850,244
Land improvements	3,365,465	69,720	378,465	-	3,813,650
Infrastructure	6,517,750	5,481	-	-	6,523,231
Vehicles	5,506,114	26,771	233,949	(93,917)	5,672,917
Furniture and fixtures	1,436,842	60,782	9,402	(32,606)	1,474,420
Machinery and equipment	913,219	12,502	-	(17,886)	907,835
Computer equipment	1,131,869	38,700	-	(2,973)	1,167,596
Assets under capital lease	1,249,991	979,467	(254,653)	-	1,974,805
Tools and other	1,295,498	51,669	20,704	(10,718)	1,357,153
Total	<u>34,062,547</u>	<u>1,280,731</u>	<u>387,867</u>	<u>(170,629)</u>	<u>35,560,516</u>
Less accumulated depreciation:					
Buildings	3,979,792	258,660	-	-	4,238,452
Building improvements	643,462	80,559	-	(3,668)	720,353
Land improvements	1,810,396	231,005	-	-	2,041,401
Infrastructure	1,093,615	251,463	-	-	1,345,078
Vehicles	4,784,441	375,956	-	(85,154)	5,075,243
Furniture and fixtures	1,226,772	85,153	-	(32,481)	1,279,444
Machinery and equipment	731,001	60,135	-	(14,831)	776,305
Computer equipment	805,508	139,520	-	(2,974)	942,054
Assets under capital lease	180,531	259,531	-	-	440,062
Tools and other	969,580	137,357	-	(9,462)	1,097,475
Total accumulated depreciation	<u>16,225,098</u>	<u>1,879,339</u>	<u>-</u>	<u>(148,570)</u>	<u>17,955,867</u>
Total capital assets being depreciated, net	<u>17,837,449</u>	<u>(598,608)</u>	<u>387,867</u>	<u>(22,059)</u>	<u>17,604,649</u>
Governmental activities capital assets, net	<u>\$ 21,211,439</u>	<u>\$ (270,831)</u>	<u>\$ -</u>	<u>\$ (22,059)</u>	<u>\$ 20,918,549</u>

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 - CAPITAL ASSETS (CONTINUED):

<u>Business-type Activities</u>	<u>Balance</u> <u>9/30/2010</u>	<u>Additions</u>	<u>Transfers/</u> <u>Adjustments</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/2011</u>
Capital assets not being depreciated:					
Land	\$ 3,657,043	\$ -	\$ -	\$ -	\$ 3,657,043
Construction in progress	17,008,181	7,768,938	-	(7,804,702)	16,972,417
Total	<u>20,665,224</u>	<u>7,768,938</u>	<u>-</u>	<u>(7,804,702)</u>	<u>20,629,460</u>
Capital assets being depreciated:					
Buildings and improvements	8,759,118	-	-	-	8,759,118
Electric Division	112,258,950	2,377,930	-	(502,469)	114,134,411
Gas Division	23,071,362	1,114,535	-	(15,856)	24,170,041
Water Division	88,949,946	2,503,053	-	(39,199)	91,413,800
Wastewater Division	64,045,016	1,868,528	-	-	65,913,544
Land improvements	12,546,879	16,987	-	-	12,563,866
Tools and equipment	4,667,854	321,226	210,689	(31,310)	5,168,459
Furniture and fixtures	1,190,921	10,073	-	-	1,200,994
Assets under capital lease	421,642	-	(210,689)	-	210,953
Total	<u>315,911,688</u>	<u>8,212,332</u>	<u>-</u>	<u>(588,834)</u>	<u>323,535,186</u>
Less: accumulated depreciation	(122,251,228)	(8,740,928)	-	432,356	(130,559,800)
Total capital assets being depreciated, net	<u>193,660,460</u>	<u>(528,596)</u>	<u>-</u>	<u>(156,478)</u>	<u>192,975,386</u>
Business-type activities capital assets, net	<u>\$ 214,325,684</u>	<u>\$ 7,240,342</u>	<u>\$ -</u>	<u>\$ (7,961,180)</u>	<u>\$ 213,604,846</u>

Proprietary Fund capital assets are recorded at cost, and transfers from other funds and donated assets are recorded at their estimated fair value at the time of transfer and contribution. Repairs and maintenance are recorded as expenses. The sale or disposal of fixed assets is recorded by removing the cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income. Accumulated amortization for assets under capital lease was \$73,178 at September 30, 2011.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 - CAPITAL ASSETS (CONTINUED):

The following is a summary of the proprietary fund type capital assets at September 30, 2011:

	Municipal <u>Airport</u>	Golf <u>Pro Shop</u>	Golf <u>Course</u>	Department of <u>Public Utilities</u>	<u>Total</u>
Land and land improvements	\$ 13,324,719	\$ -	\$ 555,099	\$ 2,341,091	\$ 16,220,909
Electric Division	-	-	-	114,134,411	114,134,411
Gas Division	-	-	-	24,170,041	24,170,041
Water Division	-	-	-	91,413,800	91,413,800
Wastewater Division	-	-	-	65,913,544	65,913,544
Buildings and improvements	1,549,683	-	464,558	6,744,877	8,759,118
Tools and equipment	720,785	1,295	573,174	3,938,908	5,234,162
Furniture, fixtures and computers	-	-	-	1,135,291	1,135,291
Assets under capital lease	197,962	-	12,991	-	210,953
Construction in progress	96,154	-	-	16,876,263	16,972,417
	<hr/>				
Total	15,889,303	1,295	1,605,822	326,668,226	344,164,646
Less: accumulated depreciation	(6,052,340)	(1,295)	(1,077,224)	(123,428,941)	(130,559,800)
	<hr/>				
Net capital assets - proprietary funds	\$ 9,836,963	\$ -	\$ 528,598	\$ 203,239,285	\$ 213,604,846
	<hr/>				

Included in these amounts is depreciation on electric and turbine generators. This depreciation (\$621,250 and \$584,861 for the years ended September 30, 2011 and 2010, respectively) is included as a part of cost of goods sold on the financial statements. Also included in these amounts is depreciation being allocated as overhead of \$274,670 and \$443,621 for 2011 and 2010, respectively. The depreciation expense totals for the Airport, Pro Shop, and Golf Course were \$818,820 for the year ended September 30, 2011.

Depreciation expense was charged to function/programs of the governmental activities as follows:

Executive	\$ 1,812
Finance	11,292
Administrative	17,836
Public works	604,792
Public safety	767,069
Parks and recreation	403,390
Services	73,148
	<hr/>
Total depreciation expense - governmental activities	\$ 1,879,339
	<hr/>

CITY OF ORANGEBURG
 ORANGEBURG, SOUTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 - CAPITAL ASSETS (CONTINUED):

Depreciation and amortization expense was charged to function/programs of the Department of Public Utilities as follows:

Electric Division	\$ 3,870,560
Gas Division	590,061
Water Division	1,959,358
Wastewater Division	<u>1,502,931</u>
Total	<u>\$ 7,922,910</u>

NOTE 7 - LONG-TERM OBLIGATIONS:

Long-term obligations as of September 30, 2011 were as follows:

<u>Governmental Activities</u>	<u>9/30/2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>9/30/2011</u>	<u>Due Within One Year</u>
Capital leases payable	\$ 3,776,577	\$ 913,565	\$ (814,013)	\$ 3,876,129	\$ 733,642
Accrued annual leave	1,219,870	305,748	(335,173)	1,190,445	428,560
General obligation bond	1,300,000	-	(250,000)	1,050,000	300,000
Total governmental activities	<u>\$ 6,296,447</u>	<u>\$ 1,219,313</u>	<u>\$ (1,399,186)</u>	<u>\$ 6,116,574</u>	<u>\$ 1,462,202</u>
 <u>Business-type Activities</u>					
Capital leases payable	\$ 48,645	\$ -	\$ (10,219)	\$ 38,426	9,971
Accrued annual leave	1,371,081	616,048	(586,525)	1,400,604	605,898
Combined Public Utilities System Revenue Bond	8,833,311	-	(1,174,794)	7,658,517	1,169,654
Total business-type activities	<u>\$ 10,253,037</u>	<u>\$ 616,048</u>	<u>\$ (1,771,538)</u>	<u>\$ 9,097,547</u>	<u>\$ 1,785,523</u>

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED):

