

CITY OF ORANGEBURG  
ORANGEBURG, SOUTH CAROLINA

ANNUAL FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
WITH SINGLE AUDIT SECTION  
YEAR ENDED SEPTEMBER 30, 2012  
AND INDEPENDENT AUDITORS' REPORT

CITY OF ORANGEBURG  
ORANGEBURG, SOUTH CAROLINA

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	3-4
Management's Discussion and Analysis (Unaudited):	
City of Orangeburg	5-12
Department of Public Utilities	13-18
<u>Basic Financial Statements:</u>	
Government-wide Financial Statements:	
Statement of Net Assets	19-20
Statement of Activities	21
Fund Financial Statements:	
Balance Sheet - Governmental Funds	22
Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Assets	23
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Statement of Net Assets - Proprietary Funds	26-27
Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds	28
Statement of Cash Flows - Proprietary Funds	29-30
Statement of Fiduciary Assets and Liabilities	31
Notes to Financial Statements	32-56
<u>Required Supplementary Information:</u>	
Budgetary Comparison Schedule - General Fund	57
Note to the Budgetary Comparison Schedule - General Fund	58
Budgetary Comparison Schedule - Enterprise Fund	59
Note to the Budgetary Comparison Schedule - Enterprise Fund	60
Schedule of Funding Progress for Retiree Health Plan	61

(Continued) - 1.

CITY OF ORANGEBURG  
ORANGEBURG, SOUTH CAROLINA

TABLE OF CONTENTS

	<u>PAGE</u>
SUPPLEMENTARY INFORMATION SCHEDULES:	
<u>Combining and Individual Fund Statements and Schedules:</u>	
GENERAL FUND:	
Comparative Balance Sheets	62
Schedule of Revenues - Budget and Actual	63-64
Schedule of Expenditures - Budget and Actual	65-70
NON-MAJOR GOVERNMENTAL FUNDS:	
Combining Balance Sheet	71-72
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	73-74
NON-MAJOR ENTERPRISE FUNDS:	
Combining Statement of Net Assets	75
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	76
Combining Statement of Cash Flows	77-78
Schedule of Fines and Assessments and Surcharges - Revenues for Victims' Services	79
<u>Single Audit Section:</u>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	80-81
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 According with OMB Circular A-133	82-83
Schedule of Expenditures of Federal Awards	84
Notes to Schedule of Expenditures of Federal Awards	85
Summary Schedule of Prior Audit Findings	86
Schedule of Findings and Questioned Costs	87-88

(Concluded) - 2.

# J. W. HUNT AND COMPANY, LLP

JOHN C. CREECH, JR., CPA  
ANNE H. ROSS, CPA  
WILLIAM T. POUNCEY, CPA  
M. RILEY CREECH, 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, 2012, 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, 2012, and the respective changes in financial position and, where applicable, cash flows, 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 28, 2013 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 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.

(Continued) - 1.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 5 through 18, the budgetary comparison information on pages 56 through 59, and the schedule of funding progress for retiree health plan on page 61 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 28, 2013

(Concluded) - 2.

**City of Orangeburg**  
**Orangeburg, South Carolina**  
**Management's Discussion and Analysis (Unaudited)**  
**September 30, 2012**

The City of Orangeburg is presenting this analytical overview of the government's financial activities for the City for the Fiscal Year ended September 30, 2012. This overview should 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 the Department of Public Utilities, Airport, Pro Shop and the Municipal Golf Course as well as other Boards and Commissions. The Boards and Commissions are: Election, Hillcrest Golf Course, Board of Zoning Appeals, Construction Board of Adjustments and Appeals, Aviation, Planning, Grievance, and Accommodations Tax Advisory.

**Financial Highlights from FY 2011-2012**

As of September 30, 2012, the end of the fiscal year, the Government Wide assets of the City of Orangeburg exceeded its liabilities by \$31,453,856. Of this amount \$12,835,941 may be used to meet the government's ongoing needs.

Also, as of September 30, 2012, the total governmental fund balance is \$11,117,235; the unassigned fund balance for the General Fund was \$9,169,402. 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. Reduced reserves will reduce interest income and operating income from investments. Investment income has declined from prior years due to lower interest rates. It may be necessary to expend a limited amount of fund balance for several years to weather recent economic times due to lower revenues, although based on national and state projections, we are hopeful that a positive economic outlook turnaround is forthcoming.

The City governmental activities had a total of \$6,116,574 long term obligations beginning October 1, 2011 and issued \$924,805 debt for FY 2011-2012, including accrued annual leave. Long term obligations were reduced by the amount of \$1,417,744 leaving a total of \$5,623,635. Capital lease debt financed by BB&T of \$2,300,375 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 \$1,168,633. The City does try to lower this debt by allowing employees to annually sell a portion of their annual leave at half price. Also, retired workers returning to work are not allowed to accrue annual leave for sale.

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 not have any health insurance post-employment benefits funded by the City which has greatly reduced the GASB liability. They will have the option of a Health Savings Account (HSA). The City continues to offer exceptional benefits to its employees and will also be looking in the future at an onsite clinic and possibly becoming self-insured.

## **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 and provide an analytical overview of the financial activities. 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 19-21 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 (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 this fund 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 32-56 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, 2012 and September 30, 2011

	2012	2012	2011	2011
	Governmental	Business Type	Governmental	Business Type
	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>
Current and				
other assets	\$ 18,308,218	\$ 50,068,868	\$ 17,692,950	\$ 41,512,306
Capital assets (net)	20,725,084	217,942,984	20,918,549	217,770,369
Total assets	<u>39,033,302</u>	<u>268,011,852</u>	<u>38,611,499</u>	<u>259,282,675</u>
Long term debt outstanding	5,716,320	8,200,107	6,097,834	10,250,921
Other liabilities	1,863,126	13,581,437	1,724,658	9,705,617
Total liabilities	<u>7,579,446</u>	<u>21,781,544</u>	<u>7,822,492</u>	<u>19,956,538</u>
Net assets:				
Invested in capital assets,				
net of debt	16,670,082	196,219,675	16,742,420	195,580,768
Restricted	1,947,833	1,043,888	1,682,892	937,305
Unrestricted (deficit)	12,835,941	48,966,746	12,363,695	42,808,064
Total net assets	<u>\$ 31,453,856</u>	<u>\$ 246,230,309</u>	<u>\$ 30,789,007</u>	<u>\$ 239,326,137</u>

Condensed Statement of Activities:  
September 30, 2012 and September 30, 2011

Revenues:	2012 Governmental Activities	2012 Business Type Activities	2011 Governmental Activities	2011 Business Type Activities
Program revenues:				
Charges for services	\$ 5,580,192	\$ 95,948,857	\$ 5,928,267	\$ 103,774,538
Operating grants	610,867	-	502,428	-
Capital grants	503,669	200,682	298,417	473,635
General revenues:				
Property taxes	3,230,890	-	3,369,415	-
Other taxes	1,875,602	-	1,183,030	-
Franchise fees	144,447	-	144,646	-
Other revenues	38,053	96,654	15,628	45,932
Total revenues	<u>11,983,720</u>	<u>96,246,193</u>	<u>11,441,831</u>	<u>104,294,105</u>
Expenses:				
General government	2,321,053	-	2,346,918	-
Public Safety	7,821,961	-	7,649,858	-
Public Works	2,709,413	-	2,591,930	-
Culture/recreation	2,199,491	-	2,191,231	-
Service	595,210	-	582,454	-
Interest/long term debt	170,152	-	198,373	-
Public Utilities	-	82,775,143	-	90,505,141
Airport	-	1,328,937	-	1,231,655
Golf Course	-	706,620	-	732,609
Total expenses	<u>15,817,280</u>	<u>84,810,700</u>	<u>15,560,764</u>	<u>92,469,405</u>
Excess or (deficiency) before special items or transfers	(3,833,560)	11,435,493	(4,118,933)	11,824,700
Transfers	<u>4,498,409</u>	<u>(4,498,409)</u>	<u>4,405,984</u>	<u>(4,405,984)</u>
Increase or (decrease) in net assets	<u>\$ 664,849</u>	<u>\$ 6,937,084</u>	<u>\$ 287,051</u>	<u>\$ 7,418,716</u>

In fiscal year 2011-2012, the DPU transfer was increased by \$165,000. There was no tax millage increase; the millage rate remained at 87 mills. Business License penalties increased from 5% to 10% per month. There was a minimum fee rate change for commercial sanitation customers.

There was a 2% 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 did not come in over expenditures this fiscal year as expected. The City had to use \$22,596 of reserves. It is important to note that the City had originally anticipated using cash reserves of \$600,000 to balance the budget. The amount originally budgeted was reduced and amended to \$228,448 in the general fund. Additionally, current program costs must be held at current budget amounts and possibly some services eliminated such as cutting the state right of ways in order to continually provide our existing services and benefits without raising taxes or increasing fees.

The City's Utility Fund plays a large role in the funding of governmental services. The General Fund reported a \$5,684,774 deficit before the transfer of \$4,834,066 from the Department of Public Utilities. After the transfer and lease proceeds of \$762,218, the General Fund had a net decrease of \$22,596 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 \$782,742 which includes depreciation of \$686,185 and a decrease in net assets of \$686,218. The Hillcrest Golf Course and Pro Shop had a combined operating loss of \$170,902 including depreciation of \$112,412 and a decrease in net assets of \$170,902.

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 a return on investment and ownership to the citizens and taxpayers 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 is not always reflected in tax revenues. Business licenses have in the past generally increased due to new businesses and new construction. However, in the past several years, this has not held true. Again, due to the national economic condition, we are watching this carefully.

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. 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 changes 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, 2012 the amount of \$10,634 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 \$1,233,345 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, 2012, is \$2,300,375. 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 \$1,404,051 excluding accrued annual leave. Ending balance as of September 30, 2012 is \$6,292,892. Accrued annual leave is also shown under the General Fund Debt and Business Type Activities Debt.

In Other Government Funds, these funds had a net increase of \$578,580. The beginning balance for the year was \$6,207,338 and the ending balance was \$6,785,918. 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.

## **Closing**

With increased cuts in local government funding, it is extremely difficult for the City not to diminish fund balance yearly in order to balance the budget annually. As you can see this year, the City had to use some of its reserves which is something that we strive not to do. 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. It is important to note that the City has not had a lay off, furloughed employees, or reduced benefits during this time of economic uncertainty.

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](mailto: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, 2012.

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 Statement of Net Assets**

	<u>FY 2012</u>	<u>FY 2011</u>
Current assets	\$ 51,425,701	\$ 42,606,565
Non-current assets (restricted)	4,278,719	4,165,523
Non-current assets (other)	1,512,500	-
Capital assets (net)	<u>202,484,110</u>	<u>203,239,285</u>
 Total assets	 <u>\$ 259,701,030</u>	 <u>\$ 250,011,373</u>
 Current liabilities	 \$ 13,634,819	 \$ 10,608,559
Non-current liabilities	<u>8,034,551</u>	<u>9,165,358</u>
Total liabilities	<u>21,669,370</u>	<u>19,773,917</u>
 Invested in capital assets, net of related debt	 196,219,675	 195,580,768
Restricted	1,043,888	937,305
Unrestricted	<u>40,768,097</u>	<u>33,719,383</u>
Total net assets	<u>238,031,660</u>	<u>230,237,456</u>
 Total net assets and liabilities	 <u>\$ 259,701,030</u>	 <u>\$ 250,011,373</u>

Income before contributions and transfers totaled \$12,193,178. This represents a 5.3% return on equity to the citizens of Orangeburg. Total net assets grew by \$7,794,204 during fiscal year 2012, which was a slightly slower pace of growth when compared to the prior year. The Department's increase in current assets was due primarily to an increase in the over billings and the completion of spending on certain construction in progress projects. The Department has also begun the planning phases of several new projects that will take multiple years to complete. The goal of these projects is to provide more reliable service to the citizens of Orangeburg as well as improved customer service.

