CITY OF ORANGEBURG
DEPARTMENT OF PUBLIC UTILITIES
ORANGEBURG, SOUTH CAROLINA

FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED
SEPTEMBER 30, 2022 AND 2021

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MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Department of Public Utilities
City of Orangeburg
Orangeburg, South Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Department of Public Utilities** (the "Department"), an enterprise fund of the City of Orangeburg, South Carolina (the "City"), as of and for the years ended September 30, 2022 and 2021, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Department, as of September 30, 2022 and 2021, and the changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Department of Public Utilities are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Orangeburg, South Carolina that is attributable to the transactions of the Department of Public Utilities. They do not purport to, and do not, present fairly the financial position of the City of Orangeburg, South Carolina, as of September 30, 2022, the changes in financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 5 through 13), the Schedule of Changes in the Total OPEB Liability and Related Ratios (on page 54), the Schedules of the Department's Proportionate Share of the Net Pension Liability, and the Schedule of Department Pension Contributions (on pages 55 through 57) be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the Department's basic financial statements. The accompanying Budgetary Comparison Schedule – Budget (GAAP Basis) and Actual (on page 58) and the Schedule of Divisional Income and Expenses (on page 59) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Budgetary Comparison Schedule – Budget (GAAP Basis) and Actual and the Schedule of Divisional Income and Expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2023, on our consideration of the Department of Public Utilities 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Columbia, South Carolina
October 17, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2022 AND 2021

Within this section of the Department of Public Utilities' (the "Department" or DPU) 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, 2022.

The Department is comprised of an administrative Division and four separate operating Divisions: Electric, Natural Gas, Water and Wastewater. Each Division supports its operations through its own sales, revenues and fees and is each allocated administrative income and expense on a percentage basis. Administrative income and expense items are allocated to each division on a predetermined overhead allocation rate.

Financial Highlights

- The Department's net position increased by $3,327,034 or 1.17%;
- The Department's assets and deferred outflows of resources decreased by $2,312,564;
- The Department generated cash flows from operating activities of $15,021,683;
- The Department recognized a decrease in cash and cash equivalents of $25,338,951.

Overview of Basic Financial Statements

The Department is an enterprise fund of the City of Orangeburg. The financial statements within the annual report for the Department provide information using an accrual basis of accounting similar to those used by the private sector. Detailed basic financial statements include: (1) Statement of Net Position which include all of the Department's assets, liabilities, deferred inflows of resources, deferred outflows of resources and net position. Increases or decreases in the net position 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 Position 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 the Management's Discussion and Analysis. Transfers to the City are determined by City Council and are allocated per division based on each division's percentage of the Department's total sales.

Condensed Statements of Net Position

Department-wide

	FY 2022	FY 2021	FY 2020
Current assets	$ 83,275,980	$ 96,354,038	$ 105,568,347
Non-current assets	-	-	-
Non-current assets (other)	-	-	141,422
Capital assets (net)	288,344,214	276,742,177	259,916,557
Total assets	371,620,194	373,096,215	365,626,326
Deferred outflows of resources	2,922,101	3,758,644	3,648,549
Total assets and deferred inflows	$ 374,542,295	$ 376,854,859	$ 369,274,875
Current liabilities	25,584,077	27,887,124	26,121,108
Non-current liabilities	61,835,651	62,599,539	68,080,693
Total liabilities	87,419,728	90,486,663	94,201,801
Deferred inflows of resources	1,854,853	4,427,516	1,473,604
Net investment in capital assets	265,166,680	255,299,785	237,453,603
Restricted	2,242,375	2,225,063	2,122,048
Unrestricted	17,858,659	24,415,832	34,023,819
Total net position	$ 285,267,714	$ 281,940,680	$ 273,599,470
Total net position, liabilities and deferred inflows	$ 374,542,295	$ 376,854,859	$ 369,274,875

Condensed Statement of Revenues, Expenses and Changes in Net Position

Department-wide

	FY 2022	FY 2021	FY 2020
Operating revenues	$ 111,600,987	$ 103,107,532	$ 99,934,893
Non-operating revenues (expenses)	(2,698,356)	(2,596,746)	205,504
Contributed Capital	523,670	1,347,197	2,562,697
Total revenues	109,426,301	101,857,983	102,703,094
Electricity purchased	51,126,162	44,616,746	45,779,691
Gas purchased	5,720,044	4,485,049	3,719,692
Depreciation expense	12,142,979	11,966,335	11,787,818
Operating and administrative expense:	29,448,268	26,770,349	27,210,158
Total expenses	98,437,453	87,838,479	88,497,359
Income before transfers	10,988,848	14,019,504	14,205,735
Transfers to City	7,661,814	5,678,294	5,690,618
Change in net position	$ 3,327,034	$ 8,341,210	$ 8,515,117

Income after capital contributions and transfers to the City's General Fund totaled only $3,327,034. This represents a 1.17% return on equity to the citizens of Orangeburg. The Department maintained adequate cash reserves to meet all required bonding covenants and operational requirements. The Department continues the safe and reliable delivery of utilities at the lowest reasonable price – but a challenging economic environment is increasing the need for rate increases.

The Administrative Division continues to make efforts to improve customer service through easier ways to pay bills, access customer account information and streamline business processes. Changes in software and customer interfaces continue to be reviewed in order to reduce wait times, speed delivery of services and enable a more efficient delivery of utilities.

The Electric Division has continued the process of consolidating and rebuilding certain electrical distribution and transmission substations. Electrical substations are a vital component to the Department's electrical transmission and distribution systems. These investments in the Departments' electrical infrastructure are aimed to provide more robust and reliable electric service to rate payers in the DPU service territory. These projects will take multiple years to complete and will significantly increase the ability to more efficiently and effectively serve the rate payers.

The Gas Division has completed several DIMP (Distribution Integrity Management Plan)projects replacing aged steel main. The Gas Division also began identifying various projects on its system which are aging and may be targeted for DIMP project improvements. These projects are being planned for the future years to improve the safety and reliability of the Department's natural gas system. The scale of this replacement program is yet to be determined.

The Water Division continues the implementation of its AMI (Advanced Metering Infrastructure) meter installation throughout the DPU service territory as well as numerous other water main and plant infrastructure upgrades. These projects are aimed at maintaining a high quality of service for both water and wastewater customers.

The Wastewater Division has begun the replacement of the sludge drying system at the wastewater treatment plant. The Wastewater Division completed the upgrade and expansion of the Wastewater Treatment Plant during fiscal year 2017 and continues to evaluate continued expansion phases in the future should they become necessary. The treatment plant projects are a large capital improvement and may continue to be funded by the South Carolina State Revolving Loan Program. Depreciation and debt service resulting from these projects will be reflected in future fiscal years. The Wastewater Division continues working closely with Orangeburg County to implement the Orangeburg County Capital Penny Sales Tax improvement projects throughout the DPU service territory.

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

Electric Division

	FY 2022	FY 2021	FY 2020
Operating revenues	$ 82,511,843	$ 75,619,945	$ 74,056,505
Non-operating (expenses)	(1,529,700)	(1,155,314)	(385,157)
Contributed Capital	28,542	-	85,625
Total revenues	81,010,685	74,464,631	73,756,973
Electricity purchased	51,126,162	44,616,746	45,779,691
Depreciation expense	5,435,908	5,347,453	5,302,804
Operating and administrative expenses	12,370,809	11,179,143	11,699,725
Total expenses	68,932,879	61,143,342	62,782,220
Income before transfers	12,077,806	13,321,289	10,974,753
Transfers to City	5,664,738	4,164,509	4,217,018
Change in net position	$ 6,413,068	$ 9,156,780	$ 6,757,735

Electric Division operating revenues increased by 9% year-over-year, this was caused by higher variable fuel and energy costs passed through from our Supplier, Dominion Energy to our end result customers. Total customers for the electric division remained approximately the same over the course of the year in almost all rate classes. Operating expenses increased during the year due mainly to higher-than-expected repairs and maintenance on the Department's electrical system.

The marginal cost of purchased electricity increased due to our suppliers' increased fuel costs. The existing rate schedules contain provisions that automatically pass increases and decreases in purchase costs to customers so that the Department's margin on the service remains relatively stable. Low non-operating revenue is due, in part, to continued low interest rates. Based upon the continued economic conditions, new construction expenditures for new services have been replaced by general maintenance project expenses; however, due to very aged infrastructure, significant capital costs will be likely over the next 10-15 years.

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. There are significant costs involved in remaining compliant under such regulations. The Department continues projects that will increase the reliability and overall security of the utility system.

The Department increased certain electric distribution and service charges effective October 1, 2019. This was the first such increase in nearly four years. These distribution and service charges generate all the Electric Division net operating profits. Due to the increasing cost of regulation, capital, maintenance, labor and changes agreed to in the Department's energy supply contract with Dominion Energy (formerly South Carolina Electric and Gas), increases in these charges became necessary. The Department is aware of the impact rate increases have on the local economy and has maintained some of the lowest electric rates in the state and will continue to do so even through possible rate increases.

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

Gas Division

	FY 2022	FY 2021	FY 2020
Operating revenues	$ 11,960,141	$ 10,483,620	$ 9,310,121
Non-operating revenues (expenses)	(326,469)	(64,888)	149,879
Total revenues	11,633,672	10,418,732	9,460,000
Natural gas purchased	5,720,044	4,485,049	3,719,692
Depreciation expense	1,183,431	1,147,234	1,094,150
Operating and administrative expenses	3,543,350	2,970,889	3,230,033
Total expenses	10,446,825	8,603,172	8,043,875
Income before transfers	1,186,847	1,815,560	1,416,125
Transfers to City	821,107	577,349	530,149
Change in net position	$ 365,740	$ 1,238,211	$ 885,976

Gas Division sales revenues increased approximately 12% between fiscal years 2021 and 2022.The primary cause of the increase in revenues was due to the higher commodity costs of gas purchases sold to customers during the year. Operating revenues are modified over a period of time to "levelize" bills to customers, which contributed to part of the current year increase in revenues. Historically low natural gas prices have driven the demand for natural gas deliveries and are currently the only area of meaningful growth for the Department.