<u>Governmental Activities</u>	<u>Outstanding 09/30/2010</u>	<u>Issued</u>	<u>Repaid</u>	<u>Outstanding 09/30/2011</u>
Capital leases:				
Vehicles and equipment financed by First Citizens; three annual payments of \$109,377 principal with interest at a rate of 2.65% through July 1, 2011. The lease is secured by equipment leased.	\$ 110,703	\$ -	\$ (110,703)	\$ -
Vehicles and equipment financed by First Citizens; three annual payments of \$40,454 principal with interest at a rate of 3.01% through July 1, 2013. The lease is secured by equipment leased.	123,761	-	(40,543)	83,218
Various equipment financed by South Carolina Bank & Trust; four annual payments of \$213,827 principal and interest at a rate of 2.30% through September 1, 2014. The lease is secured by equipment leased.	773,500	-	(188,092)	585,408
Capital projects for the City financed by BB&T in the amount of \$3,787,058. The City financed several capital projects through a lease purchase. These projects included construction of several parking lots, cart paths at the golf course, Stevenson Auditorium renovation, improvements of two buildings, a spray fountain, and a downtown streetscape. This lease was refinanced in October 2004. Payments of \$342,927 including principal and interest at 4.1% for 15 years. The lease is secured by the pledge of certain sales tax revenue.	2,768,613	-	(229,417)	2,539,196
Vehicles and equipment financed by South Carolina Bank & Trust; three annual payments of \$256,521 principal with interest and a final payment of \$293,327 principal with interest at a rate of 1.60% through September 1, 2014. The lease is secured by equipment leased.	-	913,565	(245,258)	668,307
Bonds payable:				
\$2,000,000 general obligation bond of 2003 payable November 1, 2004 through 2013; interest rate at 3.5% payable twice a year in May and November.	1,300,000	-	(250,000)	1,050,000
Total	<u>\$ 5,076,577</u>	<u>\$ 913,565</u>	<u>\$ (1,064,013)</u>	<u>\$ 4,926,129</u>

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED):

The following is a schedule of future debt repayments under bonds and capital leases for the governmental activities as of September 30, 2011.

<u>September</u>	<u>Bonds and Notes</u>			<u>Capital Leases</u>			<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Subtotal</u>	<u>Principal</u>	<u>Interest</u>	<u>Subtotal</u>	
2012	\$ 300,000	\$ 36,750	\$ 336,750	\$ 733,642	\$ 132,491	\$ 866,133	\$ 1,202,883
2013	350,000	26,250	376,250	629,879	112,969	742,848	1,119,098
2014	400,000	14,000	414,000	727,309	92,876	820,185	1,234,185
2015	-	-	-	269,416	73,511	342,927	342,927
2016	-	-	-	280,462	62,465	342,927	342,927
2017-2019	-	-	-	1,235,421	128,628	1,364,049	1,364,049
Total	<u>\$ 1,050,000</u>	<u>\$ 77,000</u>	<u>\$ 1,127,000</u>	<u>\$ 3,876,129</u>	<u>\$ 602,940</u>	<u>\$ 4,479,069</u>	<u>\$ 5,606,069</u>

The South Carolina Constitution limits local unit borrowing power to 8 percent of its assessed property value. The limitation excludes bonded indebtedness existing on December 1, 1977 (date of the Constitutional amendment), certain special levies assessed on properties located in an area receiving special benefits and other prescribed indebtedness approved by the voters. Lease purchases are also excluded from this limitation. As of September 30, 2011, the City's bonded indebtedness was below the Constitutional limits as follows:

Real property assessed value	\$ 29,940,018
Other personal property assessed value	5,154,122
Vehicles assessed value	<u>2,739,548</u>
Total taxable assessed value	<u>\$ 37,833,688</u>
Debt limit - eight percent (8%) of total taxable assessed value	\$ 3,026,695
Amount of debt applicable to limit	<u>1,050,000</u>
Legal debt margin	<u>\$ 1,976,695</u>

CITY OF ORANGEBURG
 ORANGEBURG, SOUTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED):

<u>Business-type Activities</u>	<u>Outstanding 09/30/2010</u>	<u>Issued</u>	<u>Repaid</u>	<u>Outstanding 09/30/2011</u>
Capital leases:				
Municipal Airport:				
Facilities lease for the construction and equipping of a hangar building on the property of the Airport; 20 annual payments of \$9,971 principal with interest at 5.19% through August 1, 2015. The cost of \$197,961 is included in assets under capital leases. The lease is secured by the property leased.	\$ 48,397	\$ -	\$ (9,971)	\$ 38,426
Equipment financed by South Carolina Bank and Trust; three annual payments of \$9,161 principal and interest at 3.45% through July 1, 2010. The lease is secured by the property leased.	248	-	(248)	-
Bonds payable:				
Public Utilities:				
\$9,500,000 Series of 2004; payable April 1, 2004 through 2014; interest at 3% payable each April 1 and October 1.	3,800,000	-	(950,000)	2,850,000
\$982,514 Series of 2009, payable May 21, 2010 through 2030 – interest at 1.68% payable quarterly.	874,422	-	(40,702)	833,720
\$4,280,163 Series of 2009, payable May 1, 2010 through 2030 - interest at 1.84% payable quarterly.	4,158,889	-	(184,092)	3,974,797
Total	<u>\$8,881,956</u>	<u>\$ -</u>	<u>\$(1,185,013)</u>	<u>\$7,696,943</u>

The bond ordinances stipulate that all bonds for the public utilities system issued are revenue bonds. The bonds are payable solely from the revenues of the operations of the system. All issuances of the bonds are parity bonds and have equal standing. The bond is 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, 2011, balances in all funds meet bond requirements.

CITY OF ORANGEBURG
 ORANGEBURG, SOUTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED):

In fiscal years 2011 and 2010, the Department capitalized interest of \$72,129 and \$64,667, respectively.

Additional bonds can be issued only if (1) there are no defaults in payments of interest and principal of any existing bond having claim on the revenues of the system, (2) existing bonds' cushion funds have been maintained as required, and (3) the net earnings of the system for the fiscal year in which bonds are to be issued should not be less than 120% of the highest combined annual principal requirements of any succeeding fiscal year on all bonds then proposed to be issued.

The following is a schedule of future debt repayments under bonds and capital leases for business-type activities as of September 30, 2011.

<u>September</u>	<u>Bonds and Notes</u>		<u>Capital Leases</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 1,169,654	\$ 157,812	\$ 9,971	\$ 3,167	\$ 1,179,625	\$ 160,979
2013	1,177,549	125,230	10,723	2,773	1,188,272	128,003
2014	1,181,706	92,574	17,732	4,026	1,199,438	96,600
2015	235,938	70,490			235,938	70,490
2016	239,647	69,781	-	-	239,647	69,781
2017-2021	1,268,697	281,446	-	-	1,268,697	281,446
2022-2026	1,388,902	161,242	-	-	1,388,902	161,242
2027-2031	996,424	35,284	-	-	996,424	35,284
Total	<u>\$ 7,658,517</u>	<u>\$ 993,859</u>	<u>\$ 38,426</u>	<u>\$ 9,966</u>	<u>\$ 7,696,943</u>	<u>\$ 1,003,825</u>

No bond interest expenses or earnings have been reflected in income during 2011.

NOTE 8 - LEASES:

LESSEE:

During 2010, the Department of Public Utilities signed a 60-month lease for six copiers. The monthly payment is \$984. Lease expense under the lease was \$11,808 in 2011. Future minimum lease payments under the lease are as follows:

<u>Year Ending September 30.:</u>	
2012	\$ 11,808
2013	11,808
2014	11,808
2015	10,824
Total	<u>\$ 46,248</u>

CITY OF ORANGEBURG
 ORANGEBURG, SOUTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 - LEASES (CONTINUED):

LESSOR:

The Department of Public Utilities has a five-year contract to lease space on top of a water tank to a company for a telecommunication tower for \$12,650 per year.

NOTE 9 - RETIREMENT PLAN:

Substantially all full-time employees of the City are covered under the South Carolina Retirement System (SCRS), with the exception of the public safety departments, which are covered by the South Carolina Police Officers' Retirement System. The SCRS and the Police Officers' Retirement System (PORS) are cost-sharing multiple-employer defined benefit pension plans. The administration of the SCRS is vested in the Retirement Division of the State Budget and Control Board. Both the City and its covered employees are required to contribute to the SCRS and PORS at rates established under the authority of Title 9 of the South Carolina Code of Laws. The rates, shown as of July 1 of each fiscal year, are as follows:

	2011		2010		2009	
	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>
SCRS	9.385%	6.50%	9.24%	6.50%	9.24%	6.50%
PORS	11.363%	6.50%	11.13%	6.50%	10.65%	6.50%

In addition to the above rates, participating employees of the SCRS contribute .15% of payroll to provide a group life insurance benefit for their participants. Participating employees under the PORS also contribute .2% of payroll to provide an accidental death benefit for their participants. All employees contribute at the actuarially required contribution rate.