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

*Electric Division*

	<u>FY 2012</u>	<u>FY 2011</u>
Operating revenues	\$ 72,528,966	\$ 79,045,966
Non-operating revenues (expenses)	<u>(19,625)</u>	<u>(32,542)</u>
Total revenues	<u>72,509,341</u>	<u>79,013,424</u>
Electricity purchased	53,168,122	59,696,264
Depreciation expense	3,359,543	3,248,620
Other operating expense	<u>6,947,301</u>	<u>6,660,658</u>
Total expenses	<u>63,474,966</u>	<u>69,605,542</u>
Income before transfers	9,034,375	9,407,882
Transfers to City	<u>3,471,794</u>	<u>3,417,314</u>
Change in net assets	<u>\$ 5,562,581</u>	<u>\$ 5,990,568</u>

Electric Division sales decreased 5.8% in volume. Electric Division operating revenues decreased 8.2% in dollars due to weaker demand from the slow economy. The marginal cost of purchased electricity decreased slightly due to our suppliers' decreased fuel costs. 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. 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 working to continue to be compliant under all regulations pertaining to the Division.

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

### Gas Division

	<u>FY 2012</u>	<u>FY 2011</u>
Operating revenues	\$ 9,158,341	\$ 10,745,411
Non-operating revenues (expenses)	<u>(4,245)</u>	<u>(2,246)</u>
Total revenues	<u>9,154,096</u>	<u>10,743,165</u>
Natural gas purchased	5,157,615	6,980,821
Depreciation expense	588,526	590,208
Other operating expense	<u>1,740,331</u>	<u>1,809,986</u>
Total expenses	<u>7,486,472</u>	<u>9,381,015</u>
Income before transfers	1,667,624	1,362,150
Transfers to City	<u>450,882</u>	<u>462,766</u>
Change in net assets	<u>\$ 1,216,742</u>	<u>\$ 899,384</u>

Gas Division sales decreased 6.6% in volume, while operating revenues were lower due to the combined effects of lower usage and the lower cost of natural gas. 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. 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. Federal regulations for safety and operations continue to increase and affect the way that natural gas utilities operate. Rate increases may be necessary to fund future compliance activities.



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

### Water Division

	<u>FY 2012</u>	<u>FY 2011</u>
Operating revenues	\$ 7,784,223	\$ 7,541,717
Non-operating revenues (expenses)	124,867	208,951
Contributed capital	-	74,565
Total revenues	<u>7,909,090</u>	<u>7,825,233</u>
Depreciation expense	2,206,606	1,959,636
Other operating expense	4,898,555	4,966,730
Total expenses	<u>7,105,161</u>	<u>6,926,366</u>
Income before transfers	803,929	898,867
Transfers to City	<u>360,706</u>	<u>322,346</u>
Change in net assets	<u>\$ 443,223</u>	<u>\$ 576,521</u>

Water Division sales decreased 4.2% by volume, while sales increased 3.2% by dollars due to a 10.0% rate increase in a prior year. Non-operating revenue decreased due to a decrease of tap and impact fees. The water division had no contributed capital during the current year. 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. 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 2012</u>	<u>FY 2011</u>
Operating revenues	\$ 5,192,273	\$ 4,960,432
Non-operating revenues (expenses)	78,863	171,932
Contributed capital	109,849	326,985
Total revenues	<u>5,380,985</u>	<u>5,459,349</u>
Depreciation expense	1,540,707	1,503,196
Other operating expense	3,043,179	2,974,508
Total expenses	<u>4,583,886</u>	<u>4,477,704</u>
Income (loss) before transfers	797,099	981,645
Transfers to City	<u>225,441</u>	<u>213,279</u>
Change in net assets	<u>\$ 571,658</u>	<u>\$ 768,366</u>

Wastewater Division sales increased marginally by volume and increased 4.7% by dollar due to a rate increase in the prior year. Non-operating revenues decreased because of fewer tap and impact fees. Contributed capital decreased from the elevated level of prior years due to the Orangeburg County Penny Projects. These projects vary year to year according to County Council's direction. The Wastewater Plant is now thirty-six years old and is in need of major renovations. Management is in the planning phases of the renovation project. 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 2012</u>	<u>FY 2011</u>
Cash flow from operating activities	\$ 21,450,626	\$ 22,699,409
Transfer to the City and other entities	(4,508,822)	(4,415,705)
Cash flow for capital assets	(7,565,448)	(8,296,211)
Cash flow from financing and grants	(1,179,466)	72,390
Cash flow from investing activities	<u>(5,914,774)</u>	<u>(6,878,228)</u>
	2,282,116	3,181,655
Beginning cash and cash investments	<u>7,615,311</u>	<u>4,433,656</u>
Ending cash and cash investments	<u>\$ 9,897,427</u>	<u>\$ 7,615,311</u>

Budgeted spending on multi-year capital projects in fiscal year 2013 is anticipated to be approximately \$8,500,000 million, which is higher than spending in 2012. Some notable capital projects include the Administrative Division enterprise planning and customer service software, the Electric Division AMI or Advanced Metering Infrastructure, and the Wastewater Division Improvements to the Wastewater Treatment plant. The Department expects project expenditures to increase significantly for the next four years. These increases will address aging infrastructure and software improvements in an effort to provide more reliable services and improved customer service. All the Department's investments are comprised of six month United States Treasury bills. 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, 2012

<u>ASSETS</u>	Primary Government		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current assets:			
Cash and equivalents	\$ 2,388,031	\$ 5,694,216	\$ 8,082,247
Receivables:			
Current taxes	89,334	-	89,334
Delinquent taxes, net of allowance of \$22,024	88,099	-	88,099
State of South Carolina	194,260	-	194,260
Other	112,335	12,157,576	12,269,911
Investments	13,775,556	30,335,248	44,110,804
Internal balances	1,541,460	(1,541,460)	-
Inventory	119,143	3,423,288	3,542,431
Total current assets	18,308,218	50,068,868	68,377,086
Noncurrent assets:			
Restricted assets:			
Cash:			
Customer deposits	-	3,234,831	3,234,831
Bond repayment	-	968,880	968,880
Investments:			
Self insurance fund	-	75,008	75,008
Capital assets (net of depreciation)	20,725,084	212,151,766	232,876,850
Other noncurrent assets	-	1,512,500	1,512,500
Total noncurrent assets	20,725,084	217,942,985	238,668,069
<b>TOTAL ASSETS</b>	<b>39,033,302</b>	<b>268,011,853</b>	<b>307,045,155</b>

(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	\$ 246,213	\$ 5,213,629	\$ 5,459,842
Over billings	-	2,987,735	2,987,735
Withholdings and accrued expenses	42,153	159,434	201,587
Accrued sales tax payable	28,600	198,804	227,404
Accrued annual leave, current	244,162	607,009	851,171
Lease payable, current	951,998	9,971	961,969
Bond payable, current	350,000	201,144	551,144
Total current liabilities	<u>1,863,126</u>	<u>9,377,726</u>	<u>11,240,852</u>
Liabilities payable from restricted net assets:			
Customer deposits	-	3,234,831	3,234,831
Current portion of revenue bonds payable	-	968,880	968,880
Total liabilities payable from restricted assets	<u>-</u>	<u>4,203,711</u>	<u>4,203,711</u>
Noncurrent liabilities:			
Capital leases	2,753,004	18,484	2,771,488
Accrued annual leave	924,471	822,896	1,747,367
Other post-employment benefit payable	1,638,845	2,264,314	3,903,159
General obligation bond	400,000	-	400,000
Revenue bond payable	-	5,094,413	5,094,413
Total noncurrent liabilities	<u>5,716,320</u>	<u>8,200,107</u>	<u>13,916,427</u>
<b>TOTAL LIABILITIES</b>	<u>7,579,446</u>	<u>21,781,544</u>	<u>29,360,990</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	16,670,082	196,219,675	212,889,757
Restricted for:			
Self insurance fund	186,666	75,008	261,674
Inventory	119,143	-	119,143
Fire equipment	186,011	-	186,011
Amount due from Hillcrest	725,181	-	725,181
Amount due from municipal airport	730,832	-	730,832
Bond payment	-	968,880	968,880
Unrestricted	<u>12,835,941</u>	<u>48,966,746</u>	<u>61,802,687</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 31,453,856</u>	<u>\$ 246,230,309</u>	<u>\$ 277,684,165</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, 2012

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
<b>Governmental activities:</b>							
Executive	\$ 361,858	\$ -	\$ -	\$ -	\$ (361,858)	\$ -	\$ (361,858)
Finance	649,320	-	-	-	(649,320)	-	(649,320)
Administrative	516,903	-	-	-	(516,903)	-	(516,903)
Public works	2,709,413	3,721,675	8,730	371,751	1,392,743	-	1,392,743
Public safety	7,821,961	1,692,341	98,412	131,918	(5,899,290)	-	(5,899,290)
Parks and recreation	2,199,491	119,554	203,211	-	(1,876,726)	-	(1,876,726)
Service	595,210	-	-	-	(595,210)	-	(595,210)
Non-departmental	792,972	46,622	300,514	-	(445,836)	-	(445,836)
Interest on long-term debt	170,152	-	-	-	(170,152)	-	(170,152)
<b>Total governmental activities</b>	<b>15,817,280</b>	<b>5,580,192</b>	<b>610,867</b>	<b>503,669</b>	<b>(9,122,552)</b>	<b>-</b>	<b>(9,122,552)</b>
<b>Business-type activities:</b>							
Public utilities	82,775,143	94,871,666	-	109,849	-	12,206,372	12,206,372
Municipal airport	1,328,937	541,473	-	90,833	-	(696,631)	(696,631)
Pro shop	65,734	128,157	-	-	-	62,423	62,423
Golf	640,886	407,561	-	-	-	(233,325)	(233,325)
<b>Total business-type activities</b>	<b>84,810,700</b>	<b>95,948,857</b>	<b>-</b>	<b>200,682</b>	<b>-</b>	<b>11,338,839</b>	<b>11,338,839</b>
<b>Total government</b>	<b>\$ 100,627,980</b>	<b>\$ 101,529,049</b>	<b>\$ 610,867</b>	<b>\$ 704,351</b>	<b>(9,122,552)</b>	<b>11,338,839</b>	<b>2,216,287</b>
<b>General revenues:</b>							
<b>Taxes:</b>							
Property taxes, levied for general purposes					\$ 3,230,890	\$ -	\$ 3,230,890
Sales, accommodations, and use tax					1,875,602	-	1,875,602
Franchise fees					144,447	-	144,447
Interest income					41,283	79,085	120,368
Gain (loss) on disposal of capital assets					(3,230)	17,569	14,339
Transfers					4,498,409	(4,498,409)	-
Change in net assets					664,849	6,937,084	7,601,933
Net assets, as restated - beginning of year					30,789,007	239,293,225	270,082,232
Net assets - end of year					\$ 31,453,856	\$ 246,230,309	\$ 277,684,165

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CITY OF ORANGEBURG  
ORANGEBURG, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2012