Seven (7) large industrial customers purchase their own natural gas on the open market and transport it to the DPU. The Department collects sales solely from transportation of natural gas for these customers. There continues to be a risk of delivery restrictions on the interstate pipeline infrastructure leading to and within South Carolina, and Dominion Carolina Gas Transmission (DCGT) states that no capacity is currently available for DPU to subscribe to. DCGT states that additional capacity projects will take about 5 years to complete. While this remains a concern, flat firm demand for natural gas and the acquisition of additional capacity on a supplying pipeline allowed the Department to meet these increased demands with adequate supply.

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 Position by Division

Water Division

	FY 2022	FY 2021	FY 2020
Operating revenues	$ 9,918,824	$ 9,757,957	$ 9,582,207
Non-operating revenues (expenses)	(391,786)	70,792	499,977
Contributed capital	336,002	117,022	564,230
Total revenues	9,863,040	9,945,771	10,646,414
Depreciation expense	2,965,538	2,902,817	2,841,100
Operating and administrative expenses	8,604,412	7,864,711	7,465,833
Total expenses	11,569,950	10,767,528	10,306,933
Income (loss) before transfers	(1,706,910)	(821,757)	339,481
Transfers to City	680,963	537,386	545,642
Change in net position	$ (2,387,873)	$ (1,359,143)	$ (206,161)

Water Division sales revenues increased by approximately 2%. The Water Division has seen very little total customer growth since the mid-2000's due to slower-than-average economic conditions. Overall customer usage is also in a declining trend.

The Water Division's depreciation expense continues to increase year over year; however general inflation of labor costs, consumables such as chemicals, utilities and miscellaneous products coupled with increasing repair expenditures as a result of the Division's aging infrastructure continue to drive operating costs higher. The Water Division continues to evaluate ways to grow sales, streamline operations and remain profitable.

Additions and improvements to the Water Plant in 2004 provided the Division with adequate water producing capacity; however, aging infrastructure within the Water Treatment Plant and distribution system have led to the need for increased capital expenditures on aging infrastructure. These capital improvement projects and others are necessary to maintain a high quality of service to water customers. As with most cities, the Division recognizes that it has considerable exposure from its aged distribution system and is addressing the challenges. With the increasing costs of maintaining aging infrastructure and lower sales volumes, future rate increases are necessary to maintain the quality of drinking water for the Orangeburg area.

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

Wastewater Division

	FY 2022	FY 2021	FY 2020
Operating revenues	$ 7,210,179	$ 7,246,010	$ 6,986,060
Non-operating revenues (expenses)	(450,401)	(1,447,336)	(59,195)
Contributed capital	159,126	1,230,175	1,912,842
Total revenues	6,918,904	7,028,849	8,839,707
Depreciation expense	2,558,102	2,568,830	2,549,764
Operating and administrative expenses	4,929,697	4,755,607	4,814,567
Total expenses	7,487,799	7,324,437	7,364,331
Income before transfers	(568,895)	(295,588)	1,475,376
Transfers to City	495,006	399,049	397,809
Change in net position	$ (1,063,901)	$ (694,637)	$ 1,077,567

Wastewater Division sales revenues declined by less than 1% between fiscal years 2021 and 2022. Contributed capital declined as well. Depreciation expense and other operating expense continue to increase year over year. This trend is due primarily to the increasing cost of labor, consumables such as chemicals, utilities and miscellaneous products coupled with increasing repair expenditures as a result of the Division's aging infrastructure.

As with most cities, the Division recognizes that it has considerable exposure from its aged distribution and treatment systems and is addressing the challenges. Projects aimed at addressing these problems require very large capital outlays. Rate increases will continue to be necessary in future years in order to maintain compliance with State and Federal regulations and continue to provide reliable service to the Orangeburg area.

Condensed Statement of Cash Flows

Department-wide

	FY 2022	FY 2021	FY 2020
Cash flow from operating activities	$ 15,021,683	$ 28,929,880	$ 32,507,810
Cash flow used in non-capital and related financing activities	(7,661,814)	(5,536,872)	(5,240,419)
Cash flow used in capital and related financing activities	(26,923,115)	(32,781,789)	(4,747,445)
Cash flow from investing activities	(5,775,705)	108,463	325,412
	(25,338,951)	(9,280,318)	22,845,358
Beginning cash and cash investments	48,380,933	57,661,251	34,815,893
Ending cash and cash investments	$ 23,041,982	$ 48,380,933	$ 57,661,251

Cash flows from operating activities totaled $15,021,683 during fiscal year 2022. Operating cash flows continue to decrease primarily due to rising costs associated with labor, materials and other operating costs. Spending on multi-year capital projects for fiscal year 2022 totaled $26,923,115, which continue to be at much higher levels when compared to the past 20-30 years.

Many of the Department's capital projects are multi-year projects. The Department expects project expenditures to maintain these levels for the next several years. These investments in utility infrastructure will address expanding services, aging infrastructure and software improvements in an effort to provide more reliable services and improved customer service.

The Department strives to maintain certain financial metrics and ratios to ensure adequate liquidity and minimal operating leverage. All of the Department's cash is on deposit with high quality financial institutions. All of the Department's investments are comprised of United States Treasury bills, bonds and United States Agency bonds of limited term durations. Management is aware that major layoffs or industry relocations could cause significant reduction of revenue and or loss of collections. In the event significant economic problems occur, management may suspend any and all capital projects.

Requests for Information

This report is designed to provide an overview of the Department's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Administrative Director, Department of Public Utilities of the City of Orangeburg, South Carolina, Post Office Box 1057, Orangeburg, South Carolina 29116-1057.

CITY OF ORANGEBURG, SOUTH CAROLINA
DEPARTMENT OF PUBLIC UTILITIES

STATEMENTS OF NET POSITION
SEPTEMBER 30, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 14,911,117	$ 40,611,088
Investments	36,607,036	32,446,976
Accounts receivable, net of allowances of $460,000 for 2022 and 2021	13,531,095	9,966,112
Prepaid expenses	748,463	800,627
Inventory	9,347,404	4,759,390
Restricted cash	8,130,865	7,769,845
Total current assets	83,275,980	96,354,038
NONCURRENT ASSETS		
Capital assets:		
Nondepreciable	57,646,882	42,242,716
Depreciable, net of accumulated depreciation	230,697,332	234,499,461
Total noncurrent assets	288,344,214	276,742,177
Total assets	371,620,194	373,096,215
DEFERRED OUTFLOWS OF RESOURCES		
Pension	2,245,294	3,060,638
Other postemployment benefits	676,807	698,006
Total deferred outflows of resources	2,922,101	3,758,644
Total assets and deferred outflows of resources	374,542,295	376,854,859
LIABILITIES		
CURRENT LIABILITIES		
Payable from current assets:		
Accounts payable	9,240,700	7,424,944
Unearned revenue	5,349,290	8,679,842
Accrued expenses	1,449,525	2,766,855
Due to other funds	104,825	104,404
Compensated absences - current portion	1,194,306	1,055,937
	17,338,646	20,031,982
Payable from restricted assets:		
Customer deposits	5,913,490	5,569,782
Bonds and notes payable - current portion	2,331,941	2,285,360
	8,245,431	7,855,142
Total current liabilities	25,584,077	27,887,124
NONCURRENT LIABILITIES		
Bonds and notes payable - long term portion	30,700,304	33,032,245
Net pension liability	26,230,044	23,600,661
Total other postemployment benefits liability	4,710,214	5,769,746
Compensated absences - long term portion	195,089	196,887
Total long-term liabilities	61,835,651	62,599,539
Total liabilities	87,419,728	90,486,663
DEFERRED INFLOWS OF RESOURCES		
Pension	263,878	3,574,140
Other postemployment benefits	1,590,975	853,376
Total deferred inflows of resources	1,854,853	4,427,516
Total liabilities and deferred inflows of resources	89,274,581	94,914,179
NET POSITION		
Net investment in capital assets	265,166,680	255,299,785
Restricted for self insurance	25,000	25,000
Restricted for debt service	2,217,375	2,200,063
Unrestricted	17,858,659	24,415,832
Total net position	$ 285,267,714	$ 281,940,680

The accompanying notes are an integral part of these financial statements.

CITY OF ORANGEBURG, SOUTH CAROLINA
DEPARTMENT OF PUBLIC UTILITIES

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
OPERATING REVENUES		
Charges for services	$ 111,600,987	$ 103,107,532
Total operating revenues	111,600,987	103,107,532
OPERATING EXPENSES		
Cost of sales and service	56,846,206	49,101,795
Operating and maintenance	13,941,152	12,466,213
Administration	15,507,116	14,304,136
Depreciation expense	12,142,979	11,966,335
Total operating expenses	98,437,453	87,838,479
Operating income	13,163,534	15,269,053
NONOPERATING REVENUES (EXPENSES)		
Loss on disposal of assets	(659,694)	(2,296,676)
Interest expense	(756,715)	(800,507)
Investment income (loss)	(1,615,645)	100,114
Other nonoperating income	333,698	400,323
Total nonoperating expenses, net	(2,698,356)	(2,596,746)
Income before contributions and transfers	10,465,178	12,672,307
CAPITAL CONTRIBUTIONS	523,670	1,347,197
TRANSFERS		
Transfers out	(7,661,814)	(5,678,294)
Total transfers	(7,661,814)	(5,678,294)
Change in net position	3,327,034	8,341,210
Net position, beginning of year	281,940,680	273,599,470
Net position, end of year	$ 285,267,714	$ 281,940,680

The accompanying notes are an integral part of these financial statements.