Both plans provide annuity benefits as well as disability and group-life insurance benefits to eligible employees, retirement and disability benefits, cost of living adjustments on a ad-hoc basis, life insurance benefits and survivor benefits.

Plan benefits are established under the authority of Title 9 of the SC Code of Laws. A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the SCRS and PORS is publicly available by writing the SCRS, Post Office Box 11960, Columbia, South Carolina 29211-1960.

Information as to employee and employer contributions to the plans is as follows:

	2011		2010		2009	
	<u>SCRS</u>	<u>PORS</u>	<u>SCRS</u>	<u>PORS</u>	<u>SCRS</u>	<u>PORS</u>
Employer	\$1,156,212	\$ 374,364	\$ 1,158,170	\$ 331,811	\$1,147,351	\$ 334,999
Employee	806,039	209,862	790,666	202,513	781,895	204,459

The City contributed 100% of the required contributions for the current year and each of the two preceding years.

CITY OF ORANGEBURG
 ORANGEBURG, SOUTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 - POST-RETIREMENT HEALTH BENEFITS:

The GASB issued GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* in June 2004. The City adopted this statement for the year ended September 30, 2009. GASB Statement No. 45 provides for substantial changes in the reporting for postemployment benefits. Previously, postemployment benefits had been recorded on a pay as you go basis. With Statement No. 45, postemployment benefits began to accrue during the term of service of the employee and remain until the benefits are paid.

PLAN DESCRIPTION:

The City administers a Retiree Medical and Prescription Drug Plan (the Plan) as a single-employer defined benefit Other Post Employment Benefit Plan (OPEB). The Plan provides for continuation of medical insurance benefits for certain retirees and can be amended by action of the City. The Plan does not issue a stand alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

FUNDING POLICY:

The obligations of the plan members, employers and other entities are established by action of the City pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members varies depending on the applicable agreement. The City currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the plan are paid by the City.

ANNUAL OPEB COST AND NET OPEB OBLIGATION:

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has engaged an actuary to calculate the ARC and related information per the provisions of GASB Statement No. 45 for employers in plans with more than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and the City's net OPEB obligation to the Retiree Health Plan at September 30, 2011:

Annual OPEB cost:	
Normal cost	\$ 401,945
Amortization of unfunded actuarial accrued liability	<u>540,056</u>
Total annual required contribution	942,001
OPEB contributions and implicit rate subsidy during the year	<u>(260,677)</u>
Current year increase in OPEB obligation	681,324
Net OPEB obligation, beginning of year	<u>2,777,809</u>
Net OPEB obligation, end of year	<u><u>\$ 3,459,133</u></u>

CITY OF ORANGEBURG
 ORANGEBURG, SOUTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 - POST-RETIREMENT HEALTH BENEFITS (CONTINUED):

ANNUAL OPEB COST AND NET OPEB OBLIGATION (CONTINUED):

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Fiscal Year <u>Ended</u>	Annual OPEB <u>Cost</u>	Percentage of Annual OPEB Cost <u>Contributed</u>	Current Year <u>Increase</u>	Net OPEB <u>Obligation</u>
2009	\$ 2,708,244	22.6%	\$ 2,095,363	\$ 2,095,363
2010	940,441	27.4%	682,446	2,777,809
2011	942,001	27.7%	681,324	3,459,133

FUNDED STATUS AND FUNDING PROGRESS:

As of September 30, 2011, the actuarial accrued liability for benefits was \$9,883,582, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$15,629,493, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 63.2 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

ACTUARIAL METHODS AND ASSUMPTIONS:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the October 1, 2010, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 6 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, the level dollar amortization method, and an annual healthcare cost trend rate of 9.5 percent initially, reduced by decrements to an ultimate rate of 6.0 percent after ten years. If the City chooses not to fund the plan, the actuarial accrued liability will increase significantly.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 - FUND BALANCES AND NET ASSETS:

RESTRICTED NET ASSETS:

The Department of Public Utilities reserved a portion of the net assets for the following purposes:

Restricted for self insurance	\$ 75,008
Restricted for bond repayment	<u>862,297</u>
Total	<u>\$ 937,305</u>

OTHER:

The golf course has a negative fund balance of \$248,581 as of September 30, 2011. The fund balance is expected to return to a positive position as the economy improves.

NOTE 12 - RISK MANAGEMENT:

The City is exposed to various risks of loss and maintains elements of both self-insurance and purchased insurance policies divided into coverage for workers' compensation, property and casualty, general tort liability, employee dishonesty, and employee health insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accordance with insurance policy and benefit program limits.

Several State funds accumulate assets and the State itself assumes substantially all risks for the following:

- 1) Claims of covered public employees for long-term disability and group-like insurance benefits (Retirement System);
- 2) Claims of state employees for unemployment compensation benefits (Department of Employment and Workforce).

The Department of Public Utilities and City assume the risk for unemployment compensation benefits by paying directly to the Department of Employment and Workforce actual claims filed against them.

The City and other entities pay premiums to the State's Insurance Reserve Fund which issues policies, accumulates assets to cover risk of loss, and pays claims incurred for covered losses related to the following assets and activities:

- 1) Theft of, damage to, or destruction of assets;
- 2) Real property, its contents, and other equipment;
- 3) Auto liability;
- 4) General tort liability.

The City carries collision insurance on its motor vehicles. However, after the motor vehicles are five years old the collision insurance is no longer carried. The City has a self-insurance fund. This fund pays for any vehicle repair or replacement not covered by insurance.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 - RISK MANAGEMENT (CONTINUED):

The Department of Public Utilities does not carry collision insurance on its motor vehicles. Additionally, insurance coverage on the electric substations and on all utility system transmission and distribution lines is not available.

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.

The City paid Blue Cross/Blue Shield \$1,235,048 for the year ended September 30, 2011 for health insurance premiums to cover claims in excess of \$80,000. The City is subject to additional assessments in the event of deficiencies. To cover claims of \$80,000 or less, the City funds a reserve, which if the reserve were to be depleted, the City would be liable for additional claims.

The City obtains coverage through a commercial insurer for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation.

The Department of Public Utilities has set aside and reserved \$75,008 to cover excess cost to clean up contamination surrounding its three underground storage tanks that may not be covered under the Super Fund provisions in the Clean Water Act legislation. The South Carolina Department of Health and Environmental Control established the amount set aside. The Department is not required to purchase outside insurance for this coverage as long as it has these funds reserved as such.

The Department of Public Utilities has recorded insurance premium payments by allocation into the appropriate division. All claims are expected to be covered up to the deductibles. These risks of loss (the deductibles) have not been transferred to a commercial insurer.

In management's opinion, supplemental premium assessments, if any, would not be significant enough to have a material adverse effect on the financial position of the City.

NOTE 13 - COMMITMENTS AND CONTINGENCIES:

The City participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City had not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Projected costs to complete current projects in progress for the Department of Public Utilities are expected to be approximately \$3,000,000. Total expected costs for all projects approved by Council for fiscal year 2011 are approximately \$833,000.

CITY OF ORANGEBURG
 ORANGEBURG, SOUTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS

NOTE 14 - SUBSEQUENT EVENTS:

Subsequent to year-end, the City entered into an agreement with Orangeburg County (County) and the State to provide financial assistance to the Orangeburg County/City Industrial Park Commission to acquire a building to induce new businesses to locate in the County. The City has offered to provide \$1.6 million of the total \$5.2 million in financial assistance.