<u>ASSETS</u>	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and equivalents	\$ 191,757	\$ 2,196,274	\$ 2,388,031
Investments	9,255,360	4,520,196	13,775,556
Receivables:			
Current taxes	89,334	-	89,334
Delinquent taxes	110,123	-	110,123
State of South Carolina	182,043	12,217	194,260
Other	112,335	-	112,335
Due from other funds	88,190	66,401	154,591
Advances to other funds	1,456,013	-	1,456,013
Inventory	119,143	-	119,143
<b>TOTAL ASSETS</b>	<b>\$ 11,604,298</b>	<b>\$ 6,795,088</b>	<b>\$ 18,399,386</b>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 239,786	\$ 6,427	\$ 246,213
Withholdings and accrued expenses	42,153	-	42,153
Due to other funds	66,401	2,743	69,144
Deferred property taxes	110,123	-	110,123
Deferred revenue	28,600	-	28,600
Total liabilities	487,063	9,170	496,233
Fund balances:			
Nonspendable:			
Inventory	119,143	-	119,143
Amount due from Hillcrest Golfcourse	725,181	-	725,181
Amount due from municipal airport	730,832	-	730,832
Restricted for:			
Capital projects	-	5,466,689	5,466,689
Tourism related expenditures	-	1,015,169	1,015,169
Law enforcement	-	9	9
Self insurance	186,666	-	186,666
Committed for:			
Firemen's equipment	186,011	73,290	259,301
Law enforcement	-	111,742	111,742
Capital projects	-	23,913	23,913
Cemetery maintenance	-	87,095	87,095
Other purposes	-	8,011	8,011
Unassigned	9,169,402	-	9,169,402
Total fund balances	11,117,235	6,785,918	17,903,153
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 11,604,298</b>	<b>\$ 6,795,088</b>	<b>\$ 18,399,386</b>

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, 2012

---

Total fund balances - governmental funds \$ 17,903,153

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 88,099

Capital assets used in governmental activities are not financial resources, and are not reported in the funds 20,725,084

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

General obligation bond	(750,000)
Capital leases	(3,705,002)
Accrued annual leave	(1,168,633)
Other post-employment benefits	<u>(1,638,845)</u>

Net assets of governmental activities \$ 31,453,856

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, 2012

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>			
Taxes:			
Ad valorem	\$ 3,226,119	\$ -	\$ 3,226,119
Sales	-	1,875,602	1,875,602
Licenses and permits	2,655,277	-	2,655,277
Franchise fee	144,447	-	144,447
Fines and forfeitures	673,806	1,625	675,431
Charges for services	1,945,033	21,319	1,966,352
Interest income	27,798	13,485	41,283
Miscellaneous	127,935	1,350	129,285
Contributions	-	215,951	215,951
Intergovernmental	499,601	548,173	1,047,774
	<hr/>	<hr/>	<hr/>
Total revenues	9,300,016	2,677,505	11,977,521
<b>EXPENDITURES:</b>			
Executive	353,030	-	353,030
Finance	620,102	-	620,102
Administrative	494,743	-	494,743
Public works	1,976,379	-	1,976,379
Public safety	6,659,478	260,948	6,920,426
Parks and recreation	1,683,632	42,568	1,726,200
Service	508,531	-	508,531
Non-departmental	809,901	-	809,901
Small capital outlay	52,798	28,065	80,863
Debt service	1,060,570	342,927	1,403,497
Capital outlay	765,626	1,088,760	1,854,386
	<hr/>	<hr/>	<hr/>
Total expenditures	14,984,790	1,763,268	16,748,058
Excess (deficiency) of revenues over (under) expenditures	(5,684,774)	914,237	(4,770,537)
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in	4,834,066	15,815	4,849,881
Operating transfers out	-	(351,472)	(351,472)
Lease proceeds	762,218	-	762,218
Sale of general capital assets	65,894	-	65,894
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	5,662,178	(335,657)	5,326,521
Net change in fund balances	(22,596)	578,580	555,984
FUND BALANCES, BEGINNING OF YEAR	11,139,831	6,207,338	17,347,169
	<hr/>	<hr/>	<hr/>
FUND BALANCES, END OF YEAR	\$ 11,117,235	\$ 6,785,918	\$ 17,903,153

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, 2012

---

Net changes in fund balances - total governmental funds \$ 555,984

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	1,854,386
Loss on disposal of capital assets	(64,466)
Depreciation expense	<u>(1,983,386)</u>
	<u>(193,466)</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	(762,218)
Capital lease obligation principal payments	933,345
Note payable principal payments	<u>300,000</u>
	<u>471,127</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	21,813
Other post-employment benefits	<u>(195,383)</u>
	<u>(173,570)</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.

	<u>4,774</u>
--	--------------

Change in net assets of governmental activities	<u><u>\$ 664,849</u></u>
---	--------------------------

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, 2012

	<u>Business-type Activities - Enterprise Funds</u>		
	Other		
	<u>Public</u>	<u>Enterprise</u>	<u>Total</u>
	<u>Utilities</u>	<u>Funds</u>	
<u>ASSETS</u>			
Current assets:			
Cash and equivalents	\$ 5,693,716	\$ 500	\$ 5,694,216
Investments	30,335,248	-	30,335,248
Accounts receivable - net	4,111,282	41,652	4,152,934
Unbilled customer accounts receivable	7,874,254	-	7,874,254
Other receivables	78,928	51,460	130,388
Inventories	3,332,273	91,015	3,423,288
Due from other funds	-	20,432	20,432
Total current assets	51,425,701	205,059	51,630,760
Noncurrent assets:			
Restricted assets:			
Cash:			
Customer deposits	3,234,831	-	3,234,831
Bond repayment	968,880	-	968,880
Investments:			
Self insurance fund	75,008	-	75,008
Total restricted assets	4,278,719	-	4,278,719
Capital assets:			
Property, plant and equipment net of accumulated depreciation	195,908,096	8,159,276	204,067,372
Property, plant, and equipment not being depreciated	6,576,014	1,508,380	8,084,394
Total property, plant, and equipment - net	202,484,110	9,667,656	212,151,766
Other noncurrent asset	1,512,500	-	1,512,500
Total noncurrent assets	208,275,329	9,667,656	217,942,985
TOTAL ASSETS	259,701,030	9,872,715	269,573,745

(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	\$ 5,178,112	\$ 35,517	\$ 5,213,629
Under billings	2,987,735	-	2,987,735
Withholdings and accrued expenses	159,434	-	159,434
Current portion of capital lease obligation	-	9,971	9,971
Current portion of revenue bonds payable	201,144	-	201,144
Accrued compensated absences	600,000	7,009	607,009
Accrued sales tax payable	198,804	-	198,804
Due to other funds	105,879	-	105,879
Total current liabilities	<u>9,431,108</u>	<u>52,497</u>	<u>9,483,605</u>
Current liabilities (payable from restricted assets):			
Customer deposits	3,234,831	-	3,234,831
Current portion of revenue bonds payable	968,880	-	968,880
Total current liabilities (payable from restricted net assets)	<u>4,203,711</u>	<u>-</u>	<u>4,203,711</u>
Noncurrent liabilities:			
Advances from other funds	-	1,456,013	1,456,013
Capital lease obligation	-	18,484	18,484
Accrued compensated absences	759,502	63,394	822,896
Other post employment benefit obligation	2,180,636	83,678	2,264,314
Bonds payable	5,094,413	-	5,094,413
Total noncurrent liabilities	<u>8,034,551</u>	<u>1,621,569</u>	<u>9,656,120</u>
<b>TOTAL LIABILITIES</b>	<u>21,669,370</u>	<u>1,674,066</u>	<u>23,343,436</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	196,219,675	-	196,219,675
Restricted for self insurance	75,008	-	75,008
Restricted for bond payment	968,880	-	968,880
Unrestricted	40,768,097	8,198,649	48,966,746
<b>TOTAL NET ASSETS</b>	<u>\$ 238,031,660</u>	<u>\$ 8,198,649</u>	<u>\$ 246,230,309</u>

(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, 2012

	Business-type Activities - Enterprise Funds		
	Public Utilities	Other Enterprise Funds	Total
<b>OPERATING REVENUES:</b>			
Utility sales and wastewater service	\$ 94,663,802	\$ -	\$ 94,663,802
Pro shop sales	-	94,405	94,405
Food sales	-	33,224	33,224
Oil and fuel sales	-	474,554	474,554
Rentals and other	-	67,447	67,447
Green fees, cart rentals and memberships	-	390,371	390,371
Capital projects revenue	-	17,190	17,190
Total operating revenues	94,663,802	1,077,191	95,740,993
<b>OPERATING EXPENSES:</b>			
Cost of goods sold	58,330,877	489,097	58,819,974
Operating and maintenance	8,106,370	259,966	8,366,336
Administrative	8,517,856	483,175	9,001,031
Depreciation and amortization	7,695,382	798,597	8,493,979
Total operating expenses	82,650,485	2,030,835	84,681,320
<b>OPERATING INCOME (LOSS)</b>	12,013,317	(953,644)	11,059,673
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Gain (loss) on disposal of property	17,569	(3,950)	13,619
Water impact and tap fees	144,495	-	144,495
Wastewater impact and tap fees	63,369	-	63,369
Interest, investments	79,085	-	79,085
Interest expense	(124,658)	(772)	(125,430)
Total non-operating revenues (expenses)	179,860	(4,722)	175,138
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	12,193,177	(958,366)	11,234,811
Capital contributions - grants	109,849	90,833	200,682
Transfers in	-	72,836	72,836
Transfers out	(4,508,822)	(62,423)	(4,571,245)
<b>CHANGES IN NET ASSETS</b>	7,794,204	(857,120)	6,937,084
<b>NET ASSETS - BEGINNING OF YEAR, as restated</b>	230,237,456	9,055,769	239,293,225
<b>NET ASSETS - END OF YEAR</b>	\$ 238,031,660	\$ 8,198,649	\$ 246,230,309

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, 2012

	Business-type Activities - Enterprise Funds		
	Public Utilities	Other Enterprise	Total
		Funds	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 96,849,545	\$ 986,979	\$ 97,836,524
Cash payments to suppliers for goods and services	(66,883,800)	(774,059)	(67,657,859)
Cash payments for employees	(8,515,119)	(468,871)	(8,983,990)
Net cash provided (used) by operating activities	<u>21,450,626</u>	<u>(255,951)</u>	<u>21,194,675</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Due to (from) other funds	-	278,520	278,520
Transfers in (out)	(4,508,822)	10,413	(4,498,409)
Net cash provided (used) by noncapital financing activities	<u>(4,508,822)</u>	<u>288,933</u>	<u>(4,219,889)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and constructions of capital assets	(7,565,448)	(113,072)	(7,678,520)
Proceeds from sale of capital assets	21,559	-	21,559
Principal payment on capital leases	-	(9,971)	(9,971)
Principal payment on bonds	(1,394,080)	-	(1,394,080)
Interest payments	(124,658)	(772)	(125,430)
Water impact and tap fees	144,495	-	144,495
Wastewater impact and tap fees	63,369	-	63,369
Proceeds from capital grants	109,849	90,833	200,682
Net cash used by capital and related financing activities	<u>(8,744,914)</u>	<u>(32,982)</u>	<u>(8,777,896)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Investment interest	79,085	-	79,085
Purchase of investments	(71,293,829)	-	(71,293,829)
Proceeds from maturities of investments	65,299,970	-	65,299,970
Net cash used by investing activities	<u>(5,914,774)</u>	<u>-</u>	<u>(5,914,774)</u>
<b>NET INCREASE IN CASH AND EQUIVALENTS</b>	<b>2,282,116</b>	<b>-</b>	<b>2,282,116</b>
<b>CASH AND EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>7,615,311</b>	<b>500</b>	<b>7,615,811</b>
<b>CASH AND EQUIVALENTS AT END OF YEAR</b>	<b>\$ 9,897,427</b>	<b>\$ 500</b>	<b>\$ 9,897,927</b>

(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>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 12,013,317	\$ (953,644)	\$ 11,059,673
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	8,316,633	798,597	9,115,230
Changes in assets and liabilities:			
(Increase) decrease in:			
Customer accounts receivable	49,832	-	49,832
Unbilled receivables	(1,682,255)	-	(1,682,255)
Other receivables - operating	323,158	(90,212)	232,946
Bond proceeds receivable	575,240	-	575,240
Inventories	22,103	27,841	49,944
Other prepaid expenses	55,566	-	55,566
Other noncurrent assets	(1,512,500)	-	(1,512,500)
Increase (decrease) in:			
Accounts payable	(612,677)	(52,837)	(665,514)
Under (over) billing	3,488,395	-	3,488,395
Sales tax payable	118,395	-	118,395
Withholdings and accrued expenses	3,226	-	3,226
Accrued compensated absences	23,448	5,855	29,303
OPEB obligation	240,195	8,449	248,644
Due to City of Orangeburg - General Fund	21,937	-	21,937
Customer deposits payable	6,613	-	6,613
Net cash provided (used) by operating activities	\$ 21,450,626	\$ (255,951)	\$ 21,194,675
<b>RECONCILIATION OF TOTAL CASH AND CASH INVESTMENTS:</b>			
Cash on hand and in bank	\$ 5,693,716	\$ 500	\$ 5,694,216
Restricted cash - customer deposits	3,234,831	-	3,234,831
Restricted cash - bond repayment	968,880	-	968,880
Total cash and cash equivalents	\$ 9,897,427	\$ 500	\$ 9,897,927

(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, 2012

---

	Delinquent Tax Collector <u>Agency Fund</u>
<b>ASSETS</b>	
Cash	\$ 10,634
Total assets	<u>\$ 10,634</u>
<b>LIABILITIES</b>	
Due to trust fund holders	\$ 10,634
Total liabilities	<u>\$ 10,634</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, 2012

---

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.