CITY OF ORANGEBURG, SOUTH CAROLINA
DEPARTMENT OF PUBLIC UTILITIES

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$ 104,705,452	$ 103,777,218
Payments to suppliers	(73,163,744)	(61,960,508)
Payments to employees	(16,854,144)	(13,275,942)
Other receipts	333,698	400,323
Internal activity-payments from (to) other funds	421	(11,211)
Net cash provided by operating activities	15,021,683	28,929,880
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES		
Transfers out	(7,661,814)	(5,678,294)
Proceeds on notes receivable	-	141,422
Net cash used in non-capital and related financing activities	(7,661,814)	(5,536,872)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisitions of capital assets	(24,588,796)	(31,263,502)
Proceeds from sale of capital assets	184,086	174,871
Principal payments on bonds and notes payable	(2,285,360)	(2,239,848)
Capital grants received	523,670	1,347,197
Interest paid	(756,715)	(800,507)
Net cash used in capital and related financing activities	(26,923,115)	(32,781,789)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(26,040,678)	(5,139,166)
Proceeds from sale of investments	19,602,726	5,147,515
Interest received	662,247	100,114
Net cash provided by (used in) investing activities	(5,775,705)	108,463
Change in cash and cash equivalents	(25,338,951)	(9,280,318)
Cash and cash equivalents		
Beginning of year	48,380,933	57,661,251
End of Year	$ 23,041,982	$ 48,380,933
Classified as:		
Cash and cash equivalents	$ 14,911,117	$ 40,611,088
Restricted cash	8,130,865	7,769,845
	$ 23,041,982	$ 48,380,933

(Continued)

The accompanying notes are an integral part of these financial statements.

CITY OF ORANGEBURG, SOUTH CAROLINA
DEPARTMENT OF PUBLIC UTILITIES

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 13,163,534	$ 15,269,053
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	12,142,979	11,966,335
Other revenues	333,698	400,323
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(3,564,983)	583,515
(Increase) decrease in prepaid expenses	52,164	(220,893)
Increase in inventory	(4,588,014)	(436,980)
Increase in deferred outflows of resources-pension	815,344	34,883
(Increase) decrease in deferred outflows of resources-OPEB	21,199	(144,978)
Increase in accounts payable	1,815,756	73,407
Increase (decrease) in accrued expenses	(1,317,330)	1,119,790
Increase in customer deposits	343,708	191,966
Increase (decrease) in unearned revenue	(3,330,552)	86,171
Increase (decrease) in due to other funds	421	(11,211)
Increase (decrease) in deferred inflows of resources-pension	(3,310,262)	3,247,806
Increase (decrease) in deferred inflows of resources-OPEB	737,599	(293,894)
Increase (decrease) in net pension liability	2,629,383	(3,177,950)
Increase (decrease) in total other postemployment benefits liability	(1,059,532)	261,598
Increase (decrease) in compensated absences	136,571	(19,061)
Net cash provided by operating activities	$ 15,021,683	$ 28,929,880
NONCASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in the fair value of investments	$ (2,277,892)	$ -
	$ (2,277,892)	$ -

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Department of Public Utilities (the "Department") of the City of Orangeburg, South Carolina (the "City") was established to provide utilities for the City and adjacent areas outside the corporate city limits. The Department accounts for its financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) applicable to governmental units. The following is a summary of the significant accounting policies:

A. Reporting Entity

The Department is an enterprise fund of the City. These financial statements present only an enterprise fund and are not intended to present fairly the financial position and results of operations of the City in conformity with accounting principles generally accepted in the United States of America. The Department is an integral part of the City's financial reporting entity, and its results are included in the financial report of the City, which should be read in conjunction with these financial statements. The Department consists of five divisions including administrative, electric, gas, water, and wastewater. For financial statement purposes, the Department's administrative revenues and expenses are allocated among the four remaining divisions. The allocation rates for the fiscal years ended September 30, 2022 and 2021 were 43 percent to electric, 15 percent to gas, 28 percent to water, and 14 percent to wastewater.

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

The accounting and reporting policies of the Department conform to accounting principles generally accepted in the United States of America. The financial statements are prepared on the accrual basis of accounting, whereby revenues are recognized as earned, and expenses are recognized as incurred. 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 Department are charges for goods and services provided. Operating expenses of the Department include the cost of these goods 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.

When both restricted and unrestricted resources are available for use, it is the Department's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Cash and Cash Equivalents

Cash and cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Investments

Investments are reported at fair value. Fair value is determined as follows: short-term investments are reported at cost, which approximates fair value; securities traded on national exchanges are valued at current prices or current prices of similar securities; securities for which an established market does not exist are reported at estimated fair value using selling prices for similar investments for which there is an active market. Additionally, the Department's investment in the South Carolina Local Government Investment Pool (LGIP) are carried at fair value. The total fair value of LGIP is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of $1.00.

E. Accounts Receivable

Accounts receivable includes billed but uncollected amounts and unbilled receivables based upon a prorated amount of subsequent monthly billings. Allowances for doubtful accounts are maintained based on an estimate of collections within each aging category of receivables.

F. Inventories and Prepaid Items

Inventories are stated at lower-of-cost (first-in, first-out) or market, and are accounted for using the consumption method. Inventory balances consist of materials, gasoline, oil, fuel, propane, and natural gas for resale. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are accounted for using the consumption method.

G. Restricted Assets

Certain assets are classified as restricted assets on the statements of net position because their use is limited by applicable debt covenants.

H. Capital Assets

Capital assets are recorded at cost or estimated historical cost when purchased or constructed. Capital assets and infrastructure are defined by the Department as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at acquisition value. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets. Maintenance and repairs are charged to expense as incurred, and major renewals and betterments are capitalized. When items of capital assets are sold or retired, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is recognized.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets is included as part of the capitalized value of the assets constructed.

The estimated lives used in determining depreciation are as follows:

	Years
Electric system	25 - 50
Gas system	35 - 50
Water system	30 - 100
Wastewater system	40 - 60
Fiber optics and SCADA system	12 - 30
Buildings	45
Warehouse	25
Furniture and fixtures	3 - 20
Vehicles, machinery and equipment	3 - 20

I. Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable Statement of Net Position. Issuance costs are expensed in the period incurred.

J. Compensated Absences

The City's policy is to permit employees to accumulate leave depending upon length of service. The maximum leave that can be accrued is 1,080 hours for persons with twenty or more years of service (calculated as hours earned times hourly rate). Upon termination, accumulated leave will be paid to the employee. All leave and compensatory pay is accrued when earned in the Statement of Net Position. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the financial statements. 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Department has five (5) items that qualify for reporting in this category, all of which relate to the Department's Retirement Plans and Other Postemployment Benefit Plan and are combined in the Statement of Net Position under the headings "Pension" and "Other postemployment benefits". (1) The first item, experience losses, results from periodic studies by the actuary of the Retirement Plans, which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience losses are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of the plan members. (2) The second item, differences between projected investment return on pension investments and actual return on those investments, is deferred and amortized against pension expense over a five-year period, resulting in recognition as a deferred outflow of resources. (3) The third item results from changes in the proportionate share and differences between employer contributions and the proportionate share of total retirement plan employer contributions. These changes are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability amortized into pension expense over a four-year period. (4) The fourth item, changes in the actuarial assumptions, adjust the net pension liabilities and the total OPEB liability and are amortized into pension and OPEB expense over the expected remaining service lives of plan members. (5) The fifth item, pension contributions and other postemployment benefit plan contributions made subsequent to the plans' measurement dates, includes any contributions made by the Department to the pension and OPEB plans before year-end but subsequent to the measurement date of the Department's net pension liability and total OPEB liability, respectively, is reported as deferred outflows of resources and will be recognized as a reduction of the respective net pension liability and total OPEB liability during the year ended September 30, 2023.

In addition to liabilities, the Statement of Net Position reports a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Department has three (3) items that qualify for reporting in this category, all of which relate to the Department's Retirement Plans and Other Postemployment Benefit Plan and are combined in the Statement of Net Position under the heading "Pension" and "Other postemployment benefits". (1) The first item, experience gains relating to the Department's Retirement Plans and OPEB plan, is recorded in the Statement of Net Position under the heading "Pension" and "Other postemployment benefits", respectively. Experience gains result from periodic studies by the actuary of the Retirement Plans and OPEB Plan, which adjust the net pension liability and total OPEB liability for actual experience for certain trend information that was previously assumed. These gains are recorded as deferred inflows of resources and are amortized into pension and OPEB expense over the expected remaining lives of the plan members.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Outflows/Inflows of Resources (Continued)

(2) The second item results from changes in the proportionate share and differences between employer contributions and the proportionate share of total plan employer pension contributions. (3) The third item, changes in the actuarial assumptions, adjusts the total OPEB liability and is amortized into OPEB expense over the expected remaining service lives of plan members.

L. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement System (SCRS) and the South Carolina Police Officers Retirement System (PORS) and additions to/deductions from SCRS' and PORS' fiduciary net position have been determined on the same basis as they are reported by SCRS and PORS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. LEGAL COMPLIANCE – BUDGETS

Each year the City Council adopts the department's operating budget on the accrual basis of accounting. The budgetary level of control for the Department is the fund level. For the fiscal year ended September 30, 2022, expenses exceeded appropriations of $897,184 which were funded by greater than budgeted revenues of $1,986,698.