NOTE 15 - PRIOR PERIOD ADJUSTMENT:

During the year, management discovered that interest earned on unused lease purchase funds had been received in a prior period in the amount of \$3,642. Also an airport grant received in a prior year in the amount of \$24,486 was never removed from the receivable account. The effect of restatement on beginning fund balance and on operations is shown below:

	<u>As originally stated</u>	<u>Change</u>	<u>As restated</u>
General Fund:			
Other receivables	\$ 122,075	\$ (3,642)	\$ 118,433
Fund balance	10,632,579	(3,642)	10,628,937
Municipal Airport Fund:			
Other receivables	24,486	(24,486)	-
Fund balance	9,945,967	(24,486)	9,921,481

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes:				
Ad valorem	\$ 3,226,143	\$ 3,405,423	\$ 3,397,524	\$ (7,899)
Sales	930,000	1,027,500	-	(1,027,500)
Licenses and permits	2,656,530	2,952,761	2,926,262	(26,499)
Franchise fee	147,000	145,186	144,646	(540)
Fines and forfeitures	807,000	770,000	657,789	(112,211)
Charges for services	1,996,250	1,958,140	1,946,632	(11,508)
Interest income	50,000	35,000	30,937	(4,063)
Miscellaneous	650,650	225,412	245,417	20,005
Intergovernmental	772,716	489,905	455,910	(33,995)
Total revenues	11,236,289	11,009,327	9,805,117	(1,204,210)
EXPENDITURES:				
Executive	345,064	342,491	327,721	(14,770)
Finance	614,861	589,089	576,056	(13,033)
Administrative	508,891	499,313	489,620	(9,693)
Public works	1,951,728	1,915,800	1,905,429	(10,371)
Public safety	6,990,368	6,686,106	6,448,368	(237,738)
Parks and recreation	1,716,305	1,680,507	1,647,972	(32,535)
Service	540,815	484,144	486,795	2,651
Non-departmental	859,390	784,499	877,750	93,251
Debt service	941,061	919,460	919,459	(1)
Small capital outlay	158,516	158,635	162,997	4,362
Capital outlay	1,294,744	1,165,751	1,083,031	(82,720)
Total expenditures	15,921,743	15,225,795	14,925,198	(300,597)
Excess (deficiency) of revenues over expenditures	(4,685,454)	(4,216,468)	(5,120,081)	(903,613)
OTHER FINANCING SOURCES (USES):				
Operating transfers in	4,603,788	4,601,469	4,717,410	115,941
Lease proceeds	1,026,084	1,026,084	913,565	(112,519)
Total other financing sources (uses)	5,629,872	5,627,553	5,630,975	3,422
Net change in fund balances	944,418	1,411,085	510,894	(900,191)
FUND BALANCES, BEGINNING OF YEAR, as restated	10,632,579	10,632,579	10,628,937	(3,642)
FUND BALANCES, END OF YEAR	\$ 11,576,997	\$ 12,043,664	\$ 11,139,831	\$ (903,833)

THE ACCOMPANYING NOTE TO THE BUDGETARY COMPARISON SCHEDULE
IS AN INTEGRAL PART OF THIS STATEMENT

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

NOTE TO THE BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

NOTE 1 - BUDGET PROCESS:

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 30, the City Administrator and Finance Director submit to City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at City Hall to obtain taxpayer comments.
3. The budget is legally enacted through passage of an ordinance.
4. The City Administrator is authorized to administer the budget and may authorize the transfer of appropriated funds within and between departments and funds as necessary to achieve the goals of the budget. All appropriations are legally controlled at the departmental level for the General Fund.
5. Expenditures may not legally exceed budgeted appropriations at the fund level.
6. Formal budgetary integration is employed as a management control device during the year for the General Fund.
7. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States. All budgets are presented on the modified accrual basis of accounting.
8. The budget at the end of the year for the General Fund represents the budget adopted and amended by City Council.
9. All unexpended appropriations lapse at year-end unless they are committed.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
DEPARTMENT OF PUBLIC UTILITIES

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budgeted		Actual GAAP Basis	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES:				
Charges for services and fees	\$ 99,452,145	\$ 99,452,145	\$ 102,293,526	\$ 2,841,381
OPERATING EXPENSES:				
Electricity purchased	54,939,485	54,939,485	58,256,019	3,316,534
Natural gas purchased	7,693,600	7,693,600	6,980,821	(712,779)
Operating and maintenance	7,928,050	7,928,050	7,917,217	(10,833)
Administrative	9,706,952	9,706,952	9,934,910	227,958
Depreciation and amortization	7,522,864	7,522,864	7,301,660	(221,204)
Total operating expenses	87,790,951	87,790,951	90,390,627	2,599,676
Operating income	11,661,194	11,661,194	11,902,899	241,705
NON-OPERATING REVENUES (EXPENSES):				
Water impact and tap fees	310,500	310,500	245,534	(64,966)
Wastewater impact and tap fees	225,500	225,500	169,143	(56,357)
Interest income	45,000	45,000	45,932	932
Interest expense	(114,639)	(114,639)	(114,514)	125
Total non-operating revenues (expenses)	466,361	466,361	346,095	(120,266)
Income before transfers	12,127,555	12,127,555	12,248,994	121,439
Transfers	(4,415,705)	(4,415,705)	(4,415,705)	-
Changes in net assets	\$ 7,711,850	\$ 7,711,850	\$ 7,833,289	\$ 121,439

THE ACCOMPANYING NOTE TO THE BUDGETARY COMPARISON SCHEDULE
IS AN INTEGRAL PART OF THIS STATEMENT

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
DEPARTMENT OF PUBLIC UTILITIES

NOTE TO THE BUDGETARY COMPARISON SCHEDULE - ENTERPRISE FUND

NOTE 1 - BUDGET PROCESS:

The Department follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 30, the Department Manager submits to City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at City Hall to obtain taxpayer comments.
3. The budget is legally enacted through passage of an ordinance.
4. The Department Manager is authorized to administer the budget and may authorize the transfer of appropriated funds within and between departments and funds as necessary to achieve the goals of the budget. All appropriations are legally controlled at the departmental level for the Enterprise Fund.
5. Expenditures may not legally exceed budgeted appropriations at the fund level.
6. Formal budgetary integration is employed as a management control device during the year for the Enterprise Fund.
7. The budget for the Enterprise Fund is adopted on a basis consistent with accounting principles generally accepted in the United States. All budgets are presented on the accrual basis of accounting.
8. The budget at the end of the year for the Enterprise Fund represents the budget adopted by City Council.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH PLAN
 YEAR ENDED SEPTEMBER 30, 2011

	Actuarial Valuation Date <u>10/01/11</u>
Schedule of funding progress:	
Current retire liability	\$ 3,140,856
Activities eligible to retire	357,732
Activities not yet eligible	<u>6,384,994</u>
Actuarial accrued liability	9,883,582
Actuarial value of assets	<u>-</u>
Unfunded actuarial accrued liability	9,883,582
Funded ratio	0%
Annual covered payroll	<u>\$ 15,629,493</u>
Ratio of unfunded actuarial accrued liability to covered payroll	63.2%

The City's annual Other Post Employment Benefits Plan (OPEB) cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 are as follows:

Fiscal Year <u>Ended</u>	Annual OPEB <u>Cost</u>	Percentage of Annual OPEB Cost <u>Contributed</u>	Current Year <u>Increase</u>	Net OPEB <u>Obligation</u>
2009	\$ 2,708,244	22.6%	\$ 2,095,363	\$ 2,095,363
2010	940,441	27.4%	682,446	2,777,809
2011	942,001	27.7%	681,324	3,459,133

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

COMPARATIVE BALANCE SHEETS - GENERAL FUND
 SEPTEMBER 30, 2011

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash and equivalents	\$ 142,271	\$ 117,986
Investments	9,612,562	9,204,348
Receivables:		
Current taxes	64,168	78,070
Delinquent taxes	138,874	120,801
State of South Carolina	125,117	157,747
Other	129,807	122,075
Due from other funds	62,349	53,358
Advances to other funds	1,184,740	1,095,815
Inventory	128,463	125,475
TOTAL ASSETS	\$ 11,588,351	\$ 11,075,675
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 140,439	\$ 169,019
Withholdings and accrued expenses	60,159	45,924
Due to other funds	80,448	78,752
Deferred property taxes	138,874	120,801
Deferred revenue	28,600	28,600
Total liabilities	448,520	443,096
Fund balances:		
Nonspendable:		
Inventory	128,463	125,475
Amount due from Hillcrest Golfcourse	638,456	599,771
Amount due from municipal airport	546,284	496,044
Restricted for:		
Self insurance	186,666	186,666
Committed for:		
Firemen's equipment	186,011	186,011
Unassigned	9,453,951	9,038,612
Total fund balances	11,139,831	10,632,579
TOTAL LIABILITIES AND FUND BALANCES	\$ 11,588,351	\$ 11,075,675