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

---

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 1.93% of accounts receivable at September 30, 2012, 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)

Governmental funds 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

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 28, 2013, the date of issuance, in preparing the financial statements and notes.



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

---

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

RECENT ACCOUNTING PRONOUNCEMENTS:

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. This Statement will only affect the presentation of the financial statements.

In June 2012, GASB issued Statements No. 67 and 68. Statement No. 67, *Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25*, standardizes financial reporting by state and local governmental pension plans. Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, establishes accounting and financial reporting requirements related to the presentation of the net pension obligation for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement. Statements No. 67 and 68 are effective for financial statements for periods beginning after June 15, 2013 and June 15, 2014, respectively. These Statements will have an impact on the financial statements, which has yet to be determined.

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS:

At September 30, 2012 the City had the following investments:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Treasuries	\$ 30,410,256	.24
State Treasurer's investment pool	<u>13,775,556</u>	
Total investments	<u><u>\$ 44,185,812</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.

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

---

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED):

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, 2012, City deposits totaled \$8,082,247 and the bank balance was \$12,527,552. Of the bank balance, \$3,162,717 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.

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, 2012 are \$110,123 and are not considered available to liquidate current period liabilities. Accordingly, the City has provided deferred revenue equal to 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 \$22,025.

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, 2012 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Due from/to other funds:		
General Fund	\$ 88,190	\$ 66,401
Special Revenue Funds:		
Accomodations Tax Fund	-	2,743
Hospitality and Accomodations Tax Fund	66,401	-
Capital Projects Funds:		
Hillcrest Golf Course Fund	-	-
Proprietary funds:		
Pro Shop	20,432	-
Department of Public Utilities	-	105,879
Total due from/to other funds	<u>175,023</u>	<u>175,023</u>
Advances to/from other funds:		
General Fund	1,456,013	-
Proprietary funds:		
Airport	-	725,181
Hillcrest	-	730,832
Total advances to/from other funds	<u>1,456,013</u>	<u>1,456,013</u>
Total interfund receivables and payables	<u>\$ 1,631,036</u>	<u>\$ 1,631,036</u>

Individual fund operating transfers for the year ended September 30, 2012 were as follows:

	<u>Transfers out</u>	<u>Transfers in</u>
General fund	\$ -	\$ 4,834,066
Nonmajor funds:		
Accomodations Tax Fund	25,090	-
Hospitality and Accomodations Tax Fund	285,414	15,815
Victims' Advocate Fund	40,968	-
Enterprise funds:		
Municipal Airport	-	10,413
Pro Shop	62,423	-
Hillcrest	-	62,423
Department of Public Utilities	<u>4,508,822</u>	<u>-</u>
Total	<u>\$ 4,922,717</u>	<u>\$ 4,922,717</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, 2012 was as follows:

<u>Governmental Activities</u>	<u>Balance</u> <u>9/30/2011</u>	<u>Additions</u>	<u>Transfers/</u> <u>Adjustments</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/2012</u>
Capital assets not being depreciated:					
Land	\$ 2,088,366	\$ -	\$ 5,411	\$ -	\$ 2,093,777
Construction in progress	1,225,535	883,814	(1,232,517)	-	876,832
Total	<u>3,313,901</u>	<u>883,814</u>	<u>(1,227,106)</u>	<u>-</u>	<u>2,970,609</u>
Capital assets being depreciated:					
Buildings	9,818,665	12,074	-	-	9,830,739
Building improvements	2,850,244	5,801	-	(23,992)	2,832,053
Land improvements	3,813,650	140,131	-	(65,056)	3,888,725
Infrastructure	6,523,231	27,544	1,211,638	-	7,762,413
Vehicles	5,672,917	74,149	-	(572,585)	5,174,481
Furniture and fixtures	1,474,420	35,514	15,469	(31,198)	1,494,205
Machinery and equipment	907,835	-	-	(50,945)	856,890
Computer equipment	1,167,596	59,305	-	(33,394)	1,193,507
Assets under capital lease	1,974,805	616,054	(29,588)	-	2,561,271
Tools and other	1,357,153	-	29,587	(23,636)	1,363,104
Total	<u>35,560,516</u>	<u>970,572</u>	<u>1,227,106</u>	<u>(800,806)</u>	<u>36,957,388</u>
Less accumulated depreciation:					
Buildings	4,238,452	260,925	-	-	4,499,377
Building improvements	720,353	81,434	-	(7,935)	793,852
Land improvements	2,041,401	258,107	-	(24,544)	2,274,964
Infrastructure	1,345,078	267,175	-	-	1,612,253
Vehicles	5,075,243	308,090	-	(566,125)	4,817,208
Furniture and fixtures	1,279,444	77,478	-	(29,839)	1,327,083
Machinery and equipment	776,305	49,751	-	(50,943)	775,113
Computer equipment	942,054	127,705	-	(33,392)	1,036,367
Assets under capital lease	440,062	419,943	-	-	860,005
Tools and other	1,097,475	132,778	-	(23,562)	1,206,691
Total accumulated depreciation	<u>17,955,867</u>	<u>1,983,386</u>	<u>-</u>	<u>(736,340)</u>	<u>19,202,913</u>
Total capital assets being depreciated, net	<u>17,604,649</u>	<u>(1,012,814)</u>	<u>1,227,106</u>	<u>(64,466)</u>	<u>17,754,475</u>
Governmental activities capital assets, net	<u>\$ 20,918,550</u>	<u>\$ (129,000)</u>	<u>\$ -</u>	<u>\$ (64,466)</u>	<u>\$ 20,725,084</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>9/30/2011</u>	<u>Additions</u>	<u>Transfers/</u> <u>Adjustments</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/2012</u>
Capital assets not being depreciated:					
Land	\$ 3,657,043	\$ -	\$ -	\$ -	\$ 3,657,043
Construction in progress	16,972,417	7,203,584	-	(19,748,650)	4,427,351
Total	<u>20,629,460</u>	<u>7,203,584</u>	<u>-</u>	<u>(19,748,650)</u>	<u>8,084,394</u>
Capital assets being depreciated:					
Buildings and improvements	8,759,118	16,491	-	-	8,775,609
Electric Division	114,134,411	6,615,570	-	(913,841)	119,836,140
Gas Division	24,170,041	727,708	-	(66,923)	24,830,826
Water Division	91,413,800	6,908,677	-	(43,172)	98,279,305
Wastewater Division	65,913,544	6,242,452	-	(149,523)	72,006,473
Land improvements	12,563,866	36,395	-	(28,145)	12,572,116
Tools and equipment	5,168,438	81,846	-	(1,409)	5,248,875
Furniture and fixtures	1,200,994	3,029	-	(1,172)	1,202,851
Assets under capital lease	210,973	-	-	-	210,973
Total	<u>323,535,185</u>	<u>20,632,168</u>	<u>-</u>	<u>(1,204,185)</u>	<u>342,963,168</u>
Less: accumulated depreciation	(130,592,715)	(9,115,230)	-	812,149	(138,895,796)
Total capital assets being depreciated, net	<u>192,942,470</u>	<u>11,516,938</u>	<u>-</u>	<u>(392,036)</u>	<u>204,067,372</u>
Business-type activities capital assets, net	<u>\$ 213,571,930</u>	<u>\$ 18,720,522</u>	<u>\$ -</u>	<u>\$(20,140,686)</u>	<u>\$ 212,151,766</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 \$862,644 at September 30, 2012.

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, 2012:

	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	\$ 13,320,769	\$ -	\$ 567,299	\$ 2,341,091	\$ 16,229,159
Electric Division	-	-	-	119,836,140	119,836,140
Gas Division	-	-	-	24,830,826	24,830,826
Water Division	-	-	-	98,279,305	98,279,305
Wastewater Division	-	-	-	72,006,473	72,006,473
Buildings and improvements	1,549,683	-	464,558	6,761,368	8,775,609
Tools and equipment	721,118	1,295	599,323	3,994,584	5,316,320
Furniture, fixtures and computers	-	-	-	1,135,406	1,135,406
Assets under capital lease	197,962	-	13,011	-	210,973
Construction in progress	192,428	-	-	4,234,923	4,427,351
	<hr/>				
Total	15,981,960	1,295	1,644,191	333,420,116	351,047,562
Less: accumulated depreciation	(6,735,945)	(1,295)	(1,222,550)	(130,936,006)	(138,895,796)
	<hr/>				
Net capital assets - proprietary funds	\$ 9,246,015	\$ -	\$ 421,641	\$ 202,484,110	\$ 212,151,766
	<hr/>				

Included in these amounts is depreciation on electric and turbine generators. This depreciation (\$621,250 for the years ended September 30, 2012 and 2011) 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 \$280,821 and \$274,670 for 2012 and 2011, respectively. The depreciation expense totals for the Airport, Pro Shop, and Golf Course were \$798,596 for the year ended September 30, 2012.