NOTE 3. DEPOSITS AND INVESTMENTS

Total deposits as of September 30, 2022 and 2021 are summarized as follows:

As reported in the Statement of Net Position:	September 30, 2022	September 30, 2021
Cash and cash equivalents	$ 14,911,117	$ 40,611,088
Investments	36,607,036	32,446,976
Restricted cash and cash equivalents	8,130,865	7,769,845
	$ 59,649,018	$ 80,827,909
Cash and investments deposited with financial institutions	$ 47,112,479	$ 45,551,462
Cash deposited with the State Treasurer	12,536,539	35,276,447
	$ 59,649,018	$ 80,827,909

At September 30, 2022 and 2021, the Department's cash and investments included demand deposits with financial institutions, local government pools with the South Carolina Office of the State Treasurer, mutual funds, and United States Government debt securities. The LGIP is managed by the State of South Carolina. The fair value of its position in the pool is the same as the value of the pool shares. Under State law, the Department is authorized to hold funds in deposit accounts with banking institutions and invest funds in the following items: obligations of the United States and agencies thereof, obligations of the State of South Carolina or any of its political units, banks and savings and loan associations to the extent insured by an agency of the federal government, and/or certificates of deposit where the certificates are federally insured or collaterally secured by collateral of the types in the previously mentioned items.

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of September 30, 2022 and 2021, all of the Department's deposits were covered by federal depository insurance or by collateral held in the pledging financial institutions' trust department in the Department's name.

Custodial Credit Risk – Investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty the Department will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Department does not have a formal investment policy to address custodial credit risk.

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments: As of September 30, 2022, the Department had the following investments:

Investment		Fair Value	Percentage of Portfolio	Credit Rating
U.S. Treasuries	$	33,425,180	91.3%	AAA/AA+
U.S. Agencies		3,066,076	8.4%	AAA/AA+
Mutual funds		115,780	0.3%	N/A
	$	36,607,036		

As of September 30, 2021, the Department had the following investments:

Investment		Fair Value	Percentage of Portfolio	Credit Rating
U.S. Treasuries	$	13,221,553	40.7%	AAA/AA+
U.S. Agencies		8,478,199	26.1%	AAA/AA+
Mutual funds		10,747,224	33.1%	N/A
	$	32,446,976		

Fair Value Measurements: The Department categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Department had the following recurring fair value measurements as of September 30, 2022:

Investment		Level 1		Level 2		Level 3		Fair Value
U.S. Treasury securities	$	33,425,180	$	-	$	-	$	33,425,180
U.S. Agency securities		3,066,076		-		-		3,066,076
Mutual funds		115,780		-		-		115,780
Total investments measured at fair value	$	36,607,036	$	-	$	-		36,607,036
Total investments							$	36,607,036

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

The Department had the following recurring fair value measurements as of September 30, 2021:

Investment	Level 1	Level 2	Level 3	Fair Value
U.S. Treasury securities	$ 13,221,553	$ -	$ -	$ 13,221,553
U.S. Agency securities	8,478,199	-	-	8,478,199
Mutual funds	10,747,224	-	-	10,747,224
Total investments measured at fair value	$ 32,446,976	$ -	$ -	32,446,976
Total investments				$ 32,446,976

The Department's investment in U.S. Agencies, U.S. Treasuries, and mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those investments. The Department's investment in U.S. Agencies and U.S. Treasuries classified in Level 2 of the fair value hierarchy are valued a matrix pricing technique. The Department reported no investments classified in Level 3 of the fair value hierarchy.

The LGIP is an investment pool, which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the Department does not disclose investment in the LGIP within the fair value hierarchy.

Credit Risk. Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The Department's investment policy allows for investments in the LGIP. As of September 30, 2022 and 2021, the underlying security ratings of the Department's investment in the LGIP may be obtained from the LGIP's complete financial statements. This investment pool does not have a credit quality rating assigned. These financial statements may be obtained by writing to the State Treasurer's Office, Local Government Investment Pool, Post Office Box 11778, Columbia, South Carolina 29211. Additionally, the Department may invest in obligations of the United States, obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, Bank of Cooperatives, Federal Intermediate Credit Bank, Federal Land Banks, Federal Home Loan Banks, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Government National Mortgage Association, Federal Housing Administration, and Farmer's Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise issued by at least two nationally recognized credit organizations.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Department 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.

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

As of September 30, 2022, the Department had $36,607,036 invested in the following types of investments as categorized by interest rate risk:

Investment Type	Fair Value	Investment Maturities (in Years) Less than 1	1 - 5	6 - 10
U.S. Treasury Securities	$ 33,425,180	$ 8,009,367	$ 25,415,813	$ -
U.S. Agency Securities	3,066,076	3,066,076	-	-
Mutual Funds	115,780	115,780	-	-
Total fair value	$ 36,607,036	$ 11,191,223	$ 25,415,813	$ -

As of September 30, 2021, the Department had $32,446,976 invested in the following types of investments as categorized by interest rate risk:

Investment Type	Fair Value	Investment Maturities (in Years) Less than 1	1 - 5	6 - 10
U.S. Treasury Securities	$ 13,221,553	$ 2,019,370	$ 11,202,183	$ -
U.S. Agency Securities	8,478,199	5,236,422	3,241,777	-
Mutual Funds	10,747,224	10,747,224	-	-
Total fair value	$ 32,446,976	$ 18,003,016	$ 14,443,960	$ -

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the Department's investment in a single issuer. The Department places no limit on the amount that can be invested with any one issuer.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2022, is as follows:

	Beginning Balance	Additions	Transfers	Disposals	Ending Balance
Capital assets, not being depreciated:					
Land	$ 2,531,423	$ -	$ -	$ -	$ 2,531,423
Construction in progress	39,711,293	24,586,499	(9,182,333)	-	55,115,459
Total	42,242,716	24,586,499	(9,182,333)	-	57,646,882
Capital assets, being depreciated:					
Buildings and improvements	8,237,488	-	-	-	8,237,488
Electric division	160,432,922	2,297	4,574,619	(1,792,237)	163,217,601
Gas division	37,315,220	-	1,979,225	(66,894)	39,227,551
Water division	112,680,822	-	778,889	(27,773)	113,431,938
Wastewater division	102,114,906	-	456,244	(22,503)	102,548,647
Tools and equipment	17,411,950	-	1,238,643	(24,837)	18,625,756
Furniture and fixtures	1,040,856	-	154,713	-	1,195,569
Total	439,234,164	2,297	9,182,333	(1,934,244)	446,484,550
Less accumulated depreciation for:					
Buildings and improvements	(4,999,672)	(323,228)	-	-	(5,322,900)
Electric division	(91,918,983)	(4,762,884)	-	974,972	(95,706,895)
Gas division	(16,681,739)	(948,655)	-	43,403	(17,586,991)
Water division	(45,021,159)	(2,527,290)	-	24,749	(47,523,700)
Wastewater division	(37,754,190)	(2,338,981)	-	22,503	(40,070,668)
Tools and equipment	(7,466,921)	(1,204,025)	-	24,837	(8,646,109)
Furniture and fixtures	(892,039)	(37,916)	-	-	(929,955)
Total	(204,734,703)	(12,142,979)	-	1,090,464	(215,787,218)
Total capital assets, being depreciated, net	234,499,461	(12,140,682)	9,182,333	(843,780)	230,697,332
Total capital assets, net	$ 276,742,177	$ 12,445,817	$ -	$ (843,780)	$ 288,344,214

NOTE 4. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the fiscal year ended September 30, 2021, is as follows:

	Beginning Balance	Additions	Transfers	Disposals	Ending Balance
Capital assets, not being depreciated:					
Land	$ 2,531,423	$ -	$ -	$ -	$ 2,531,423
Construction in progress	24,008,441	31,255,582	(15,552,730)	-	39,711,293
Total	26,539,864	31,255,582	(15,552,730)	-	42,242,716
Capital assets, being depreciated:					
Buildings and improvements	8,174,204	-	63,284	-	8,237,488
Electric division	154,787,275	7,889	8,495,290	(2,857,532)	160,432,922
Gas division	36,537,225	-	829,560	(51,565)	37,315,220
Water division	110,673,623	31	2,212,420	(205,252)	112,680,822
Wastewater division	102,583,768	-	3,825,847	(4,294,709)	102,114,906
Tools and equipment	17,401,685	-	33,885	(23,620)	17,411,950
Furniture and fixtures	948,412	-	92,444	-	1,040,856
Total	431,106,192	7,920	15,552,730	(7,432,678)	439,234,164
Less accumulated depreciation for:					
Buildings and improvements	(4,675,891)	(323,781)	-	-	(4,999,672)
Electric division	(88,936,462)	(4,697,093)	-	1,714,572	(91,918,983)
Gas division	(15,785,087)	(920,364)	-	23,712	(16,681,739)
Water division	(42,631,322)	(2,479,327)	-	89,490	(45,021,159)
Wastewater division	(38,506,843)	(2,357,085)	-	3,109,738	(37,754,190)
Tools and equipment	(6,331,231)	(1,159,309)	-	23,619	(7,466,921)
Furniture and fixtures	(862,663)	(29,376)	-	-	(892,039)
Total	(197,729,499)	(11,966,335)	-	4,961,131	(204,734,703)
Total capital assets, being depreciated, net	233,376,693	(11,958,415)	15,552,730	(2,471,547)	234,499,461
Total capital assets, net	$ 259,916,557	$ 19,297,167	$ -	$ (2,471,547)	$ 276,742,177

NOTE 5. LONG-TERM DEBT

The following is a summary of long-term debt activity for the fiscal year ended September 30, 2022:

	September 30, 2021	Additions	Reductions	September 30, 2022	Due within One Year
Notes payable from direct borrowings	$ 21,711,574	$ -	$ (1,419,667)	$ 20,291,907	$ 1,443,558
Revenue bonds payable from direct borrowings	13,606,031	-	(865,693)	12,740,338	888,383
Compensated absences	1,252,824	1,194,306	(1,057,735)	1,389,395	1,194,306
Net pension liability	23,600,661	5,799,547	(3,170,164)	26,230,044	-
Total other postemployment benefit liability	5,769,746	189,650	(1,249,182)	4,710,214	-
Total long-term liabilities	$ 65,940,836	$ 7,183,503	$ (7,762,441)	$ 65,361,898	$ 3,526,247

The following is a summary of long-term debt activity for the fiscal year ended September 30, 2021:

	September 30, 2020	Additions	Reductions	September 30, 2021	Due within One Year
Notes payable from direct borrowings	$ 23,107,838	$ -	$ (1,396,264)	$ 21,711,574	$ 1,419,666
Revenue bonds payable from direct borrowings	14,449,615	-	(843,584)	13,606,031	865,694
Compensated absences	1,271,885	1,055,937	(1,074,998)	1,252,824	1,055,937
Net pension liability	26,778,611	4,138,314	(7,316,264)	23,600,661	-
Net other postemployment benefit obligation	5,508,148	499,315	(237,717)	5,769,746	-
Total long-term liabilities	$ 71,116,097	$ 5,693,566	$ (10,868,827)	$ 65,940,836	$ 3,341,297

Notes Payable

The City issues notes payable to provide funds for various projects. The notes payable outstanding at September 30, 2022 and 2021 are as follows:

	Interest Rate	Balance at September 30, 2022	Balance at September 30, 2021
State Revolving Fund, Series 2009A	1.84%	$ 1,628,216	$ 1,834,438
State Revolving Fund, Series 2009B	1.68%	356,872	403,849
State Revolving Fund, Series 2014	1.68%	18,306,819	19,473,287
		$ 20,291,907	$ 21,711,574

NOTE 5. LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued)

The City entered into a financing agreement with the South Carolina State Revolving Fund Program in the amount of $4,280,163 titled Series 2009A. Principal and interest payments on the note are due in quarterly installments through 2030. The note bears interest of 1.84%. Additionally, the City entered into a financing agreement with the South Carolina State Revolving Fund Program in the amount of $982,514 titled Series 2009B. Principal and interest payments on the note are due in quarterly installments through 2030. The note bears interest of 1.68%. Further, the City entered into a financing agreement with the South Carolina State Revolving Fund Program in the amount of $27,454,700 titled Series 2014. Principal and interest payments on the note are due in quarterly installments through 2036. The note bears interest of 1.68%. The formal approval of each note payable was provided for under various revenue bond ordinances passed by City Council which stipulates that the notes are payable solely from the revenues of the operations of the system. All issuances of the notes are considered parity notes and have equal standing. The notes are 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, 2022 and 2021, balances in all funds met the requirements. Additional such debt can be issued only if (1) there are no defaults in payments of interest and principal of any existing debt having claim on the revenues of the system, (2) existing debt cushion funds have been maintained as required, and (3) the net earnings of the system for the fiscal year in which debt is to be issued should not be less than 120 percent of the highest combined annual principal requirements of any succeeding fiscal year on all such debt outstanding and all such debt then proposed to be issued.

Annual debt service requirements to maturity for the notes payable as of September 30, 2022, are as follows:

	Principal	Interest	Total
Year ending September 30,			
2023	$ 1,443,558	$ 334,342	$ 1,777,900
2024	1,467,949	309,951	1,777,900
2025	1,492,852	285,048	1,777,900
2026	1,518,279	259,621	1,777,900
2027	1,544,242	233,659	1,777,901
2028 - 2032	7,319,754	778,402	8,098,156
2033 - 2036	5,505,273	191,782	5,697,055
	$ 20,291,907	$ 2,392,805	$ 22,684,712

NOTE 5. LONG-TERM DEBT (CONTINUED)

Revenue Bonds

In 2020, the City issued Combined Public Utility System Revenue Bonds, Series 2020 in a direct borrowing transaction. The bonds were issued in the amount of $15,000,000 to defray the costs of the construction of a Department of Public Utilities Operations Center to consist of new crew quarters, assembly building and covered equipment and inventory storage area. The bonds are payable from and are secured by the revenues derived from the operation of the City's Combined Public Utility System. The bonds are payable in monthly installments of principal and interest commencing on February 15, 2020, and ending on January 15, 2035 in the amount of $100,655 and bear interest at 2.59%. The bonds are subject to option redemption in whole, but not in part, at any time, at a redemption price equal to 101% of the principal amount to be redeemed, plus accrued interest to the date of redemption, to and including June 15, 2027, and thereafter at par, plus accrued interest to the date of redemption. The bond agreement includes various events of default, and upon the occurrence of such an event the bondholders of the outstanding bonds may, by notice in writing to the City, declare the principal balance immediately due and payable.

Annual debt service requirements to maturity for the notes payable as of September 30, 2022, are as follows:

	Principal	Interest	Total
Year ending September 30,			
2023	$ 888,383	$ 319,479	$ 1,207,862
2024	911,668	296,194	1,207,862
2025	935,562	272,300	1,207,862
2026	960,083	247,779	1,207,862
2027	985,246	222,615	1,207,861
2028 - 2032	5,327,381	711,926	6,039,307
2033 - 2035	2,732,015	86,329	2,818,344
	$ 12,740,338	$ 2,156,622	$ 14,896,960

NOTE 6. EMPLOYEE BENEFITS

Retirement Plan

Overview

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues an Annual Comprehensive Financial Report (ACFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The ACFR is publicly available through PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the ACFR of the state.

NOTE 6. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Plan Description:
The Department contributes to the South Carolina Retirement System (SCRS), a cost–sharing multiple-employer defined benefit pension plan that was established July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

In addition to the SCRS pension plan, the Department has also contributed to the South Carolina Police Officers Retirement System (PORS), a cost–sharing multiple-employer defined benefit pension plan that was established July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates.

Membership:
Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is described below.

South Carolina Retirement System. Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

South Carolina Police Officers Retirement System. To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least $2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

NOTE 6. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Benefits:
Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of benefit terms for each system is presented below.

South Carolina Retirement System. A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least 8 or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

South Carolina Police Officers Retirement System. A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

NOTE 6. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Contributions:
Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. The Retirement Funding and Administration Act of 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017, for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. The General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. In accordance with the legislative funding schedule, employer contribution rates will continue to increase by 1 percentage point each year until reaching 18.56 percent for SCRS and 21.24 percent for PORS but may be increased further, if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. The board shall increase the employer contribution rates as necessary to meet the amortization period set in statute.

Pension reform legislation modified statute such that the employer contribution rates for SCRS and PORS to be further increased, not to exceed one-half of one percent in any one year, if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of SCRS and PORS to the maximum amortization period of 20 years from 30 years over a ten-year schedule, as determined by the annual actuarial valuations of the plan. Finally, under the revised statute, the contribution rates for SCRS and PORS may not be decreased until the plans are at least 85 percent funded. For the years ended September 30, 2022 and 2021, the Department contributed $2,196,323 and $1,973,092, respectively to the SCRS plan.

Required employee contribution rates for the fiscal years ended September 30, 2022 and 2021 are as follows:

South Carolina Retirement System	
Employee Class Two	9.00% of earnable compensation
Employee Class Three	9.00% of earnable compensation
South Carolina Police Officers Retirement System	
Employee Class Two	9.75% of earnable compensation
Employee Class Three	9.75% of earnable compensation

NOTE 6. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Contributions (Continued):
Required employer contribution rates for the fiscal year ended September 30, 2022, are as follows:

South Carolina Retirement System

16.41% of earnable compensation from October 1st through June 30th.
17.41% of earnable compensation from July 1st through September 30th.
Employer incidental death benefit: 0.15% of earnable compensation

South Carolina Police Officers Retirement System

18.84% of earnable compensation from October 1st through June 30th.
19.84% of earnable compensation from July 1st through September 30th.
Employer incidental death benefit: 0.20% of earnable compensation
Employer accidental death benefit: 0.20% of earnable compensation

Required employer contribution rates for the fiscal year ended September 30, 2021, are as follows:

South Carolina Retirement System

15.41% of earnable compensation from October 1st through June 30th.
16.41% of earnable compensation from July 1st through September 30th.
Employer incidental death benefit: 0.15% of earnable compensation

South Carolina Police Officers Retirement System

17.84% of earnable compensation from October 1st through June 30th.
18.84% of earnable compensation from July 1st through September 30th.
Employer incidental death benefit: 0.20% of earnable compensation
Employer accidental death benefit: 0.20% of earnable compensation

Net Pension Liability

The June 30, 2022, (the measurement date) total pension liability, net pension liability, and sensitivity information were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (GRS), and are based on the July 1, 2021 actuarial valuation. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2022, using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS.

NOTE 6. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Net Pension Liability (Continued)

The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67, less that system's fiduciary net position. As of September 30, 2022, (measurement date of June 30, 2022), the net pension liability amount associated with the SCRS plan is as follows:

Total pension liability	$ 56,454,779,872
Plan fiduciary net position	32,212,626,932
Employers' net pension liability	$ 24,242,152,940
Plan fiduciary net position as a percentage of the total pension liability	57.1%
Employer's proportionate share of the collective net pension liability	0.108200%

As of September 30, 2021, (measurement date of June 30, 2021), the net pension liability amount associated with the SCRS plan is as follows:

Total pension liability	$ 55,131,579,363
Plan fiduciary net position	33,490,305,970
Employers' net pension liability	$ 21,641,273,393
Plan fiduciary net position as a percentage of the total pension liability	60.7%
Employer's proportionate share of the collective net pension liability	0.109054%

NOTE 6. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Actuarial Assumptions and Methods

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019.