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

GENERAL FUND - SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Taxes:				
Ad valorem:				
Current	\$ 2,714,227	\$ 2,568,638	\$ 2,570,178	\$ 1,540
Delinquent	175,000	505,209	492,082	(13,127)
Other	336,916	331,576	335,264	3,688
Total ad valorem tax	<u>3,226,143</u>	<u>3,405,423</u>	<u>3,397,524</u>	<u>(7,899)</u>
Sales:				
Hospitality and accomodations	930,000	1,027,500	-	(1,027,500)
Total sales tax	<u>930,000</u>	<u>1,027,500</u>	<u>-</u>	<u>(1,027,500)</u>
Licenses and permits:				
Business licenses	1,121,530	1,090,771	1,058,835	(31,936)
Insurance	1,475,000	1,813,990	1,830,514	16,524
Building permits	60,000	48,000	36,913	(11,087)
Total licenses and permits	<u>2,656,530</u>	<u>2,952,761</u>	<u>2,926,262</u>	<u>(26,499)</u>
Franchise fees	<u>147,000</u>	<u>145,186</u>	<u>144,646</u>	<u>(540)</u>
Fines and forfeitures	<u>807,000</u>	<u>770,000</u>	<u>657,789</u>	<u>(112,211)</u>
Charges for services:				
Sanitation - commercial	388,000	384,450	385,392	942
Sanitation - residential	605,000	622,688	623,502	814
Fire service contracts	840,000	820,000	803,894	(16,106)
Recreation programs	132,250	107,002	107,790	788
Recreation department fees	31,000	24,000	26,054	2,054
Total charges for services	<u>1,996,250</u>	<u>1,958,140</u>	<u>1,946,632</u>	<u>(11,508)</u>
Interest income	<u>50,000</u>	<u>35,000</u>	<u>30,937</u>	<u>(4,063)</u>
Miscellaneous:				
Rentals	30,000	25,000	24,587	(413)
Miscellaneous	620,650	200,412	220,830	20,418
Total miscellaneous	<u>650,650</u>	<u>225,412</u>	<u>245,417</u>	<u>20,005</u>
Intergovernmental:				
Local:				
SRO reimbursement	30,000	29,000	29,805	805
Total local	<u>30,000</u>	<u>29,000</u>	<u>29,805</u>	<u>805</u>

(Continued) - 1.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
GENERAL FUND - SCHEDULE OF REVENUES - BUDGET AND ACTUAL

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
State:				
Local government fund	\$ 325,736	\$ 170,444	\$ 147,323	\$ (23,121)
State grants	247,095	128,263	128,263	-
Total state	<u>572,831</u>	<u>298,707</u>	<u>275,586</u>	<u>(23,121)</u>
Federal:				
Federal grants	113,198	113,198	112,256	(942)
Domestic violence	56,687	49,000	38,263	(10,737)
Total federal	<u>169,885</u>	<u>162,198</u>	<u>150,519</u>	<u>(11,679)</u>
Total intergovernmental	<u>772,716</u>	<u>489,905</u>	<u>455,910</u>	<u>(33,995)</u>
Total revenues	<u>\$ 11,236,289</u>	<u>\$ 11,009,327</u>	<u>\$ 9,805,117</u>	<u>\$ (1,204,210)</u>

(Concluded) - 2.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

GENERAL FUND - SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Over (Under)
	Original	Final		
Executive Department:				
Administrative Division:				
Personnel	\$ 85,400	\$ 85,882	\$ 85,860	\$ (22)
Utility expense	3,500	3,800	3,655	(145)
Property and tort	17	14	14	-
Operating expenses	19,650	23,831	23,751	(80)
Capital outlay	32,000	27,919	23,138	(4,781)
Total Administrative Division	<u>140,567</u>	<u>141,446</u>	<u>136,418</u>	<u>(5,028)</u>
Election Division:				
Property and tort	75	75	75	-
Operating expenses	-	3,200	646	(2,554)
Total Election Division	<u>75</u>	<u>3,275</u>	<u>721</u>	<u>(2,554)</u>
Municipal Court Division:				
Personnel	214,896	203,025	194,973	(8,052)
Property and tort	476	476	473	(3)
Operating expenses	21,050	22,188	18,274	(3,914)
Capital outlay	-	3,009	3,009	-
Total Municipal Court Division	<u>236,422</u>	<u>228,698</u>	<u>216,729</u>	<u>(11,969)</u>
Total Executive Department	<u>377,064</u>	<u>373,419</u>	<u>353,868</u>	<u>(19,551)</u>
Finance Department:				
Finance and Records Division:				
Personnel	298,757	287,037	283,075	(3,962)
Utility expense	4,600	4,500	3,669	(831)
Property and tort	2,083	2,080	2,080	-
Operating expenses	59,022	51,368	49,184	(2,184)
Capital outlay	14,166	14,284	14,285	1
Total Finance and Records Division	<u>378,628</u>	<u>359,269</u>	<u>352,293</u>	<u>(6,976)</u>
Information Technology Division:				
Personnel	195,918	191,630	191,627	(3)
Utility expense	2,300	2,300	2,023	(277)
Property and tort	921	933	933	-
Operating expenses	51,260	49,241	43,465	(5,776)
Capital outlay	8,000	8,825	8,787	(38)
Total Information Technology Division	<u>258,399</u>	<u>252,929</u>	<u>246,835</u>	<u>(6,094)</u>
Total Finance Department	<u>637,027</u>	<u>612,198</u>	<u>599,128</u>	<u>(13,070)</u>

(Continued) - 1.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
GENERAL FUND - SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Over (Under)
	Original	Final		
Administrative Department:				
Administration Division:				
Personnel	\$ 331,452	\$ 317,818	\$ 317,818	\$ -
Utility expense	6,800	5,949	5,953	4
Property and tort	1,281	1,278	1,278	-
Operating expenses	15,940	22,193	22,194	1
Total Administration Division	355,473	347,238	347,243	5
Community Planning and Development Division:				
Personnel	130,228	129,372	129,372	-
Utility expense	1,800	1,106	1,105	(1)
Property and tort	1,197	1,195	1,194	(1)
Operating expenses	20,193	20,402	10,706	(9,696)
Capital outlay	-	745	745	-
Total Community Planning and Development Division	153,418	152,820	143,122	(9,698)
Total Administrative Department	508,891	500,058	490,365	(9,693)
Public Works Department:				
Administrative Division:				
Personnel	219,247	218,075	218,031	(44)
Utility expense	4,700	3,850	3,849	(1)
Property and tort	1,281	1,119	1,119	-
Operating expenses	17,971	11,660	11,314	(346)
Capital outlay	1,000	-	-	-
Total Administrative Division	244,199	234,704	234,313	(391)
Building Inspection Division:				
Personnel	134,804	133,910	133,901	(9)
Utility expense	2,000	1,696	1,696	-
Property and tort	719	1,250	1,250	-
Operating expenses	37,634	23,011	22,640	(371)
Capital outlay	4,500	3,621	3,621	-
Total Building Inspection Division	179,657	163,488	163,108	(380)
Garage Division:				
Personnel	262,843	261,848	261,828	(20)
Utility expense	20,000	17,536	16,841	(695)
Property and tort	6,599	1,916	1,916	-
Operating expenses	39,546	44,741	43,930	(811)
Capital outlay	4,000	1,452	1,452	-
Total Garage Division	332,988	327,493	325,967	(1,526)

(Continued) - 2.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
GENERAL FUND - SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Over (Under)
	Original	Final		
Public Works Department (Continued):				
Municipal Buildings Division:				
Personnel	\$ 61,568	\$ 61,791	\$ 61,786	\$ (5)
Utility expense	29,000	37,110	36,939	(171)
Property and tort	4,868	4,866	4,866	-
Operating expenses	46,585	40,802	39,253	(1,549)
Capital outlay	69,550	66,550	-	(66,550)
Total Municipal Buildings Division	211,571	211,119	142,844	(68,275)
Parking Facilities Division:				
Property and tort	95	78	78	-
Operating expenses	6,480	4,980	4,865	(115)
Total Parking Facilities Division	6,575	5,058	4,943	(115)
Sanitation Division:				
Personnel	668,024	663,321	663,266	(55)
Utility expense	5,000	5,245	5,245	-
Property and tort	4,917	5,405	5,405	-
Operating expenses	351,639	341,865	338,661	(3,204)
Capital outlay	154,000	114,937	114,937	-
Total Sanitation Division	1,183,580	1,130,773	1,127,514	(3,259)
Street and Maintenance Division:				
Property and tort	708	692	692	-
Operating expenses	25,500	29,033	26,058	(2,975)
Capital outlay	3,500	2,715	2,715	-
Total Street and Maintenance Division	29,708	32,440	29,465	(2,975)
Total Public Works Department	2,188,278	2,105,075	2,028,154	(76,921)
Public Safety Department:				
Administrative Division:				
Personnel	202,060	203,129	202,141	(988)
Utility expense	120,000	143,343	143,342	(1)
Property and tort	4,600	4,947	4,946	(1)
Operating expenses	628,800	615,572	536,674	(78,898)
Capital outlay	26,000	25,959	25,939	(20)
Total Administrative Division	981,460	992,950	913,042	(79,908)