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

Executive	\$ 1,420
Finance	15,974
Administrative	13,897
Public works	690,489
Public safety	758,414
Parks and recreation	428,029
Services	75,163
	<hr/>
Total depreciation expense - governmental activities	\$ 1,983,386
	<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	\$ 3,981,483
Gas Division	588,379
Water Division	2,206,328
Wastewater Division	<u>1,540,443</u>
Total	<u><u>\$ 8,316,633</u></u>

NOTE 7 - LONG-TERM OBLIGATIONS:

Long-term obligations as of September 30, 2012 were as follows:

<u>Governmental Activities</u>	<u>9/30/2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>9/30/2012</u>	<u>Due Within One Year</u>
Capital leases payable	\$ 3,876,129	\$ 762,218	\$ (933,345)	\$ 3,705,002	\$ 951,998
Accrued annual leave	1,190,445	162,587	(184,399)	1,168,633	244,162
General obligation bond	<u>1,050,000</u>	-	(300,000)	<u>750,000</u>	<u>350,000</u>
Total governmental activities	<u>\$ 6,116,574</u>	<u>\$ 924,805</u>	<u>\$ (1,417,744)</u>	<u>\$ 5,623,635</u>	<u>\$ 1,546,160</u>
 <u>Business-type Activities</u>					
Capital leases payable	\$ 38,426	\$ -	\$ (9,971)	\$ 28,455	\$ 9,971
Accrued annual leave	1,400,541	686,415	(657,051)	1,429,905	607,009
Combined Public Utilities System Revenue Bond	<u>7,658,517</u>	-	(1,394,080)	<u>6,264,437</u>	<u>1,170,024</u>
Total business-type activities	<u>\$ 9,097,484</u>	<u>\$ 686,415</u>	<u>\$ (2,061,102)</u>	<u>\$ 7,722,797</u>	<u>\$ 1,787,004</u>

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

---

NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED):

<u>Governmental Activities</u>	<u>Outstanding 09/30/2011</u>	<u>Issued</u>	<u>Repaid</u>	<u>Outstanding 09/30/2012</u>
Capital leases:				
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.	\$ 83,218	\$ -	\$ (39,361)	\$ 43,857
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.	585,408	-	(200,129)	385,279
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.	2,539,196	-	(238,821)	2,300,375
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.	668,307	112,718	(243,980)	537,045
Vehicles and equipment financed by First Citizens; three annual payments of \$215,600 principal and interest at a rate of 2.65% through September 1, 2014. The lease is secured by equipment leased.	-	649,500	(211,054)	438,446
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.	1,050,000	-	(300,000)	750,000
Total	<u>\$ 4,926,129</u>	<u>\$ 762,218</u>	<u>\$(1,233,345)</u>	<u>\$ 4,455,002</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, 2012.

<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>	
2013	\$ 350,000	\$ 26,250	\$ 376,250	\$ 951,998	\$ 118,549	\$ 1,070,547	\$ 1,446,797
2014	400,000	14,000	414,000	957,736	95,788	1,053,524	1,467,524
2015	-	-	-	269,416	73,511	342,927	342,927
2016	-	-	-	280,462	62,465	342,927	342,927
2017	-	-	-	291,961	50,966	342,927	342,927
2018-2020	-	-	-	953,429	77,662	1,031,091	1,031,091
Total	<u>\$ 750,000</u>	<u>\$ 40,250</u>	<u>\$ 790,250</u>	<u>\$ 3,705,002</u>	<u>\$ 478,941</u>	<u>\$ 4,183,943</u>	<u>\$ 4,974,193</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, 2012, the City's bonded indebtedness was below the Constitutional limits as follows:

Real property assessed value	\$ 26,961,604
Other personal property assessed value	1,212,310
Vehicles assessed value	<u>3,530,594</u>
Total taxable assessed value	<u>\$ 31,704,508</u>
Debt limit - eight percent (8%) of total taxable assessed value	\$ 2,536,361
Amount of debt applicable to limit	<u>750,000</u>
Legal debt margin	<u>\$ 1,786,361</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 09/30/2011</u>	<u>Issued</u>	<u>Repaid</u>	<u>Outstanding 09/30/2012</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.	\$ 38,426	\$ -	\$ (9,971)	\$ 28,455
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.	2,850,000	-	(950,000)	1,900,000
\$982,514 Series of 2009, payable May 21, 2010 through 2030 - interest at 1.68% payable quarterly.	833,720	-	(34,820)	798,900
\$4,280,163 Series of 2009, payable May 1, 2010 through 2030 - interest at 1.84% payable quarterly.	3,974,797	-	(409,260)	3,565,537
Total	<u>\$7,696,943</u>	<u>\$ -</u>	<u>\$(1,404,051)</u>	<u>\$6,292,892</u>

The bond ordinances stipulate that all bonds issued for the public utilities system 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, 2012, balances in all funds meet bond requirements.

In fiscal years 2012 and 2011, the Department capitalized interest of \$17,614 and \$72,129, respectively.

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

---

NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED):

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, 2012.

<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>
2013	\$ 1,151,784	\$ 122,249	\$ 9,971	\$ 2,773	\$ 1,161,755	\$ 125,022
2014	1,173,150	82,812	9,971	2,264	1,183,121	85,076
2015	226,386	65,325	8,513	1,762	234,899	67,087
2016	229,738	61,974	-	-	229,738	61,974
2017	233,208	58,503	-	-	233,208	58,503
2018-2022	1,222,559	235,999	-	-	1,222,559	235,999
2023-2027	1,329,753	128,805	-	-	1,329,753	128,805
2028-2030	697,859	17,972	-	-	697,859	17,972
<b>Total</b>	<b>\$ 6,264,437</b>	<b>\$ 773,639</b>	<b>\$ 28,455</b>	<b>\$ 6,799</b>	<b>\$ 6,292,892</b>	<b>\$ 780,438</b>

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 2012. Future minimum lease payments under the lease are as follows:

<u>Year Ending September 30.:</u>	
2013	\$ 11,808
2014	11,808
2015	10,824
<b>Total</b>	<b>\$ 34,440</b>

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.

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

---

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:

	2012		2011		2010	
	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>
SCRS	9.385%	6.50%	9.385%	6.50%	9.24%	6.50%
PORS	11.365%	6.50%	11.363%	6.50%	11.13%	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:

	2012		2011		2010	
	<u>SCRS</u>	<u>PORS</u>	<u>SCRS</u>	<u>PORS</u>	<u>SCRS</u>	<u>PORS</u>
Employer	\$1,229,243	\$ 392,016	\$1,156,212	\$ 374,364	\$ 1,158,170	\$ 331,811
Employee	839,324	218,355	806,039	209,862	790,666	202,513

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

Both the employer and employee contributions will increase in the coming year. The employer and employee contribution rates will increase to 10.45% and 7%, respectively.

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 City pays the cost of the postemployment health care benefits for the retirees between the ages of 60 and 65. Upon reaching Medicare eligibility, the City will pay up to \$100 per month toward the cost of a Medicare supplement. The City will also reimburse out of pocket prescription costs exceeding \$2,000 per year up to a total annual benefit of \$840. Surviving spouses of retirees may elect to continue health care benefits at their own expense. Substantially all of the City's employees may become eligible for these benefits if they reach normal retirement age while working for the government.

The obligation of employer is established by action of the City's Council. The required contribution rate of the employer 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, 2012:

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):

Annual OPEB cost:		
Normal cost		\$ 264,590
Amortization of unfunded actuarial accrued liability		<u>409,207</u>
Total annual required contribution		673,797
OPEB contributions and implicit rate subsidy during the year		<u>229,771</u>
Current year increase in OPEB obligation		444,026
Net OPEB obligation, beginning of year		<u>3,459,133</u>
Net OPEB obligation, end of year		<u><u>\$ 3,903,159</u></u>

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>
2010	\$ 940,441	27.4%	\$ 682,446	\$ 2,777,809
2011	942,001	27.7%	681,324	3,459,133
2012	673,797	34.1%	444,026	3,903,159

FUNDED STATUS AND FUNDING PROGRESS:

As of September 30, 2012, the actuarial accrued liability for benefits was \$7,359,068, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$13,029,053, 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.

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

---

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

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, 2011, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4 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 5.0 percent after ten years. If the City chooses not to fund the plan, the actuarial accrued liability will increase significantly.

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>968,880</u>
Total	<u>\$ 1,043,888</u>

OTHER:

The golf course has a negative fund balance of \$456,246 as of September 30, 2012. 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.

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

---

NOTE 12 - RISK MANAGEMENT (CONTINUED):

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.

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 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 allocated insurance premium payments to the appropriate divisions. 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.



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

---

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 \$8,497,000. Total expected costs for all projects approved by Council for fiscal year 2012 are approximately \$7,910,000.

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 the accumulated depreciation balance did not agree to the depreciation report. The effect of the restatement on beginning fund balance and on operations is shown below:

	<u>As originally stated</u>		<u>Change</u>		<u>As restated</u>
Golf Course:					
Accumulated depreciation	\$ 1,077,224	\$	32,912	\$	1,110,136
Fund balance	248,581		32,912		281,493

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ORANGEBURG  
ORANGEBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
Ad valorem	\$ 3,097,316	\$ 3,152,709	\$ 3,226,119	\$ 73,410
Sales	1,062,000	1,062,000	-	(1,062,000)
Licenses and permits	2,841,891	2,805,017	2,655,277	(149,740)
Franchise fee	147,000	146,500	144,447	(2,053)
Fines and forfeitures	801,000	740,000	673,806	(66,194)
Charges for services	1,970,138	1,946,315	1,945,033	(1,282)
Interest income	40,000	28,000	27,798	(202)
Miscellaneous	139,722	181,880	127,935	(53,945)
Intergovernmental	1,492,072	488,134	499,601	11,467
<b>Total revenues</b>	<b>11,591,139</b>	<b>10,550,555</b>	<b>9,300,016</b>	<b>(1,250,539)</b>
<b>EXPENDITURES:</b>				
Executive	339,795	336,084	325,946	(10,138)
Finance	612,458	626,895	620,102	(6,793)
Administrative	516,623	505,706	494,743	(10,963)
Public works	1,963,344	1,996,681	1,976,379	(20,302)
Public safety	8,064,491	6,798,723	6,659,478	(139,245)
Parks and recreation	1,718,755	1,721,464	1,683,632	(37,832)
Service	496,705	510,385	508,531	(1,854)
Non-departmental	1,979,168	1,849,869	809,901	(1,039,968)
Debt service	1,099,588	1,060,570	1,060,570	-
Small capital outlay	91,500	55,894	52,798	(3,096)
Capital outlay	762,000	797,983	792,710	(5,273)
<b>Total expenditures</b>	<b>17,644,427</b>	<b>16,260,254</b>	<b>14,984,790</b>	<b>(1,275,464)</b>
Excess (deficiency) of revenues over expenditures	(6,053,288)	(5,709,699)	(5,684,774)	24,925
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers in	4,803,788	4,831,751	4,834,066	2,315
Lease proceeds	649,500	649,500	762,218	112,718
Sale of general capital assets	-	-	65,894	65,894
<b>Total other financing sources (uses)</b>	<b>5,453,288</b>	<b>5,481,251</b>	<b>5,662,178</b>	<b>180,927</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ (600,000) *	\$ (228,448) *	(22,596)	\$ 205,852
<b>FUND BALANCES, BEGINNING OF YEAR</b>			<b>11,139,831</b>	
<b>FUND BALANCES, END OF YEAR</b>			<b>\$ 11,117,235</b>	

\* These amounts represent the use of prior fund balance used to balance the budget.