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2021, valuations for SCRS and PORS.

	SCRS	PORS
Actuarial cost method	Entry Age Normal	Entry Age Normal
Actuarial assumptions:		
Investment rate of return	7.00%	7.00%
Projected salary increases	3.0% to 11.0% (varies by service)	3.5% to 10.5% (varies by service)
Includes inflation at	2.25%	2.25%
Benefit adjustments	lesser of 1% or $500	lesser of 1% or $500

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

Former Job Class	Males	Females
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

NOTE 6. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Actuarial Assumptions and Methods (Continued)

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2022 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-term Expected Portfolio Real Rate of Return
Public Equity	**46.0%**	6.79%	3.12%
Bonds	**26.0%**	-0.35%	-0.09%
Private Equity	**9.0%**	8.75%	0.79%
Private Debt	**7.0%**	6.00%	0.42%
Real assets	**12.0%**		
Real estate	9.0%	4.12%	0.37%
Infrastructure	3.0%	5.88%	0.18%
	100%		
	Total expected real return		4.79%
	Inflation for actuarial purposes		2.25%
	Total expected nominal return		7.04%

NOTE 6. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Discount Rate

The discount rate used to measure the TPL was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

The following table presents the sensitivity of the net pension liability to changes in the discount rate as of September 30, 2022.

Sensitivity of the Net Position Liability to Changes in the Discount Rate

System	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
South Carolina Retirement System	$ 33,630,153	$ 26,230,044	$ 20,077,815

The following table presents the sensitivity of the net pension liability to changes in the discount rate as of September 30, 2021.

Sensitivity of the Net Position Liability to Changes in the Discount Rate

System	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
South Carolina Retirement System	$ 30,913,927	$ 23,600,661	$ 17,521,824

The Department has reported its portion of the PORS net pension liability in prior years; however, as of the July 1, 2021, actuarial valuation of the plan the Department was allocated a zero percent share of the collective PORS net pension liability. This zero percent allocation to the Department for the PORS Plan stems from employees previously employed by the Department being no longer employed by the Department as of the date of the valuation.

NOTE 6. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Pension Expense

For the year ended September 30, 2022, the Department recognized its proportionate share of collective pension expense of $2,201,063 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of $129,725 for a total of $2,330,788 for the SCRS plan.

For the year ended September 30, 2021, the Department recognized its proportionate share of collective pension expense of $1,723,351 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of $354,479 for a total of $2,077,830.

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NOTE 6. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At September 30, 2022, the Department reported deferred outflows of resources and deferred inflows of resources related to the SCRS pension plan from the following sources:

SCRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 227,890	$ 114,310
Changes of assumptions	841,259	-
Net difference between projected and actual earnings on pension plan investments	40,452	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	509,839	149,568
Employer contributions subsequent to the measurement date	625,854	-
Total	$ 2,245,294	$ 263,878

At September 30, 2022, the Department reported no deferred outflows of resources and deferred inflows of resources related to the PORS pension plan.

Department contributions subsequent to the measurement date of $625,854 for the SCRS plan are deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	SCRS
2023	$ 805,549
2024	526,821
2025	(660,871)
2026	684,063

NOTE 6. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At September 30, 2021, the Department reported deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS pension plans, respectively, from the following sources:

SCRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 402,010	$ 31,852
Changes of assumptions	1,291,823	-
Net difference between projected and actual earnings on pension plan investments	-	3,428,307
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	803,666	113,981
Employer contributions subsequent to the measurement date	563,139	-
Total	$ 3,060,638	$ 3,574,140

At September 30, 2021, the Department reported no deferred outflows of resources and deferred inflows of resources related to the PORS pension plan.

NOTE 6. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Department contributions subsequent to the measurement date of $563,139 for the SCRS plan are deferred outflows of resources and were recognized as a reduction of the net pension liability in the year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are recognized in pension expense as follows:

Year ended September 30:	SCRS
2022	$ 56,609
2023	215,077
2024	(65,499)
2025	(1,282,828)

Pension Plan Fiduciary Net Position

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued ACFR containing financial statements and required supplementary information for SCRS and PORS. The ACFR of the Pension Trust Funds is publicly available on PEBA's Retirement Benefits' website at www.retirement.sc.gov, or a copy may be obtained by submitting a request to PEBA, P.O. Box 11960, Columbia, SC 29211-1960.

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NOTE 6. EMPLOYEE BENEFITS (CONTINUED)

Other Postemployment Benefits Other Than Pensions

Plan Description

The Department administers the Retiree Medical and Prescription Drug Plan (the "Plan") as a single employer defined benefit other postemployment benefit plan (OPEB). The Plan provides for continuation of medical insurance benefits for certain retirees and can be amended by action of the City Council. Eligibility requirements are set forth in the Plan's provisions and based on amount of service to the Department. Employees hired prior to June 1, 1993, may receive benefits under the terms of the Plan if they meet one of the following requirements: (a) completes 15 years of service with the City and attains age 65; (b) completes 20 years of service with the Department and attains age 60; (c) completes 25 years of service with the Department; (d) completes 25 years of service with the City Department of Public Safety; (e) completes 28 years of service under the South Carolina Retirement System and completes 15 years of continuous service with the Department; or (f) completes 25 years of service under the South Carolina Police Officers Retirement System and completes 15 years of continuous service with the Department. Employees hired on or after June 1, 1993, and prior to January 1, 2010, may continue coverage under the terms of the Plan if they meet one of the following requirements: (a) completes 25 years of service with the Department; or (b) completes 25 years of service with the City Department of Public Safety.

Employees hired on or after January 1, 2010, are not eligible for post-employment benefits under this Plan. Additionally disabled retirees must meet the same eligibility requirements as non-disabled retirees.

Eligible retirees will receive health benefits through the City's self-insured group plan at no cost between the ages of 60 and 65. Prior to age 60, retirees must pay the full premium for health coverage. Upon reaching Medicare eligibility, the retiree will be removed from the City's group health plan. At this time, the City will pay up to $100 per month toward the cost of a Medicare supplement or qualified medical expenses via a company managed health reimbursement account.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and a separate report was not issued for the Plan.

NOTE 6. EMPLOYEE BENEFITS (CONTINUED)

Other Postemployment Benefits Other Than Pensions (Continued)

Plan Membership

Department membership of the Plan consisted of the following at September 30, 2021, the date of the latest actuarial valuation:

Active members	142
Inactive members or beneficiaries currently receiving benefits	116
Total membership	258

Contributions

The City Council has elected to fund the Plan on a “pay as you go” basis. The required contribution rate of the City varies depending on the applicable agreement. The costs of administering the Plan are paid by the City. Monthly premiums in effect during the City’s fiscal year ended September 30, 2022 and 2021, were $676 for retirees only and $1,326 for retiree family coverage. For the year ended September 30, 2022 and 2021, the Department contributed $296,201 and $173,825, respectively, for the pay as you go benefits for the Plan.

Total OPEB Liability

The Department’s total OPEB liability was measured as of September 30, 2021, and was determined by an actuarial valuation as of September 30, 2021.

Actuarial Assumptions

The total OPEB liability in the September 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate:	2.26% as of September 30, 2021 (measurement date)
Healthcare cost trend rate:	7.00% - 4.50%, Ultimate Trend by 2031
Inflation rate:	2.25%
Salary increase:	3.00% to 10.50%, including inflation
Participation rate:	100% for retirees aged 55 and above at retirement
	50% for retirees aged up to 55 at retirement
	25% for retiree spouse coverage for all ages

NOTE 6. EMPLOYEE BENEFITS (CONTINUED)

Other Postemployment Benefits Other Than Pensions (Continued)

Actuarial Assumptions (Continued)
Mortality rates were based on the PUB-2010 Mortality Tables for Employees with a 135% multiplier to better reflect the anticipated experience and provide margin for future improvements.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the September 30, 2021 valuation were based on a review of recent plan experience done concurrently with the September 30, 2021 valuation. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the September 30, 2021, valuation were also based on a review of recent plan experience done concurrently with the September 30, 2021, valuation.

Discount Rate
The discount rate used to measure the total OPEB liability was 2.26%. This rate was determined using an index rate of 20-year, tax-exempt general obligation municipal bonds with an average rating of AA or higher – which was 2.26% as determined by the Bond Buyer 20-Bond GO Index Rate as of September 30, 2021 (the measurement date).

Changes in the Total OPEB Liability of the Department
The changes in the total OPEB liability of the Department for the year ended September 30, 2022 (measurement date of September 30, 2021) and for the year ended September 30, 2021 (measurement date of September 30, 2020), were as follows:

	Total OPEB Liability	
	2022	**2021**
Beginning balance	$ 5,769,746	$ 5,508,148
Changes for the year:		
Service cost	157,957	133,233
Interest	130,041	143,224
Difference between actual and expected experience	(663,508)	(37,103)
Assumption changes	(98,348)	222,858
Benefit payments	(173,825)	(115,415)
Other changes	(411,849)	(85,199)
Net changes	(1,059,532)	261,598
Ending balance	$ 4,710,214	$ 5,769,746

The required schedule of changes in the Department's total OPEB liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about the total OPEB liability.