(Continued) - 3.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
GENERAL FUND - SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Over (Under)
	Original	Final		
Public Safety Department (Continued):				
Patrol Division:				
Personnel	\$ 2,481,178	\$ 2,472,327	\$ 2,468,928	\$ (3,399)
Property and tort	50,237	45,771	45,770	(1)
Operating expenses	252,850	300,478	295,099	(5,379)
Capital outlay	139,926	151,239	158,864	7,625
Total Patrol Division	2,924,191	2,969,815	2,968,661	(1,154)
Special Operations Division:				
Personnel	1,497,653	1,309,797	1,197,405	(112,392)
Property and tort	15,203	15,612	15,611	(1)
Operating expenses	294,080	195,625	184,469	(11,156)
Capital outlay	811,390	646,067	573,481	(72,586)
Total Special Operations Division	2,618,326	2,167,101	1,970,966	(196,135)
Investigation Division:				
Personnel	1,141,418	1,099,605	1,091,873	(7,732)
Property and tort	17,066	17,064	17,064	-
Operating expenses	81,025	79,925	75,402	(4,523)
Capital outlay	26,000	40,329	37,090	(3,239)
Total Investigation Division	1,265,509	1,236,923	1,221,429	(15,494)
CDV Program:				
Personnel	55,055	57,026	56,640	(386)
Utility expense	600	600	444	(156)
Property and tort	1,133	1,131	1,130	(1)
Operating expenses	18,100	7,831	2,334	(5,497)
Capital outlay	1,000	1,000	991	(9)
Total CDV Program	75,888	67,588	61,539	(6,049)
Highway Safety DUI Special Enforcement:				
Personnel	103,561	99,576	97,337	(2,239)
Property and tort	2,249	2,247	2,246	(1)
Operating expenses	23,500	14,500	9,513	(4,987)
Total CDV Program	129,310	116,323	109,096	(7,227)
Total Public Safety Department	7,994,684	7,550,700	7,244,733	(305,967)

(Continued) - 4.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
GENERAL FUND - SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Over (Under)
	Original	Final		
Parks and Recreation Department:				
Administrative Division:				
Personnel	\$ 204,653	\$ 201,127	\$ 201,166	\$ 39
Utility expense	11,000	11,751	11,750	(1)
Property and tort	3,925	4,077	4,077	-
Operating expenses	13,318	8,698	9,127	429
Capital outlay	7,750	16,996	16,995	(1)
Total Administrative Division	240,646	242,649	243,115	466
Recreation Division:				
Personnel	221,014	217,243	217,275	32
Utility expense	30,000	33,235	33,857	622
Property and tort	6,203	5,331	5,330	(1)
Operating expenses	156,100	142,828	144,602	1,774
Capital outlay	2,800	-	-	-
Total Recreation Division	416,117	398,637	401,064	2,427
Gardens Division:				
Personnel	394,663	311,741	324,486	12,745
Utility expense	44,000	44,000	46,385	2,385
Property and tort	20,000	16,554	16,554	-
Operating expenses	84,400	84,237	87,516	3,279
Capital outlay	49,000	52,269	52,269	-
Total Gardens Division	592,063	508,801	527,210	18,409
Parks and Cemetery Division:				
Personnel	420,679	424,299	428,357	4,058
Utility expense	14,000	14,011	14,056	45
Property and tort	13,000	15,860	15,860	-
Operating expenses	79,350	84,275	87,574	3,299
Capital outlay	20,500	21,315	21,315	-
Total Parks and Cemetery Division	547,529	559,760	567,162	7,402
Total Parks and Recreation Department	1,796,355	1,709,847	1,738,551	28,704

(Continued) - 5.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
GENERAL FUND - SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Over (Under)
	Original	Final		
Service Department:				
Administrative Division:				
Personnel	\$ 397,124	\$ 399,499	\$ 399,675	\$ 176
Utility expense	5,000	6,450	6,775	325
Property and tort	9,408	9,233	9,233	-
Operating expenses	73,961	68,962	71,112	2,150
Capital outlay	84,500	80,967	80,967	-
Total Administrative Division	<u>569,993</u>	<u>565,111</u>	<u>567,762</u>	<u>2,651</u>
Total Service Department	<u>569,993</u>	<u>565,111</u>	<u>567,762</u>	<u>2,651</u>
Non-Departmental:				
Employee Christmas	16,500	16,376	16,375	(1)
Building code enforcement	10,000	10,000	-	(10,000)
Annexation covenants	15,000	26,098	26,099	1
Fire equipment	25,000	25,000	25,000	-
Operating/insurance overage	65,000	8,000	92,462	84,462
Municipal Association	50,000	51,639	51,638	(1)
Commercial sanitation fees	236,000	227,973	227,973	-
Unemployment insurance	17,000	17,889	24,306	6,417
Special projects	30,000	80,428	89,602	9,174
Downtown revitalization	25,000	25,000	15,826	(9,174)
Retirees - group insurance	110,000	94,772	70,520	(24,252)
Setoff debt	565	583	437	(146)
CDL drug and alcohol testing	700	1,105	1,105	-
Employee shots	4,500	4,258	4,258	-
Street lights	235,000	240,000	276,771	36,771
Hydrant rentals	20,000	20,000	20,000	-
Christmas lights	37,000	29,681	29,681	-
Chamber dues	1,525	1,525	1,525	-
Fiber rental expense	9,600	9,600	9,600	-
Debt service	668,311	628,335	628,334	(1)
Debt service - city facilities	272,750	291,125	291,125	-
Total Non-Departmental	<u>1,849,451</u>	<u>1,809,387</u>	<u>1,902,637</u>	<u>93,250</u>
Total Expenditures	<u>\$ 15,921,743</u>	<u>\$ 15,225,795</u>	<u>\$ 14,925,198</u>	<u>\$ (300,597)</u>

(Concluded) - 6.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

Special Revenue

	Firemen's Fund	Sunnyside Cemetery	Orangeburg Cemetery	S.C. Festival of Roses	Accomodations Tax	Hospitality and Accomodations Tax	Victims' Advocate Fund	Drug Fund
<u>ASSETS</u>								
Cash	\$ 73,193	\$ 67,185	\$ 17,660	\$ 7,455	\$ 30	\$ 618,809	\$ 561	\$ 40,248
Investments	-	-	-	-	-	1,001,493	-	-
Revenue receivable	-	-	-	-	14,715	-	-	-
Due from other funds	-	-	-	-	-	80,448	-	-
TOTAL ASSETS	\$ 73,193	\$ 67,185	\$ 17,660	\$ 7,455	\$ 14,745	\$ 1,700,750	\$ 561	\$ 40,248
<u>LIABILITIES AND FUND BALANCES</u>								
Liabilities:								
Accrued expenditures and payables	\$ -	\$ -	\$ -	\$ -	\$ 1,268	\$ 8,699	\$ -	\$ -
Due to other funds	-	-	-	-	3,967	-	-	-
Total liabilities	-	-	-	-	5,235	8,699	-	-
Fund Balances:								
Restricted for:								
Capital projects	-	-	-	-	-	690,558	-	-
Tourism related expenditures	-	-	-	-	9,510	1,001,493	-	-
Law enforcement	-	-	-	-	-	-	-	-
Committed for:								
Firemen's equipment	73,193	-	-	-	-	-	-	-
Law enforcement	-	-	-	-	-	-	-	40,248
Capital projects	-	-	-	-	-	-	-	-
Cemetery maintenance	-	67,185	17,660	-	-	-	-	-
Other purposes	-	-	-	7,455	-	-	561	-
Total fund balances	73,193	67,185	17,660	7,455	9,510	1,692,051	561	40,248
TOTAL LIABILITIES AND FUND BALANCES	\$ 73,193	\$ 67,185	\$ 17,660	\$ 7,455	\$ 14,745	\$ 1,700,750	\$ 561	\$ 40,248

(Continued) - 1.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

	Special Revenue				Capital Projects		Total
	Stevenson Auditorium	Edisto Senior Games	JAG Grant	Community Development Corporation	Hillcrest Golf Course	County Capital One Percent Fund	
ASSETS							
Cash	\$ 37,456	\$ 5,459	\$ 2,488	\$ 78,718	\$ 19,020	\$ 676,519	\$ 1,644,801
Investments	-	-	-	-	-	3,505,226	4,506,719
Revenue receivable	-	-	-	-	-	-	14,715
Due from other funds	-	-	-	-	-	-	80,448
TOTAL ASSETS	\$ 37,456	\$ 5,459	\$ 2,488	\$ 78,718	\$ 19,020	\$ 4,181,745	\$ 6,246,683
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accrued expenditures and payables	\$ 30	\$ -	\$ -	\$ -	\$ -	\$ 23,261	\$ 33,258
Due to other funds	-	-	-	-	2,120	-	6,087
Total liabilities	30	-	-	-	2,120	23,261	39,345
Fund Balances:							
Restricted for:							
Capital projects	-	-	-	78,718	16,900	4,158,484	4,944,660
Tourism related expenditures	-	-	-	-	-	-	1,011,003
Law enforcement	-	-	2,488	-	-	-	2,488
Committed for:							
Firemen's equipment	-	-	-	-	-	-	73,193
Law enforcement	-	-	-	-	-	-	40,248
Capital projects	37,426	-	-	-	-	-	37,426
Cemetery maintenance	-	-	-	-	-	-	84,845
Other purposes	-	5,459	-	-	-	-	13,475
Total fund balances	37,426	5,459	2,488	78,718	16,900	4,158,484	6,207,338
TOTAL LIABILITIES AND FUND BALANCES	\$ 37,456	\$ 5,459	\$ 2,488	\$ 78,718	\$ 19,020	\$ 4,181,745	\$ 6,246,683