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, 2012

	Budgeted		Actual GAAP Basis	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<b>OPERATING REVENUES:</b>				
Charges for services and fees	\$ 104,797,487	\$ 104,797,487	\$ 94,663,802	\$ (10,133,685)
<b>OPERATING EXPENSES:</b>				
Electricity purchased	59,200,000	59,200,000	51,955,289	(7,244,711)
Natural gas purchased	8,292,578	8,292,578	5,157,615	(3,134,963)
Operating and maintenance	7,915,049	7,915,049	8,106,370	191,321
Administrative	9,187,716	9,187,716	9,735,829	548,113
Depreciation and amortization	7,571,902	7,571,902	7,695,382	123,480
Total operating expenses	92,167,245	92,167,245	82,650,485	(9,516,760)
Operating income	12,630,242	12,630,242	12,013,317	(616,925)
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Gain (loss) on disposal of property	-	-	17,569	17,569
Water impact and tap fees	266,678	266,678	144,495	(122,183)
Wastewater impact and tap fees	245,500	245,500	63,369	(182,131)
Interest income	408,310	408,310	79,085	(329,225)
Interest expense	(158,873)	(158,873)	(124,658)	34,215
Total non-operating revenues (expenses)	761,615	761,615	179,860	(581,755)
Income before contributions and transfers	13,391,857	13,391,857	12,193,177	(1,198,680)
Contributions	-	-	109,849	109,849
Transfers	(4,415,000)	(4,415,000)	(4,508,822)	(93,822)
Changes in net assets	\$ 8,976,857	\$ 8,976,857	\$ 7,794,204	\$ (1,182,653)

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, 2012

	Actuarial Valuation Date <u>10/01/11</u>
Schedule of funding progress:	
Current retire liability	\$ 1,763,377
Activities eligible to retire	2,549,362
Activities not yet eligible	<u>3,046,329</u>
Actuarial accrued liability	7,359,068
Actuarial value of assets	<u>-</u>
Unfunded actuarial accrued liability	7,359,068
Funded ratio	0%
Annual covered payroll	<u>\$ 13,029,053</u>
Ratio of unfunded actuarial accrued liability to covered payroll	56.5%

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 2012 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>
2010	\$ 940,441	27.4%	\$ 682,446	\$ 2,777,809
2011	942,001	27.7%	681,324	3,459,133
2012	673,797	34.1%	444,026	3,903,159

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES



CITY OF ORANGEBURG  
ORANGEBURG, SOUTH CAROLINA

COMPARATIVE BALANCE SHEETS - GENERAL FUND  
 SEPTEMBER 30, 2012

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash and equivalents	\$ 191,757	\$ 142,271
Investments	9,255,360	9,612,562
Receivables:		
Current taxes	89,334	64,168
Delinquent taxes	110,123	138,874
State of South Carolina	182,043	125,117
Other	112,335	129,807
Due from other funds	88,190	62,349
Advances to other funds	1,456,013	1,184,740
Inventory	119,143	128,463
	\$ 11,604,298	\$ 11,588,351
TOTAL ASSETS	\$ 11,604,298	\$ 11,588,351
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 239,786	\$ 140,439
Withholdings and accrued expenses	42,153	60,159
Due to other funds	66,401	80,448
Deferred property taxes	110,123	138,874
Deferred revenue	28,600	28,600
Total liabilities	487,063	448,520
Fund balances:		
Nonspendable:		
Inventory	119,143	128,463
Amount due from Hillcrest Golfcourse	725,181	638,456
Amount due from municipal airport	730,832	546,284
Restricted for:		
Self insurance	186,666	186,666
Committed for:		
Firemen's equipment	186,011	186,011
Unassigned	9,169,402	9,453,951
Total fund balances	11,117,235	11,139,831
TOTAL LIABILITIES AND FUND BALANCES	\$ 11,604,298	\$ 11,588,351

CITY OF ORANGEBURG  
ORANGEBURG, SOUTH CAROLINA

GENERAL FUND - SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<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	\$ 2,595,000	\$ 2,613,500	\$ 2,666,677	\$ 53,177
Delinquent	172,600	193,624	194,345	721
Other	329,716	345,585	365,097	19,512
Total ad valorem tax	<u>3,097,316</u>	<u>3,152,709</u>	<u>3,226,119</u>	<u>73,410</u>
Sales:				
Hospitality and accomodations	1,062,000	1,062,000	-	(1,062,000)
Total sales tax	<u>1,062,000</u>	<u>1,062,000</u>	<u>-</u>	<u>(1,062,000)</u>
Licenses and permits:				
Business licenses	1,105,891	1,064,312	1,003,897	(60,415)
Insurance	1,686,000	1,716,000	1,615,237	(100,763)
Building permits	50,000	24,705	36,143	11,438
Total licenses and permits	<u>2,841,891</u>	<u>2,805,017</u>	<u>2,655,277</u>	<u>(149,740)</u>
Franchise fees	<u>147,000</u>	<u>146,500</u>	<u>144,447</u>	<u>(2,053)</u>
Fines and forfeitures	<u>801,000</u>	<u>740,000</u>	<u>673,806</u>	<u>(66,194)</u>
Charges for services:				
Sanitation - commercial	386,500	381,415	379,590	(1,825)
Sanitation - residential	622,688	620,144	625,804	5,660
Fire service contracts	830,000	814,000	811,316	(2,684)
Recreation programs	107,950	106,256	102,976	(3,280)
Recreation department fees	23,000	24,500	25,347	847
Total charges for services	<u>1,970,138</u>	<u>1,946,315</u>	<u>1,945,033</u>	<u>(1,282)</u>
Interest income	<u>40,000</u>	<u>28,000</u>	<u>27,798</u>	<u>(202)</u>
Miscellaneous:				
Rentals	30,000	30,000	25,680	(4,320)
Miscellaneous	718,222	380,328	102,255	(278,073)
Total miscellaneous	<u>748,222</u>	<u>410,328</u>	<u>127,935</u>	<u>(282,393)</u>
Intergovernmental:				
Local:				
SRO reimbursement	29,000	39,314	30,864	(8,450)
Total local	<u>29,000</u>	<u>39,314</u>	<u>30,864</u>	<u>(8,450)</u>

(Continued) - 1.

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

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Over (Under)
	Original	Final		
State:				
Local government fund	\$ 1,114,399	\$ 175,488	\$ 198,241	\$ 22,753
State grants	189,672	120,585	120,585	-
Total state	<u>1,304,071</u>	<u>296,073</u>	<u>318,826</u>	<u>22,753</u>
Federal:				
Federal grants	113,198	113,198	112,256	(942)
Domestic violence	45,803	39,549	37,655	(1,894)
Total federal	<u>159,001</u>	<u>152,747</u>	<u>149,911</u>	<u>(2,836)</u>
Total intergovernmental	<u>1,492,072</u>	<u>488,134</u>	<u>499,601</u>	<u>11,467</u>
Total revenues	<u>\$ 12,199,639</u>	<u>\$ 10,779,003</u>	<u>\$ 9,300,016</u>	<u>\$ (1,478,987)</u>

(Concluded) - 2.

CITY OF ORANGEBURG  
ORANGEBURG, SOUTH CAROLINA

GENERAL FUND - SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
Executive Department:				
Administrative Division:				
Personnel	\$ 86,507	\$ 86,665	\$ 86,667	\$ 2
Utility expense	3,800	2,813	2,814	1
Property and tort	14	14	14	-
Operating expenses	21,000	21,968	21,789	(179)
Special expense	30,000	30,000	27,084	(2,916)
Total Administrative Division	<u>141,321</u>	<u>141,460</u>	<u>138,368</u>	<u>(3,092)</u>
Election Division:				
Property and tort	75	75	75	-
Total Election Division	<u>75</u>	<u>75</u>	<u>75</u>	<u>-</u>
Municipal Court Division:				
Personnel	205,373	204,501	197,527	(6,974)
Property and tort	476	473	473	-
Operating expenses	22,550	19,575	16,587	(2,988)
Total Municipal Court Division	<u>228,399</u>	<u>224,549</u>	<u>214,587</u>	<u>(9,962)</u>
Total Executive Department	<u>369,795</u>	<u>366,084</u>	<u>353,030</u>	<u>(13,054)</u>
Finance Department:				
Finance and Records Division:				
Personnel	302,551	318,813	317,975	(838)
Utility expense	4,600	4,100	3,883	(217)
Property and tort	2,080	2,314	2,314	-
Operating expenses	53,832	50,118	45,786	(4,332)
Total Finance and Records Division	<u>363,063</u>	<u>375,345</u>	<u>369,958</u>	<u>(5,387)</u>
Information Technology Division:				
Personnel	198,002	196,734	196,363	(371)
Utility expense	2,300	2,067	1,794	(273)
Property and tort	933	1,474	1,474	-
Operating expenses	54,160	54,877	54,114	(763)
Capital outlay	13,000	10,251	10,251	-
Total Information Technology Division	<u>268,395</u>	<u>265,403</u>	<u>263,996</u>	<u>(1,407)</u>
Total Finance Department	<u>631,458</u>	<u>640,748</u>	<u>633,954</u>	<u>(6,794)</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	\$ 334,537	\$ 333,079	\$ 325,724	\$ (7,355)
Utility expense	6,700	6,800	6,608	(192)
Property and tort	1,278	1,278	1,278	-
Operating expenses	16,528	18,787	18,269	(518)
Capital outlay	23,500	23,229	23,229	-
Total Administration Division	<u>382,543</u>	<u>383,173</u>	<u>375,108</u>	<u>(8,065)</u>
Community Planning and Development Division:				
Personnel	132,890	133,907	132,980	(927)
Utility expense	1,800	700	710	10
Property and tort	1,197	1,194	1,194	-
Operating expenses	21,693	9,961	7,980	(1,981)
Total Community Planning and Development Division	<u>157,580</u>	<u>145,762</u>	<u>142,864</u>	<u>(2,898)</u>
Total Administrative Department	<u>540,123</u>	<u>528,935</u>	<u>517,972</u>	<u>(10,963)</u>
Public Works Department:				
Administrative Division:				
Personnel	228,088	224,553	224,552	(1)
Utility expense	4,500	4,500	4,280	(220)
Property and tort	1,119	1,119	1,119	-
Operating expenses	19,979	33,731	31,275	(2,456)
Total Administrative Division	<u>253,686</u>	<u>263,903</u>	<u>261,226</u>	<u>(2,677)</u>
Building Inspection Division:				
Personnel	120,196	136,655	136,654	(1)
Utility expense	1,500	1,716	1,717	1
Property and tort	1,280	1,016	1,016	-
Operating expenses	22,368	21,691	17,699	(3,992)
Capital outlay	16,000	11,485	11,212	(273)
Total Building Inspection Division	<u>161,344</u>	<u>172,563</u>	<u>168,298</u>	<u>(4,265)</u>
Garage Division:				
Personnel	270,085	273,019	264,117	(8,902)
Utility expense	20,000	16,051	16,051	-
Property and tort	1,916	2,134	2,134	-
Operating expenses	43,149	49,887	48,283	(1,604)
Capital outlay	80,000	62,326	62,325	(1)
Total Garage Division	<u>415,150</u>	<u>403,417</u>	<u>392,910</u>	<u>(10,507)</u>

(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	\$ 65,357	\$ 57,079	\$ 57,079	\$ -
Utility expense	39,610	30,299	29,035	(1,264)
Property and tort	4,866	4,866	4,866	-
Operating expenses	39,845	29,821	26,719	(3,102)
Total Municipal Buildings Division	149,678	122,065	117,699	(4,366)
Parking Facilities Division:				
Property and tort	78	78	78	-
Operating expenses	5,480	5,267	5,024	(243)
Total Parking Facilities Division	5,558	5,345	5,102	(243)
Sanitation Division:				
Personnel	798,182	828,846	813,832	(15,014)
Utility expense	4,892	5,527	5,527	-
Property and tort	5,851	5,614	5,614	-
Operating expenses	240,059	236,313	251,310	14,997
Capital outlay	225,000	212,936	212,936	-
Total Municipal Buildings Division	1,273,984	1,289,236	1,289,219	(17)
Street and Maintenance Division:				
Property and tort	716	692	692	-
Operating expenses	32,978	30,377	29,875	(502)
Total Street and Maintenance Division	33,694	31,069	30,567	(502)
Total Public Works Department	2,293,094	2,287,598	2,265,021	(22,577)
Public Safety Department:				
Administrative Division:				
Personnel	206,843	204,453	196,265	(8,188)
Utility expense	130,000	130,350	130,351	1
Property and tort	14,000	14,455	14,455	-
Operating expenses	612,250	609,303	559,173	(50,130)
Total Administrative Division	963,093	958,561	900,244	(58,317)
Patrol Division:				
Personnel	2,514,464	2,467,050	2,441,756	(25,294)
Property and tort	49,119	48,003	48,002	(1)
Operating expenses	266,500	309,940	307,145	(2,795)
Capital outlay	142,000	150,462	150,461	(1)
Total Patrol Division	2,972,083	2,975,455	2,947,364	(28,091)