NOTE 6. EMPLOYEE BENEFITS (CONTINUED)

Other Postemployment Benefits Other Than Pensions (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate
The following presents the total OPEB liability of the Department, as well as what the Department's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate as of September 30, 2022 (September 30, 2021 measurement date):

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

Fiscal Year	1% Decrease (1.26%)	Current Discount Rate (2.26%)	1% Increase (3.26%)
2022	$ 5,204,285	$ 4,710,214	$ 4,261,053

The following presents the total OPEB liability of the Department, as well as what the Department's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate as of September 30, 2021 (September 30, 2020 measurement date):

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

Fiscal Year	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
2021	$ 6,367,763	$ 5,769,746	$ 5,242,873

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates
The following presents the total OPEB liability of the Department, as well as what the Department's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates as of September 30, 2022 (September 30, 2021 measurement date):

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

Fiscal Year	1% Decrease (6.00% decreasing to 3.50%)	Current Healthcare Cost Trend Rates (7.00% decreasing to 4.50%)	1% Increase (8.00% decreasing to 5.50%)
2022	$ 4,404,374	$ 4,710,214	$ 5,045,989

NOTE 6. EMPLOYEE BENEFITS (CONTINUED)

Other Postemployment Benefits Other Than Pensions (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates
The following presents the total OPEB liability of the Department, as well as what the Department's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates as of September 30, 2021 (September 30, 2020 measurement date):

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

Fiscal Year	1% Decrease (6.25% decreasing to 3.75%)	Current Healthcare Cost Trend Rates (7.25% decreasing to 4.75%)	1% Increase (8.25% decreasing to 5.75%)
2021	$ 5,323,260	$ 5,769,746	$ 6,293,987

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2022, and the current sharing pattern of costs between employer and inactive employees.

OPEB Expense
For the fiscal years ended September 30, 2022 and 2021, the Department recognized OPEB expense of ($215,485) and $104,394, respectively. The components of OPEB expense are detailed in the table below.

Description	2022	2021
Service cost (annual cost of current service)	$ 157,957	$ 133,233
Interest on the total pension liability	130,041	143,224
Expensed portion of current-period differences between expected and actual experience	(298,852)	(8,106)
Expensed portion of current-period changes in assumptions or other inputs	(26,558)	48,690
Recognition of current year amortization - difference between expected and actual experience & assumption changes	161,886	107,735
Recognition of current year amortization - beginning deferred inflows of resources	(339,959)	(320,382)
Total OPEB expense	$ (215,485)	$ 104,394

NOTE 6. EMPLOYEE BENEFITS (CONTINUED)

Other Postemployment Benefits Other Than Pensions (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At September 30, 2022, the Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,357,794
Changes of assumptions	380,606	233,181
Employer contributions subsequent to the measurement date	296,201	-
Total	$ 676,807	$ 1,590,975

Department contributions subsequent to the measurement date of $296,201 for the Retiree Health plan are reported as deferred outflows of resources and will be recognized as a reduction of the total OPEB liability in the year ended September 30, 2023.

At September 30, 2021, the Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Resources	Deferred Resources
Differences between expected and actual experience	$ -	$ 572,715
Changes of assumptions	524,181	280,661
Employer contributions subsequent to the measurement date	173,825	-
Total	$ 698,006	$ 853,376

Department contributions subsequent to the measurement date of $173,825 for the Retiree Health plan are reported as deferred outflows of resources and were recognized as a reduction of the total OPEB liability in the year ended September 30, 2022.

NOTE 6. EMPLOYEE BENEFITS (CONTINUED)

Other Postemployment Benefits Other Than Pensions (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)
As of September 30, 2022 and 2021, other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Retiree Health Insurance Plan

Year ended September 30:	2022	2021
2022	$ -	$ (172,065)
2023	(469,267)	(139,003)
2024	(385,798)	(58,350)
2025	(285,486)	38,577
2026	(69,818)	1,646

NOTE 7. RELATED PARTY TRANSACTIONS

For the fiscal years ended September 30, 2022 and 2021, the Department, as a provider of utilities, included in its operating income $809,165 and $746,156, respectively, representing utilities purchased by the City for its utility usage.

As of September 30, 2022 and 2021, there was an amount due to the City's General Fund of $104,825 and $104,404, respectively, for unremitted garbage fees.

For the fiscal years ended September 30, 2022 and 2021, the Department transferred $7,661,814 and $5,678,294, respectively, to the City's General Fund.

Included in the sales for each of the Department's divisions are sales to the Department for its own utility usage. These interdepartmental sales are as follows for the Department's fiscal years ended September 30, 2022 and 2021:

Division	September 30, 2022	September 30, 2021
Electric	$ 1,089,153	$ 946,963
Gas	211,418	45,211
Water	107,625	117,082
Wastewater	316,594	366,389
Total interdepartmental sales	$ 1,724,790	$ 1,475,645

NOTE 8. COMMITMENTS AND CONTINGENT LIABILITIES

Risk Management

The Department is exposed to various risks of losses related to torts including theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The Department is a member of the South Carolina Insurance Reserve Fund (SCIRF) that is operating as a common risk management and insurance program for local governments. The Department pays an annual premium to the SCIRF for its general insurance. The SCIRF is self-sustaining through member premiums and reinsures through commercial companies for certain claims. The Department did not have any significant reductions in insurance coverage from prior years, and there were no settlements, which exceeded insurance coverage for any of the past three years.

Additionally, the Department 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.

Beginning January 1, 2014, the Department implemented a partial self-insurance program for medical insurance coverage for its employees. The Department's health insurance plan has an individual stop-loss insurance amount of $135,000. Health claims are handled by an administrator. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

Changes in the balance of the liability for health, dental and prescription claims during the fiscal years ended September 30, 2022 and 2021 were as follows:

	September 30, 2022		September 30, 2021	
Unpaid claims, beginning of fiscal year	$	145,470	$	172,892
Incurred claims and changes in estimates		2,586,505		1,725,937
Claim payments		(2,550,532)		(1,753,359)
Unpaid claims, end of fiscal year	$	181,443	$	145,470

Contingent Liabilities

Grants. Amounts received or receivable from grantor agencies in previous years are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, could become a liability of the Department. The amount, if any, of expenditures, which may be disallowed by the grantor, cannot be determined at this time although the Department expects such amounts, if any, to be immaterial.

NOTE 8. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

Contingent Liabilities (Continued)

Litigation. The Department is party to various legal proceedings, which normally occur in governmental operations. In the opinion of the Department management, based on the advice of legal counsel with respect to litigation, the ultimate disposition of these lawsuits and claims will not have a material adverse effect on the Department's financial position.

Unemployment Compensation. The Department makes payments to the South Carolina Department of Employment and Workforce on a reimbursement basis for costs incurred in the administration of the state unemployment compensation statutes. Claims incurred but not reported at September 30, 2022 and 2021 were not significant.

Construction Commitments. At September 30, 2022 and 2021, the Department had construction commitments related to various capital projects for approximately $23,747,827 and $12,933,105, respectively.

NOTE 9. ELECTRICITY AND NATURAL GAS CONTRACTS

The Department has a contract with South Carolina Electric and Gas to purchase electricity, transmission, and ancillary services based upon the Department's customer usage. The rates charged as specified in the contract are subject to an annual contracted amount. The agreement was executed during fiscal year 2011 and supersedes the prior existing contract.

The power supply agreement shall remain in effect until December 31, 2023.

The Department has a natural gas agreement to purchase firm natural gas transportation services equaling the firm gas requirements of the Department for its gas distribution in and around Orangeburg, South Carolina with Dominion Carolina Gas Transmission (DCGT). The Department will pay a demand and commodity charge as specified in DCGT rate schedules. This contract will expire on October 31, 2026, at which time the contract agreement will be reviewed for renewal.

Additionally, the Department has entered into a natural gas supply and pipeline management agreement with SCANA Energy Marketing at rates established in the contract.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ORANGEBURG, SOUTH CAROLINA
DEPARTMENT OF PUBLIC UTILITIES

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	$ 157,957	$ 133,233	$ 116,023	$ 213,066	$ 133,794
Interest on total OPEB liability	130,041	143,224	230,436	204,513	175,732
Difference between actual and expected experience	(663,508)	(37,103)	(722,508)	(108,514)	(15,991)
Assumption changes	(98,348)	222,858	493,115	(324,698)	(372,954)
Benefit payments	(173,825)	(115,415)	(119,648)	(195,398)	(224,216)
Other changes	(411,849)	(85,199)	(15,954)	(51,307)	664,674
Net change in total OPEB liability	(1,059,532)	261,598	(18,536)	(262,338)	361,039
Total OPEB liability - beginning	5,769,746	5,508,148	5,526,684	5,789,022	5,427,983
Total OPEB liability - ending	$4,710,214	$5,769,746	$5,508,148	$5,526,684	$ 5,789,022
Covered-employee payroll	$5,383,717	$5,743,327	$5,666,236	$5,685,304	$ 5,955,171
Discount rate	2.26%	2.21%	2.66%	4.18%	3.57%
Total OPEB liability as a percentage of covered-employee payroll	87.49%	100.46%	97.21%	97.21%	97.21%

Notes to the Schedule of Changes in the Total OPEB Liability and Related Ratios:

This schedule will present 10 years of data as that information becomes available.

The assumptions used in the preparation of the above schedule are disclosed in Note 6 to the financial statements.

The Department is not accumulating assets in a trust fund that meets the criteria in paragraph 4 of GASB Statement No. 75 for payment of future OPEB benefits.