(Concluded) - 2.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Special Revenue							
	Firemen's Fund	Sunnyside Cemetery	Orangeburg Cemetery	S.C. Festival of Roses	Accomodations Tax	Hospitality and Accomodations Tax	Victims' Advocate Fund	Drug Fund
REVENUES								
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ 36,583	\$ 961,930	\$ -	\$ -
Confiscated drug funds	-	-	-	-	-	-	-	9,215
Charges for services	-	501	750	18,838	-	-	-	-
Interest	-	-	-	-	-	1,493	-	-
Miscellaneous	-	-	-	11	-	-	-	-
Contributions	-	-	-	4,168	-	76,610	-	-
Intergovernmental	68,770	-	-	-	-	10,055	37,875	16,518
Total revenues	68,770	501	750	23,017	36,583	1,050,088	37,875	25,733
EXPENDITURES								
Public safety	63,104	-	-	-	-	83,708	801	9,800
Cultural and recreational	-	-	-	25,703	8,418	-	-	-
Developmental services	-	615	-	-	-	-	-	-
Small capital outlay	-	-	-	-	-	54,561	-	856
Debt service	-	-	-	-	-	342,927	-	-
Capital outlay	-	-	-	-	-	88,079	-	46,968
Total expenditures	63,104	615	-	25,703	8,418	569,275	801	57,624
Excess of revenues over (under) expenses	5,666	(114)	750	(2,686)	28,165	480,813	37,074	(31,891)
OTHER FINANCING SOURCES (USES)								
Operating transfers in	-	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	(25,211)	(269,722)	(36,493)	-
Total other financing sources (uses)	-	-	-	-	(25,211)	(269,722)	(36,493)	-
Excess of revenues and other sources (uses) over (under) expenditures and other uses	5,666	(114)	750	(2,686)	2,954	211,091	581	(31,891)
Fund balance, beginning of year, as restated	67,527	67,299	16,910	10,141	6,556	1,480,960	(20)	72,139
Fund balance, end of year	\$ 73,193	\$ 67,185	\$ 17,660	\$ 7,455	\$ 9,510	\$ 1,692,051	\$ 561	\$ 40,248

(Continued) - 1.

CITY OF ORANGEBURG
 ORANGEBURG, SOUTH CAROLINA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS

	Special Revenue				Capital Projects		Total
	Stevenson Auditorium	Edisto Senior Games	JAG Grant	Community Development Corporation	Hillcrest Golf Course	County Capital One Percent Fund	
REVENUES							
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 184,517	\$ 1,183,030
Confiscated drug funds	-	-	-	-	-	-	9,215
Charges for services	2,450	620	-	-	-	-	23,159
Interest	-	-	-	30	-	5,226	6,749
Miscellaneous	-	-	-	-	-	-	11
Contributions	-	-	-	-	-	70,812	151,590
Intergovernmental	-	-	17,168	-	-	159,235	309,621
Total revenues	2,450	620	17,168	30	-	419,790	1,683,375
EXPENDITURES							
Public safety	-	-	1,481	-	-	-	158,894
Cultural and recreational	18,883	1,723	-	-	-	-	54,727
Developmental services	-	-	-	-	-	-	615
Small capital outlay	-	-	-	-	-	-	55,417
Debt service	-	-	-	-	-	-	342,927
Capital outlay	15,476	-	15,587	-	-	359,367	525,477
Total expenditures	34,359	1,723	17,068	-	-	359,367	1,138,057
Excess of revenues over (under) expenses	(31,909)	(1,103)	100	30	-	60,423	545,318
OTHER FINANCING SOURCES (USES)							
Operating transfers in	20,000	-	-	-	-	-	20,000
Operating transfers out	-	-	-	-	-	-	(331,426)
Total other financing sources (uses)	20,000	-	-	-	-	-	(311,426)
Excess of revenues and other sources (uses) over (under) expenditures and other uses	(11,909)	(1,103)	100	30	-	60,423	233,892
Fund balance, beginning of year	49,335	6,562	2,388	78,688	16,900	4,098,061	5,973,446
Fund balance, end of year	\$ 37,426	\$ 5,459	\$ 2,488	\$ 78,718	\$ 16,900	\$ 4,158,484	\$ 6,207,338

(Concluded) - 2.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

COMBINING STATEMENT OF NET ASSETS - NON-MAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2011

	Business-type Activities - Non-major Enterprise Funds			
	Municipal		Golf	
	<u>Airport</u>	<u>Pro Shop</u>	<u>Course</u>	<u>Total</u>
<u>ASSETS</u>				
Current assets:				
Cash and equivalents	\$ 200	\$ -	\$ 300	\$ 500
Accounts receivable - net	25,844	-	1,542	27,386
Other receivables	-	-	-	-
Due from other funds	-	27,679	-	27,679
Inventories	94,986	23,871	-	118,857
	<hr/>			
Total current assets	121,030	51,550	1,842	174,422
<hr/>				
Noncurrent assets:				
Capital assets:				
Property, plant and equipment net of accumulated depreciation	9,836,963	-	528,598	10,365,561
	<hr/>			
Total noncurrent assets	9,836,963	-	528,598	10,365,561
	<hr/>			
TOTAL ASSETS	9,957,993	51,550	530,440	10,539,983
<hr/>				
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	71,618	1,956	14,782	88,356
Current portion of capital lease obligation	9,971	-	-	9,971
Accrued compensated absences	5,835	-	63	5,898
Advances from other funds	546,284	-	638,456	1,184,740
Total current liabilities	633,708	1,956	653,301	1,288,965
<hr/>				
Noncurrent liabilities:				
Capital lease obligation	28,455	-	-	28,455
Other post employment benefits obligation	8,162	-	67,068	75,230
Accrued compensated absences	-	-	58,652	58,652
Total noncurrent liabilities	36,617	-	125,720	162,337
	<hr/>			
TOTAL LIABILITIES	670,325	1,956	779,021	1,451,302
<hr/>				
<u>NET ASSETS</u>				
Unrestricted	9,287,668	49,594	(248,581)	9,088,681
	<hr/>			
TOTAL NET ASSETS	\$ 9,287,668	\$ 49,594	\$ (248,581)	\$ 9,088,681
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CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS -
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Business-type Activities - Non-major Enterprise Funds			
	Municipal <u>Airport</u>	Pro Shop	Golf <u>Course</u>	<u>Total</u>
OPERATING REVENUES:				
Pro shop sales	\$ -	\$ 82,364	\$ -	\$ 82,364
Food sales	-	33,892	-	33,892
Oil and fuel sales	455,436	-	-	455,436
Rentals and other	60,600	833	-	61,433
Green fees, cart rentals and memberships	-	-	407,535	407,535
Capital projects revenue	-	-	25,675	25,675
Total operating revenues	516,036	117,089	433,210	1,066,335
OPERATING EXPENSES:				
Cost of goods sold	350,956	56,633	-	407,589
Operating and maintenance	79,610	9,535	169,928	259,073
Administrative	107,161	-	371,450	478,611
Depreciation and amortization	692,957	-	125,063	818,020
Total operating expenses	1,230,684	66,168	666,441	1,963,293
OPERATING INCOME (LOSS)	(714,648)	50,921	(233,231)	(896,958)
NON-OPERATING REVENUES (EXPENSES):				
Interest expense	(971)	-	-	(971)
Total non-operating revenues (expenses)	(971)	-	-	(971)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(715,619)	50,921	(233,231)	(897,929)
Capital contributions - grants	72,085	-	-	72,085
Transfers in	9,721	-	50,921	60,642
Transfers out	-	(50,921)	-	(50,921)
CHANGES IN NET ASSETS	(633,813)	-	(182,310)	(816,123)
NET ASSETS - BEGINNING OF YEAR, as restated	9,921,481	49,594	(66,271)	9,904,804
NET ASSETS - END OF YEAR	\$ 9,287,668	\$ 49,594	\$ (248,581)	\$ 9,088,681