(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):				
Special Operations Division:				
Personnel	\$ 1,537,788	\$ 1,333,458	\$ 1,339,661	\$ 6,203
Property and tort	16,083	15,144	15,143	(1)
Operating expenses	1,281,953	227,033	222,280	(4,753)
Capital outlay	45,000	97,000	96,371	(629)
Total Special Operations Division	2,880,824	1,672,635	1,673,455	820
Investigation Division:				
Personnel	942,005	904,336	882,842	(21,494)
Property and tort	14,598	13,482	13,482	-
Operating expenses	77,310	73,107	67,785	(5,322)
Capital outlay	26,000	26,000	25,774	(226)
Total Investigation Division	1,059,913	1,016,925	989,883	(27,042)
CDV Program:				
Personnel	60,242	58,550	55,989	(2,561)
Utility expense	600	764	764	-
Property and tort	1,131	1,131	1,130	(1)
Operating expenses	5,850	882	882	-
Total CDV Program	67,823	61,327	58,765	(2,562)
Highway Safety DUI Special Enforcement:				
Personnel	105,490	111,515	111,251	(264)
Property and tort	2,247	2,247	2,246	(1)
Operating expenses	24,608	50,608	36,727	(13,881)
Total Highway Safety DUI Special Enforcement	132,345	164,370	150,224	(14,146)
Forensic Services Unit:				
Personnel	239,095	224,722	213,963	(10,759)
Utility expense	1,500	-	-	-
Property and tort	2,715	2,541	2,541	-
Operating expenses	27,500	31,880	31,875	(5)
Total Forensic Services Unit	270,810	259,143	248,379	(10,764)
Total Public Safety Department	8,346,891	7,108,416	6,968,314	(140,102)

(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	\$ 204,834	\$ 205,390	\$ 201,430	\$ (3,960)
Utility expense	11,500	11,000	10,971	(29)
Property and tort	4,100	3,923	3,923	-
Operating expenses	11,960	10,410	9,851	(559)
Total Administrative Division	<u>232,394</u>	<u>230,723</u>	<u>226,175</u>	<u>(4,548)</u>
Recreation Division:				
Personnel	213,841	209,593	203,064	(6,529)
Utility expense	30,000	31,178	31,178	-
Property and tort	5,330	5,273	5,272	(1)
Operating expenses	135,608	138,158	139,175	1,017
Capital outlay	8,500	8,234	8,234	-
Total Recreation Division	<u>393,279</u>	<u>392,436</u>	<u>386,923</u>	<u>(5,513)</u>
Gardens Division:				
Personnel	395,741	375,147	366,728	(8,419)
Utility expense	45,000	46,847	46,847	-
Property and tort	16,554	19,401	19,400	(1)
Operating expenses	88,561	78,573	78,126	(447)
Capital outlay	33,000	28,057	28,057	-
Total Gardens Division	<u>578,856</u>	<u>548,025</u>	<u>539,158</u>	<u>(8,867)</u>
Parks and Cemetery Division:				
Personnel	442,784	466,019	448,766	(17,253)
Utility expense	15,000	12,834	12,297	(537)
Property and tort	15,860	14,662	14,662	-
Operating expenses	88,432	103,167	100,962	(2,205)
Capital outlay	45,000	40,504	39,504	(1,000)
Total Parks and Cemetery Division	<u>607,076</u>	<u>637,186</u>	<u>616,191</u>	<u>(20,995)</u>
Total Parks and Recreation Department	<u>1,811,605</u>	<u>1,808,370</u>	<u>1,768,447</u>	<u>(39,923)</u>

(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	\$ 406,367	\$ 417,913	\$ 416,252	\$ (1,661)
Utility expense	5,000	7,154	7,154	-
Property and tort	9,233	9,315	9,315	-
Operating expenses	77,105	77,782	77,587	(195)
Capital outlay	75,000	97,500	97,273	(227)
Total Administrative Division	<u>572,705</u>	<u>609,664</u>	<u>607,581</u>	<u>(2,083)</u>
Total Service Department	<u>572,705</u>	<u>609,664</u>	<u>607,581</u>	<u>(2,083)</u>
Non-Departmental:				
Employee Christmas	16,500	17,721	17,721	-
Building code enforcement	10,000	10,000	-	(10,000)
Annexation covenants	18,000	12,000	11,712	(288)
Fire equipment	25,000	25,000	25,000	-
Operating/insurance overage	83,000	7,000	6,330	(670)
Municipal Association	55,500	50,768	50,150	(618)
Commercial sanitation fees	220,443	232,905	232,905	-
Unemployment insurance	15,000	8,000	6,828	(1,172)
Special projects	30,000	25,864	25,864	-
Downtown revitalization	25,000	25,000	25,000	-
Retirees - group insurance	110,000	63,384	63,374	(10)
Setoff debt	600	1,189	1,189	-
CDL drug and alcohol testing	1,000	1,000	120	(880)
Employee shots	4,000	4,000	3,362	(638)
Street lights	240,000	243,800	280,108	36,308
Hydrant rentals	20,000	20,000	20,000	-
Christmas lights	32,000	29,113	29,113	-
Chamber dues	1,525	1,525	1,525	-
Fiber rental expense	9,600	9,600	9,600	-
Hospitality and accomodations	1,062,000	1,062,000	-	(1,062,000)
Debt service	768,088	729,070	729,070	-
Debt service - city facilities	331,500	331,500	331,500	-
Total Non-Departmental	<u>3,078,756</u>	<u>2,910,439</u>	<u>1,870,471</u>	<u>(1,039,968)</u>
Total Expenditures	<u>\$ 17,644,427</u>	<u>\$ 16,260,254</u>	<u>\$ 14,984,790</u>	<u>\$ (1,275,464)</u>

(Concluded) - 6.

CITY OF ORANGEBURG  
ORANGEBURG, SOUTH CAROLINA

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2012

	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
<b>ASSETS</b>								
Cash	\$ 73,290	\$ 68,435	\$ 18,660	\$ 1,771	\$ 2,775	\$ 842,625	\$ 71	\$ 111,742
Investments	-	-	-	-	-	1,004,488	-	-
Revenue receivable	-	-	-	-	12,217	-	-	-
Due from other funds	-	-	-	-	-	66,401	-	-
<b>TOTAL ASSETS</b>	<b>\$ 73,290</b>	<b>\$ 68,435</b>	<b>\$ 18,660</b>	<b>\$ 1,771</b>	<b>\$ 14,992</b>	<b>\$ 1,913,514</b>	<b>\$ 71</b>	<b>\$ 111,742</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accrued expenditures and payables	\$ -	\$ -	\$ -	\$ -	\$ 3,688	\$ 1,500	\$ -	\$ -
Due to other funds	-	-	-	-	623	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,311</b>	<b>1,500</b>	<b>-</b>	<b>-</b>
Fund Balances:								
Restricted for:								
Capital projects	-	-	-	-	-	907,526	-	-
Tourism related expenditures	-	-	-	-	10,681	1,004,488	-	-
Law enforcement	-	-	-	-	-	-	-	-
Committed for:								
Firemen's equipment	73,290	-	-	-	-	-	-	-
Law enforcement	-	-	-	-	-	-	-	111,742
Capital projects	-	-	-	-	-	-	-	-
Cemetery maintenance	-	68,435	18,660	-	-	-	-	-
Other purposes	-	-	-	1,771	-	-	71	-
<b>Total fund balances</b>	<b>73,290</b>	<b>68,435</b>	<b>18,660</b>	<b>1,771</b>	<b>10,681</b>	<b>1,912,014</b>	<b>71</b>	<b>111,742</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 73,290</b>	<b>\$ 68,435</b>	<b>\$ 18,660</b>	<b>\$ 1,771</b>	<b>\$ 14,992</b>	<b>\$ 1,913,514</b>	<b>\$ 71</b>	<b>\$ 111,742</b>

(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	
<b>ASSETS</b>							
Cash	\$ 23,943	\$ 6,169	\$ 9	\$ 78,726	\$ 19,020	\$ 949,038	\$ 2,196,274
Investments	-	-	-	-	-	3,515,708	4,520,196
Revenue receivable	-	-	-	-	-	-	12,217
Due from other funds	-	-	-	-	-	-	66,401
<b>TOTAL ASSETS</b>	<b>\$ 23,943</b>	<b>\$ 6,169</b>	<b>\$ 9</b>	<b>\$ 78,726</b>	<b>\$ 19,020</b>	<b>\$ 4,464,746</b>	<b>\$ 6,795,088</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accrued expenditures and payables	\$ 30	\$ -	\$ -	\$ -	\$ -	\$ 1,209	\$ 6,427
Due to other funds	-	-	-	-	2,120	-	2,743
<b>Total liabilities</b>	<b>30</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,120</b>	<b>1,209</b>	<b>9,170</b>
Fund Balances:							
Restricted for:							
Capital projects	-	-	-	78,726	16,900	4,463,537	5,466,689
Tourism related expenditures	-	-	-	-	-	-	1,015,169
Law enforcement	-	-	9	-	-	-	9
Committed for:							
Firemen's equipment	-	-	-	-	-	-	73,290
Law enforcement	-	-	-	-	-	-	111,742
Capital projects	23,913	-	-	-	-	-	23,913
Cemetery maintenance	-	-	-	-	-	-	87,095
Other purposes	-	6,169	-	-	-	-	8,011
<b>Total fund balances</b>	<b>23,913</b>	<b>6,169</b>	<b>9</b>	<b>78,726</b>	<b>16,900</b>	<b>4,463,537</b>	<b>6,785,918</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 23,943</b>	<b>\$ 6,169</b>	<b>\$ 9</b>	<b>\$ 78,726</b>	<b>\$ 19,020</b>	<b>\$ 4,464,746</b>	<b>\$ 6,795,088</b>

(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, 2012

	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	\$ -	\$ -	\$ -	\$ -	\$ 26,802	\$ 1,022,761	\$ -	\$ -
Confiscated drug funds	-	-	-	-	-	-	-	1,625
Charges for services	-	1,250	1,000	14,379	-	-	-	-
Interest	-	-	-	-	-	2,995	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Contributions	-	-	-	4,471	-	185,970	-	-
Intergovernmental	65,706	-	-	-	-	-	41,347	98,542
Total revenues	65,706	1,250	1,000	18,850	26,802	1,211,726	41,347	100,167
EXPENDITURES								
Public safety	65,609	-	-	-	-	178,278	869	16,192
Cultural and recreational	-	-	-	24,534	541	-	-	-
Developmental services	-	-	-	-	-	-	-	-
Small capital outlay	-	-	-	-	-	28,065	-	-
Debt service	-	-	-	-	-	342,927	-	-
Capital outlay	-	-	-	-	-	172,894	-	12,481
Total expenditures	65,609	-	-	24,534	541	722,164	869	28,673
Excess of revenues over (under) expenses	97	1,250	1,000	(5,684)	26,261	489,562	40,478	71,494
OTHER FINANCING SOURCES (USES)								
Operating transfers in	-	-	-	-	-	15,815	-	-
Operating transfers out	-	-	-	-	(25,090)	(285,414)	(40,968)	-
Total other financing sources (uses)	-	-	-	-	(25,090)	(269,599)	(40,968)	-
Excess of revenues and other sources (uses) over (under) expenditures and other uses	97	1,250	1,000	(5,684)	1,171	219,963	(490)	71,494
Fund balance, beginning of year, as restated	73,193	67,185	17,660	7,455	9,510	1,692,051	561	40,248
Fund balance, end of year	\$ 73,290	\$ 68,435	\$ 18,660	\$ 1,771	\$ 10,681	\$ 1,912,014	\$ 71	\$ 111,742