CITY OF ORANGEBURG, SOUTH CAROLINA
DEPARTMENT OF PUBLIC UTILITIES

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DEPARTMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE FISCAL YEARS ENDED SEPTEMBER 30,

South Carolina Retirement System

Plan Year Ended June 30,	Department's proportion of the net pension liability	Department's proportionate share of the net pension liability	Department's covered payroll	Department's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.108200%	$ 26,230,044	$ 12,844,100	204.2%	57.1%
2021	0.109054%	23,600,661	12,327,544	191.4%	60.7%
2020	0.104801%	26,778,611	9,717,159	275.6%	50.7%
2019	0.104354%	23,828,397	9,582,912	248.7%	54.4%
2018	0.106451%	23,852,324	9,147,212	260.8%	54.1%
2017	0.102759%	23,132,703	8,439,640	274.1%	53.3%
2016	0.102366%	21,865,227	7,949,321	275.1%	52.9%
2015	0.102937%	19,522,498	7,761,446	251.5%	57.0%
2014	0.105545%	18,931,008	7,847,081	241.2%	59.9%

South Carolina Police Officers Retirement System

Plan Year Ended June 30,	Department's proportion of the net pension liability	Department's proportionate share of the net pension liability	Department's covered payroll	Department's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.00000%	$ -	$ -	0.0%	66.4%
2021	0.00000%	-	-	0.0%	70.4%
2020	0.00000%	-	-	0.0%	58.8%
2019	0.00000%	-	-	0.0%	62.7%
2018	0.00000%	-	-	0.0%	61.7%
2017	0.00000%	-	-	0.0%	60.9%
2016	0.00000%	-	-	0.0%	60.4%
2015	0.00083%	18,133	8,938	202.9%	64.6%
2014	0.00346%	71,621	35,748	200.3%	67.5%

Notes to the Schedule of Department's Proportionate Share of the Net Pension Liability:

The assumptions used in the preparation of the above schedules are disclosed in Note 6 to the financial statements.

The above schedules will present 10 years of information once it is accumulated.

CITY OF ORANGEBURG, SOUTH CAROLINA
DEPARTMENT OF PUBLIC UTILITIES

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DEPARTMENT PENSION CONTRIBUTIONS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30,

South Carolina Retirement System

Fiscal Year Ended September 30,	Actuarially required contribution	Contributions in relation to the actuarially required contribution	Contribution deficiency (excess)	Department's covered payroll	Contributions as a percentage of covered payroll
2022	$ 2,196,323	$ 2,196,323	$ -	$ 13,047,594	16.83%
2021	1,973,092	1,973,092	-	12,461,992	15.83%
2020	1,846,140	1,846,140	-	11,864,654	15.56%
2019	1,654,239	1,654,239	-	11,149,681	14.84%
2018	1,534,400	1,534,400	-	11,097,100	13.83%
2017	1,276,041	1,276,041	-	10,537,105	12.11%
2016	1,163,881	1,163,881	-	10,399,983	11.19%
2015	1,050,331	1,050,331	-	9,737,215	10.79%
2014	995,538	995,538	-	9,463,488	10.52%

South Carolina Police Officers Retirement System

Fiscal Year Ended September 30,	Actuarially required contribution	Contributions in relation to the actuarially required contribution	Contribution deficiency (excess)	Department's covered payroll	Contributions as a percentage of covered payroll
2022	$ -	$ -	$ -	$ -	0.00%
2021	-	-	-	-	0.00%
2020	-	-	-	-	0.00%
2019	-	-	-	-	0.00%
2018	-	-	-	-	0.00%
2017	-	-	-	-	0.00%
2016	-	-	-	-	0.00%
2015	1,382	1,382	-	11,173	12.37%
2014	5,336	5,336	-	44,686	11.94%

Notes to the Schedule of Department Pension Contributions:

The above schedules will present 10 years of information once it is accumulated.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DEPARTMENT PENSION CONTRIBUTIONS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30,

Notes to the Schedule of Department Pension Contributions (Continued):

The assumptions used in the preparation of the above schedules are as follows:

System	SCRS	PORS
Calculation date	July 1, 2020	July 1, 2020
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	5-year Smoothed	5-year Smoothed
Amortization method	Level % of pay	Level % of pay
Amortization period	27 year maximum, closed period	27 year maximum, closed period
Investment return	7.25%	7.25%
Inflation	2.25%	2.25%
Salary increases	3.00% plus step-rate increases for members with less than 21 years of service	3.50% plus step-rate increases for members with less than 15 years of service
Mortality	The 2016 Public Retirees of South Carolina Mortality Tables for Males and Femals, both projected at Scale AA from the year 2016. Male rates multiplied by 100% for non-educators and 92% for educators. Female rated multiplied by 111% for non-educators and 98% for educators.	The 2016 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the year 2016. Male rates are multiplied by 125% and female rates are multiplied by 111%.

SUPPLEMENTARY INFORMATION
(UNAUDITED)

CITY OF ORANGEBURG, SOUTH CAROLINA
DEPARTMENT OF PUBLIC UTILITIES

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGETARY COMPARISON SCHEDULE - BUDGET (GAAP BASIS) AND ACTUAL FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Operating Revenues:				
Charges for services and fees	$ 100,798,000	$ 107,901,392	$ 111,600,987	$ 3,699,595
Sales taxes	9,000	9,000	-	(9,000)
Total operating revenues	100,807,000	107,910,392	111,600,987	3,690,595
Operating Expenses:				
Electricity purchased	44,730,000	51,000,000	51,126,162	(126,162)
Natural gas purchased	3,900,000	6,120,577	5,720,044	400,533
Operating and maintenance	12,825,000	13,312,000	13,941,152	(629,152)
Administrative	13,535,000	14,406,500	15,507,116	(1,100,616)
Depreciation and amortization	12,850,000	12,492,200	12,142,979	349,221
Total operating expenses	87,840,000	97,331,277	98,437,453	(1,106,176)
Operating income	12,967,000	10,579,115	13,163,534	2,584,419
Nonoperating Revenues (Expenses)				
Water and wastewater taps	505,000	400,300	218,472	(181,828)
Water and wastewater impact fees	-	-	115,226	115,226
(Loss) on disposal of capital assets	(900,000)	(935,000)	(659,694)	275,306
Investment income (loss)	483,000	545,320	(1,615,645)	(2,160,965)
Interest expense	(770,000)	(700,401)	(756,715)	(56,314)
Total nonoperating expenses, net	(682,000)	(689,781)	(2,698,356)	(2,008,575)
Net income before capital contributions and transfers	12,285,000	9,889,334	10,465,178	575,844
Capital contributions	-	-	523,670	523,670
Transfers to other funds	(7,200,000)	(7,651,353)	(7,661,814)	(10,461)
Total capital contributions and transfers, net	(7,200,000)	(7,651,353)	(7,138,144)	513,209
Change in net position	5,085,000	2,237,981	3,327,034	1,089,053
Net position, beginning of year	281,940,680	281,940,680	281,940,680	-
Net position, end of year	$ 287,025,680	$ 284,178,661	$ 285,267,714	$ 1,089,053

CITY OF ORANGEBURG, SOUTH CAROLINA
DEPARTMENT OF PUBLIC UTILITIES

SCHEDULE OF DIVISIONAL INCOME AND EXPENSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Electric	Gas	Water	Wastewater	Total
Operating Revenues:					
Charges for services:					
Gross billings	$ 81,042,514	$ 11,481,956	$ 9,336,116	$ 6,982,773	$ 108,843,359
Service fees	501,853	174,306	325,372	162,687	1,164,218
Interest on past due bills	237,371	29,295	34,822	24,591	326,079
Miscellaneous sales and services	720,014	280,160	220,019	38,404	1,258,597
Communication	29,400	-	19,239	-	48,639
Other	-	-	-	7,936	7,936
Provision for bad debts	(19,309)	(5,576)	(16,744)	(6,212)	(47,841)
Total operating revenues	82,511,843	11,960,141	9,918,824	7,210,179	111,600,987
Operating Expenses:					
Cost of sales and service:					
Electric supply costs	49,667,768	-	-	-	49,667,768
Natural gas supply costs	-	5,720,044	-	-	5,720,044
Electric generators and other costs	1,405,843	-	-	-	1,405,843
Solar turbines	52,551	-	-	-	52,551
Total cost of sales and service	51,126,162	5,720,044	-	-	56,846,206
Operating and maintenance	5,184,038	1,326,875	4,470,467	2,959,772	13,941,152
Administration	7,186,771	2,216,475	4,133,945	1,969,925	15,507,116
Depreciation	5,435,908	1,183,431	2,965,538	2,558,102	12,142,979
Total operating expenses	68,932,879	10,446,825	11,569,950	7,487,799	98,437,453
Operating income (loss)	13,578,964	1,513,316	(1,651,126)	(277,620)	13,163,534
Nonoperating Revenues (Expenses)					
Gain (loss) on disposal of capital assets	(655,837)	(21,633)	8,975	8,801	(659,694)
Impact and tap fees	-	-	172,677	161,021	333,698
Interest income	(702,516)	(245,064)	(455,053)	(213,012)	(1,615,645)
Interest expense	(171,347)	(59,772)	(118,385)	(407,211)	(756,715)
Total nonoperating expenses, net	(1,529,700)	(326,469)	(391,786)	(450,401)	(2,698,356)
Net income (loss) before capital contributions	12,049,264	1,186,847	(2,042,912)	(728,021)	10,465,178
Capital contributions	28,542	-	336,002	159,126	523,670
Net income (loss) before transfers	12,077,806	1,186,847	(1,706,910)	(568,895)	10,988,848
Transfers out	(5,664,738)	(821,107)	(680,963)	(495,006)	(7,661,814)
Change in net position	$ 6,413,068	$ 365,740	$ (2,387,873)	$ (1,063,901)	$ 3,327,034

COMPLIANCE SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S 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*

To the Department of Public Utilities
City of Orangeburg
Orangeburg, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the **Department of Public Utilities** (the "Department"), an enterprise fund of the City of Orangeburg, South Carolina, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated October 17, 2023. Our report includes a reference to the fact that the financial statements only include the activity of the Department and not the entire City of Orangeburg, South Carolina reporting entity.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those 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.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Columbia, South Carolina
October 17, 2023