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

COMBINING STATEMENT OF CASH FLOWS - NON-MAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Business-type Activities - Non-major Enterprise Funds			
	Municipal <u>Airport</u>	Pro Shop	Golf <u>Course</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 509,941	\$ 117,089	\$ 432,834	\$ 1,059,864
Cash payments to suppliers for goods and services	(420,624)	(66,958)	(169,949)	(657,531)
Cash payments for employees	(104,545)	-	(344,976)	(449,521)
Net cash provided (used) by operating activities	(15,228)	50,131	(82,091)	(47,188)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Due to (from) other funds	-	(50,131)	-	(50,131)
Advances from (to) other funds	50,239	-	89,605	139,844
Transfers in (out)	9,721	-	-	9,721
Net cash provided (used) by noncapital financing activities	59,960	(50,131)	89,605	99,434
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(105,875)	-	(7,265)	(113,140)
Capital contributed - grants	72,085	-	-	72,085
Principal payment on capital leases	(9,971)	-	(249)	(10,220)
Interest paid	(971)	-	-	(971)
Net cash used by capital and related financing activities	(44,732)	-	(7,514)	(52,246)
NET INCREASE IN CASH AND EQUIVALENTS	-	-	-	-
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	200	-	300	500
CASH AND EQUIVALENTS AT END OF YEAR	\$ 200	\$ -	\$ 300	\$ 500

(Continued) - 1.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
COMBINING STATEMENT OF CASH FLOWS - NON-MAJOR ENTERPRISE FUNDS

	Business-type Activities - Non-major Enterprise Funds			
	<u>Municipal Airport</u>	<u>Pro Shop</u>	<u>Golf Course</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (714,648)	\$ 50,921	\$ (233,231)	\$ (896,958)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	692,957	-	125,063	818,020
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(6,095)	-	(376)	(6,471)
Inventories	(59,762)	(194)	-	(59,956)
Increase (decrease) in:				
Accounts payable	69,704	(596)	(21)	69,087
Accrued leave	905	-	14,494	15,399
OPEB obligation	1,711	-	11,980	13,691
Net cash provided (used) by operating activities	<u>\$ (15,228)</u>	<u>\$ 50,131</u>	<u>\$ (82,091)</u>	<u>\$ (47,188)</u>
RECONCILIATION OF TOTAL CASH AND CASH INVESTMENTS:				
Cash on hand and in bank	<u>\$ 200</u>	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ 500</u>
Total cash and cash equivalents	<u>\$ 200</u>	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ 500</u>

(Concluded) - 2.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

SCHEDULE OF FINES AND ASSESSMENTS AND SURCHARGES
REVENUES FOR VICTIMS' SERVICES
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>Total</u>
COURT FINES	
Court fines collected	\$ 7,160
Court fines retained by City	<u>4,912</u>
Court fines remitted to State Treasurer	<u><u>\$ 2,248</u></u>
COURT ASSESSMENTS	
Court assessments collected	\$ 276,038
Court assessments retained by City	<u>28,896</u>
Court assessments remitted to State Treasurer	<u><u>\$ 247,142</u></u>
COURT SURCHARGES	
Court surcharges collected	\$ 133,148
Court surcharges retained by the City	<u>-</u>
Court surcharges remitted to State Treasurer	<u><u>\$ 133,148</u></u>
VICTIMS' SERVICES	
Court assessments allocated to Victims' Services	\$ 28,904
Court surcharges allocated to Victims' Services	<u>8,971</u>
Funds allocated to Victims' Services	37,875
Victims' Services expenditures	<u>37,294</u>
Funds available for carryforward	<u><u>\$ 581</u></u>
Beginning balance, October 1, 2010	\$ (20)
Funds available for carryforward	581
Interest income	<u>-</u>
Ending balance, September 30, 2011	<u><u>\$ 561</u></u>

SINGLE AUDIT SECTION

J. W. HUNT AND COMPANY, LLP

JOHN C. CREECH, JR., CPA
ANNE H. ROSS, CPA
WILLIAM F. QUATTLEBAUM, CPA, CVA
WILLIAM T. POUNCEY, CPA
DAVID J. FRYER, CPA

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS

AMERICAN INSTITUTE OF
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PRIVATE COMPANIES PRACTICE SECTION AND
CENTER FOR PUBLIC COMPANY AUDIT FIRMS

MIDDLEBURG OFFICE PARK
1607 ST. JULIAN PLACE
POST OFFICE BOX 265
COLUMBIA, SC 29202-0265
803-254-8196
866-299-8196
FAX 803-256-1524
jwhunt.com

CPA ASSOCIATES INTERNATIONAL, INC.,

A WORLDWIDE NETWORK OF INDEPENDENT ACCOUNTING FIRMS

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

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

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 ("City"), as of and for the year ended September 30, 2011, which collectively comprise the City of Orangeburg's basic financial statements and have issued our report thereon dated January 30, 2012. We conducted our audit 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting described in the accompanying schedule of findings and questioned costs as item 11-01 that we consider to be a significant deficiency in internal control over financial reporting. *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.

(Continued) - 1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with these 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*.

This report is intended solely for the information and use of management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

f. W. Hunt and Company, LLP

January 30, 2012

(Concluded) - 2.

J. W. HUNT AND COMPANY, LLP

JOHN C. CREECH, JR., CPA
ANNE H. ROSS, CPA
WILLIAM F. QUATTLEBAUM, CPA, CVA
WILLIAM T. POUNCEY, CPA
DAVID J. FRYER, CPA

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the City of Orangeburg, South Carolina's ("City") compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2011. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the 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, 2011.

(Continued) - 1.

Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

f. W. Hunt and Company, LLP

January 30, 2012

(Concluded) - 2.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR PROGRAM OR CLUSTER TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
ENVIRONMENTAL PROTECTION AGENCY:		
Passed through the South Carolina Budget and Control Board State Revolving Fund:		
Capitalization Grants for Clean Water State Revolving Funds	66.458	\$ 312,571
U.S. DEPARTMENT OF JUSTICE:		
Passed through South Carolina Department of Public Safety:		
Public Safety Partnership and Community Policing Grant	16.710	15,812
ARRA - Violence Against Women Formula Grant	16.588	38,263
ARRA - JAG Grant 2009	16.804	964
FEDERAL AVIATION ADMINISTRATION:		
Airport Improvement Program	20.106	72,085
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:		
Community Development Block Grant for Entitlement Communities	14.218	159,235
U.S. DEPARTMENT OF TRANSPORTATION:		
Passed through South Carolina Department of Transportation:		
Alcohol Impaired Driving Countermeasures Incentive Grant	20.601	<u>107,024</u>
Total expenditures of federal awards		<u>\$ 705,954</u>

SEE ACCOMPANYING NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

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 under programs of the federal government for the year ended September 30, 2011. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS,
YEAR ENDED SEPTEMBER 30, 2011

Finding 10-01:	<u>Preparation of financial statements</u>
Condition:	During the course of the audit, the external auditor proposed adjusting journal entries and drafted the City's financial statements and notes.
Recommendation:	The City should hire or train personnel with adequate knowledge to prepare the City's financial statements and notes.
Current status:	The limited number of the City's personnel necessarily imposes practical limitations on the effectiveness of those internal controls that depend on the segregation of duties and specialized knowledge of financial reporting.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS,
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

SECTION I - SUMMARY OF AUDITOR'S RESULTS:

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

Material weaknesses identified? no

Significant deficiencies identified that are not considered
to be material weaknesses? yes

Noncompliance material to financial statements noted? no

Federal Awards

Internal control over major programs:

Material weaknesses identified? no

Significant deficiencies identified that are not considered
to be material weaknesses? no

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

Any audit findings disclosed that are required to be reported in accordance with
section 510(a) of Circular A-133? no

Identification of major programs:

CFDA Numbers

Name of Federal Program

66.458

Capitalization Grants for Clean Water State
Revolving Funds

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? yes

(Continued) - 1.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 11-01

AU 325 requires the client to prepare its own financial statements, including note disclosures, in accordance with generally accepted accounting principles without any material adjusting journal entries proposed by the auditor. As part of our current engagement as the City's auditor, we have proposed adjusting journal entries and have drafted the City's financial statements and notes subject to the review and acceptance of the City's management. Therefore, we must report a significant deficiency in internal control over financial reporting to management and those charged with governance. The limited number of the City's personnel necessarily imposes practical limitations on the effectiveness of those internal controls that depend on the segregation of duties and specialized knowledge of financial reporting.

SECTION III - FINDINGS RELATED TO FEDERAL AWARDS

There were no findings related to federal awards.

(Concluded) - 2.