(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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 826,039	\$ 1,875,602
Confiscated drug funds	-	-	-	-	-	-	1,625
Charges for services	2,200	2,490	-	-	-	-	21,319
Interest	-	-	-	8	-	10,482	13,485
Miscellaneous	-	-	-	-	-	1,350	1,350
Contributions	-	-	-	-	-	25,510	215,951
Intergovernmental	-	-	1,813	-	-	340,765	548,173
Total revenues	2,200	2,490	1,813	8	-	1,204,146	2,677,505
EXPENDITURES							
Public safety	-	-	-	-	-	-	260,948
Cultural and recreational	15,713	1,780	-	-	-	-	42,568
Developmental services	-	-	-	-	-	-	-
Small capital outlay	-	-	-	-	-	-	28,065
Debt service	-	-	-	-	-	-	342,927
Capital outlay	-	-	4,292	-	-	899,093	1,088,760
Total expenditures	15,713	1,780	4,292	-	-	899,093	1,763,268
Excess of revenues over (under) expenses	(13,513)	710	(2,479)	8	-	305,053	914,237
OTHER FINANCING SOURCES (USES)							
Operating transfers in	-	-	-	-	-	-	15,815
Operating transfers out	-	-	-	-	-	-	(351,472)
Total other financing sources (uses)	-	-	-	-	-	-	(335,657)
Excess of revenues and other sources (uses) over (under) expenditures and other uses	(13,513)	710	(2,479)	8	-	305,053	578,580
Fund balance, beginning of year	37,426	5,459	2,488	78,718	16,900	4,158,484	6,207,338
Fund balance, end of year	\$ 23,913	\$ 6,169	\$ 9	\$ 78,726	\$ 16,900	\$ 4,463,537	\$ 6,785,918

(Concluded) - 2.

CITY OF ORANGEBURG  
ORANGEBURG, SOUTH CAROLINA

COMBINING STATEMENT OF NET ASSETS - NON-MAJOR ENTERPRISE FUNDS  
 SEPTEMBER 30, 2012

	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	38,803	-	2,849	41,652
Other receivables	51,460	-	-	51,460
Due from other funds	-	20,432	-	20,432
Inventories	59,495	31,520	-	91,015
	<hr/>			
Total current assets	149,958	51,952	3,149	205,059
<hr/>				
Noncurrent assets:				
Capital assets:				
Property, plant and equipment net of accumulated depreciation	9,246,015	-	421,641	9,667,656
	<hr/>			
Total noncurrent assets	9,246,015	-	421,641	9,667,656
	<hr/>			
TOTAL ASSETS	9,395,973	51,952	424,790	9,872,715
<hr/>				
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	19,192	2,358	13,967	35,517
Current portion of capital lease obligation	9,971	-	-	9,971
Accrued compensated absences	6,826	-	183	7,009
	<hr/>			
Total current liabilities	35,989	2,358	14,150	52,497
<hr/>				
Noncurrent liabilities:				
Advances from other funds	730,832	-	725,181	1,456,013
Capital lease obligation	18,484	-	-	18,484
Other post employment benefits obligation	9,218	-	74,460	83,678
Accrued compensated absences	-	-	63,394	63,394
	<hr/>			
Total noncurrent liabilities	758,534	-	863,035	1,621,569
	<hr/>			
TOTAL LIABILITIES	794,523	2,358	877,185	1,674,066
<hr/>				
<u>NET ASSETS</u>				
Unrestricted	8,601,450	49,594	(452,395)	8,198,649
	<hr/>			
TOTAL NET ASSETS	\$ 8,601,450	\$ 49,594	\$ (452,395)	\$ 8,198,649
	<hr/>			

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, 2012

	Business-type Activities - Non-major Enterprise Funds			
	Municipal		Golf	
	<u>Airport</u>	<u>Pro Shop</u>	<u>Course</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>				
Pro shop sales	\$ -	\$ 94,405	\$ -	\$ 94,405
Food sales	-	33,224	-	33,224
Oil and fuel sales	474,554	-	-	474,554
Rentals and other	66,919	528	-	67,447
Green fees, cart rentals and memberships	-	-	390,371	390,371
Capital projects revenue	-	-	17,190	17,190
<b>Total operating revenues</b>	<b>541,473</b>	<b>128,157</b>	<b>407,561</b>	<b>1,077,191</b>
<b>OPERATING EXPENSES:</b>				
Cost of goods sold	431,876	57,221	-	489,097
Operating and maintenance	90,735	8,513	160,718	259,966
Administrative	115,419	-	367,756	483,175
Depreciation and amortization	686,185	-	112,412	798,597
<b>Total operating expenses</b>	<b>1,324,215</b>	<b>65,734</b>	<b>640,886</b>	<b>2,030,835</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(782,742)</b>	<b>62,423</b>	<b>(233,325)</b>	<b>(953,644)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Gain (loss) on disposal of property	(3,950)	-	-	(3,950)
Interest expense	(772)	-	-	(772)
<b>Total non-operating revenues (expenses)</b>	<b>(4,722)</b>	<b>-</b>	<b>-</b>	<b>(4,722)</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>(787,464)</b>	<b>62,423</b>	<b>(233,325)</b>	<b>(958,366)</b>
Capital contributions - grants	90,833	-	-	90,833
Transfers in	10,413	-	62,423	72,836
Transfers out	-	(62,423)	-	(62,423)
<b>CHANGES IN NET ASSETS</b>	<b>(686,218)</b>	<b>-</b>	<b>(170,902)</b>	<b>(857,120)</b>
<b>NET ASSETS - BEGINNING OF YEAR, as restated</b>	<b>9,287,668</b>	<b>49,594</b>	<b>(281,493)</b>	<b>9,055,769</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 8,601,450</b>	<b>\$ 49,594</b>	<b>\$ (452,395)</b>	<b>\$ 8,198,649</b>

CITY OF ORANGEBURG  
ORANGEBURG, SOUTH CAROLINA

COMBINING STATEMENT OF CASH FLOWS - NON-MAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Business-type Activities - Non-major Enterprise Funds			
	Municipal <u>Airport</u>	Pro Shop	Golf <u>Course</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 453,355	\$ 128,157	\$ 406,253	\$ 987,765
Cash payments to suppliers for goods and services	(540,330)	(72,982)	(161,533)	(774,845)
Cash payments for employees	(113,372)	-	(355,499)	(468,871)
Net cash provided (used) by operating activities	(200,347)	55,175	(110,779)	(255,951)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Due to (from) other funds	184,547	3,397	90,576	278,520
Transfers in (out)	10,413	(58,572)	58,572	10,413
Net cash provided (used) by noncapital financing activities	194,960	(55,175)	149,148	288,933
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of capital assets	(74,703)	-	(38,369)	(113,072)
Principal payment on capital leases	(9,971)	-	-	(9,971)
Interest paid	(772)	-	-	(772)
Capital contributed - grants	90,833	-	-	90,833
Net cash used by capital and related financing activities	5,387	-	(38,369)	(32,982)
<b>NET INCREASE IN CASH AND EQUIVALENTS</b>	-	-	-	-
<b>CASH AND EQUIVALENTS AT BEGINNING OF YEAR</b>	200	-	300	500
<b>CASH AND EQUIVALENTS AT END OF YEAR</b>	\$ 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			
	Municipal Airport	Pro Shop	Golf Course	Total
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (782,742)	\$ 62,423	\$ (233,325)	\$ (953,644)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	686,185	-	112,412	798,597
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(88,904)	-	(1,308)	(90,212)
Inventories	35,491	(7,650)	-	27,841
Increase (decrease) in:				
Accounts payable	(52,424)	402	(815)	(52,837)
Accrued leave	991	-	4,864	5,855
OPEB obligation	1,056	-	7,393	8,449
Net cash provided (used) by operating activities	<u>\$ (200,347)</u>	<u>\$ 55,175</u>	<u>\$ (110,779)</u>	<u>\$ (255,951)</u>
<b>RECONCILIATION OF TOTAL CASH AND CASH INVESTMENTS:</b>				
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, 2012

	<u>Total</u>
<b>COURT FINES</b>	
Court fines collected	\$ 246,184
Court fines retained by City	<u>231,918</u>
Court fines remitted to State Treasurer	<u><u>\$ 14,266</u></u>
<b>COURT ASSESSMENTS</b>	
Court assessments collected	\$ 264,648
Court assessments retained by City	<u>29,535</u>
Court assessments remitted to State Treasurer	<u><u>\$ 235,113</u></u>
<b>COURT SURCHARGES</b>	
Court surcharges collected	\$ 153,494
Court surcharges retained by the City	<u>11,812</u>
Court surcharges remitted to State Treasurer	<u><u>\$ 141,682</u></u>
<b>VICTIMS' SERVICES</b>	
Court assessments allocated to Victims' Services	\$ 29,535
Court surcharges allocated to Victims' Services	<u>11,812</u>
Funds allocated to Victims' Services	41,347
Victims' Services expenditures	<u>41,837</u>
Funds available for carryforward	<u><u>\$ (490)</u></u>
Beginning balance, October 1, 2011	\$ 561
Funds available for carryforward	(490)
Interest income	<u>-</u>
Ending balance, September 30, 2012	<u><u>\$ 71</u></u>

**SINGLE AUDIT SECTION**

# J. W. HUNT AND COMPANY, LLP

JOHN C. CREECH, JR., CPA  
ANNE H. ROSS, CPA  
WILLIAM T. POUNCEY, CPA  
M. RILEY CREECH, CPA

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
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, 2012, which collectively comprise the City of Orangeburg’s basic financial statements and have issued our report thereon dated January 28, 2013. 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

Management of the City is responsible for establishing and maintaining effective 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 12-01 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 28, 2013

(Concluded) - 2.

# J. W. HUNT AND COMPANY, LLP

JOHN C. CREECH, JR., CPA  
ANNE H. ROSS, CPA  
WILLIAM T. POUNCEY, CPA  
M. RILEY CREECH, 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 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 the City's major federal program for the year ended September 30, 2012. The City's major federal program is 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 its major federal program 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 its major federal program for the year ended September 30, 2012.

(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 28, 2013

(Concluded) - 2.

CITY OF ORANGEBURG  
ORANGEBURG, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

<u>GRANTOR</u>	<u>FEDERAL CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. DEPARTMENT OF JUSTICE:		
Through South Carolina Department of Public Safety:		
Violence Against Women Formula Grant	16.588	\$ 37,655
COPS Methamphetamine Initiative	16.710	<u>1,813</u>
Total U.S. Department of Justice		<u>39,468</u>
FEDERAL AVIATION ADMINISTRATION:		
Airport Improvement Program 2010	20.106	39,373
Airport Improvement Program 2012	20.106	<u>41,017</u>
Total Federal Aviation Administration		<u>80,390</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:		
Community Development Block Grant for Entitlement Communities	14.218	<u>340,765</u>
U.S. DEPARTMENT OF TRANSPORTATION:		
Through South Carolina Department of Transportation:		
Alcohol Impaired Driving Countermeasures Incentive Grant 2011	20.601	104,452
Alcohol Impaired Driving Countermeasures Incentive Grant 2012	20.601	<u>27,466</u>
Total U.S. Department of Transportation		<u>131,918</u>
Total expenditures of federal awards		<u>\$ 592,541</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, 2012

---

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, 2012. 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, 2012

---

Finding 11-01:        Preparation of financial statements

Condition:            During the course of the audit, the external auditor proposed adjusting journal entries.

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, 2012

---

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

14.218 Community Development Block Grant for Entitlement Communities

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 12-01

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. The majority of these entries related to the government wide financial statements that are only prepared at year end and not used to monitor operations on an ongoing basis. 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.