

CITY of CAMDEN  
Camden, South Carolina

FINANCIAL STATEMENTS and  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2012

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# CANTEY, TILLER, PIERCE & GREEN, LLP

*Certified Public Accountants*

1204 BROAD STREET · POST OFFICE BOX 862  
CAMDEN, SOUTH CAROLINA 29021

PIERCE W. CANTEY, JR., CPA  
RICHARD C. TILLER, CPA, PFS  
JANET M. PIERCE, CPA  
HENRY D. GREEN, III, CPA  
MARY ELLEN GREEN, CPA

MEMBER OF AMERICAN INSTITUTE  
AND SOUTH CAROLINA ASSOCIATION  
OF CERTIFIED PUBLIC ACCOUNTANTS  
TELEPHONE (803) 432-1436  
FAX (803) 432-5055

## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Camden  
Camden, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Camden, South Carolina, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Camden, South Carolina's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Camden, South Carolina, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2012, on our consideration of the City of Camden, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the schedule of funding progress for retiree health plan on pages 3 through 8 and 37 through 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

*Cantey, Tiller, Pierce & Green, LLP*

Cantey, Tiller, Pierce and Green, LLP  
Camden, South Carolina

November 15, 2012

**CITY OF CAMDEN, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the City of Camden's financial performance and statistics summarizes the City's annual report for the fiscal year ended June 30, 2012.

**Please read this document in conjunction with the City's basic audited financial statements. References to relevant pages are included in the following narrative.**

**City Highlights**

The City of Camden is the county seat of Kershaw County, South Carolina. The current population, as stated in the 2010 census, is approximately 6,830. The City is located approximately 30 miles east of Columbia, SC. Kershaw County's population growth from 1990 to 2000 was the seventh fastest in the State (out of 46 counties). This growth is moving in a northeast direction toward Camden.

The addition of several new retail outlets, restaurants, two hotels and the ongoing renovation of the downtown district have increased gross business activity sales by approximately 15% per year from 1998 to 2009. The business activity in 2010, 2011 and 2012 has been flat in a recessed general economy. The retail sales portion of this increase in private sector business has strengthened the effect of the local option sales tax. In 1997 the City adopted an ordinance establishing a 1% local sales tax. The ordinance requires all revenue generated from this local option sales tax be used as a credit to property tax. In the tax year 2012, the local option sales tax credit reduced the primary residential property tax by approximately 60%.

In 2009, the City enacted a hospitality tax in order to enhance tourism, recreational and cultural activities. The tax will be applied to the sale of prepared food and beverage. Collections began on December 1, 2009 and planned projects to promote tourism related activity will be paid for and funded primarily by the hospitality tax.

The property tax base was re-appraised for the 2006-tax year. The five year re-appraisal will occur again during the 2012 year and will affect the taxes collected for the fiscal year ending in June of 2012. The estimated appraisal values have changed over the past five years as follows:

2009	\$620,000,000
2010	\$633,000,000
2011	\$633,400,000
2012	\$633,400,000
2013	\$633,400,000

The proprietary fund comprises the electric system, water system and sewer system. The customer base has been very stable over the past few years. The number of customers for water (6000) and sewer (4000) are at levels similar to the 1996 numbers. The electric system has approximately 9300 customers.

On January 1, 2009, a new variable rate wholesale purchased power contract went into effect through the year 2013. The new rate is on the Progress Energy Inc. average generation cost plus \$10 per MWh. The cost of purchased power for resale to the utility customers has increased by 31%. The retail rate charged to City customers since 2009 has increased by 25%.

A third electrical substation was completed in May 2008. The electrical system substations are connected via fiber optic cable. Also, during 2011, the City installed a new software system to manage the demand load for the three substations and help troubleshoot maintenance issues.

During 2012, the City completed water line and sewer line rehabilitation projects. The funds, \$1,000,000, were obtained through Community Development Block Grants provided by the Department of Commerce.

A new permit for wastewater discharge has been issued from the South Carolina Department of Health and Environmental Control to the City. The discharge permit requires the construction of a new waste water treatment plant. During 2011 a \$3,000,000 bond for engineering, infrastructure and planning expense related to the wastewater system was issued. The design phase of building a new wastewater treatment plant is completed. The total estimated project cost is \$35,000,000. The new treatment plant will be operational by January 2014. Funds for the new plant have been committed to the City of Camden from the South Carolina Revolving Fund. The South Carolina State Budget and Control Board manage the Clean Water funds. The loan is for a 20 year term at 2.5% interest. Combined utility usage fees have been increased in order to service the debt. The debit service for this loan will begin September 2014.

**Using This Annual Report**

This annual report comprises a series of financial statements pertaining to both the City as a whole (government-wide) and the major individual funds. Information concerning the City as a whole is found in the Statement of Net Assets and the Statement of Activities on pages 9 and 10 of the audited financial statements. The major individual funds are the governmental fund and the proprietary fund.

The financial statements for governmental activities are pages 11 through 14 of the audited financial statements. These statements tell how services were financed in the short term as well as what is reserved for future spending.

The proprietary fund statements are pages 15 through 17 of the audited financial statements. The proprietary fund statements report the business like operations in more detail than the government-wide statements. A detail cash flow statement is provided about the City's proprietary fund, the most financially significant fund, on page 17.

These new government wide financial statements will allow the user to broaden the basis of year to year comparison and enhance the City's accountability.

## Government-Wide Financial Statements

Our analysis of the City as a whole begins on this page of the report. The government-wide financial statements are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns and are added for a total Primary Government. The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer the following question. Is the City better off or worse off as a result of the current year's activities? The statements include all assets and all liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. Accruals of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Over time, increases or decreases in the City's net assets indicate whether its financial health is improving or deteriorating. We must also consider other nonfinancial factors, such as changes in the City's property tax base and the condition of the City's capital assets, to assess the overall health of the City.

## Fund Financial Statements

**Governmental funds:** Most of the City's basic services are reported in the governmental fund statements, which focus on how money flows in and out of the governmental fund. The financial plan or budget is typically developed on the basis of sources and uses of liquid resources. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. The supplemental governmental fund financial statements on pages 39, 40 and 41 allow a detail review of budgetary compliance associated with current year sources and uses.

**Proprietary funds:** When the City charges customers for the services it provides, whether to outside customers or to customers within the City, these services are reported in a proprietary fund. Proprietary funds are consolidated in the City-wide Statement of Net Assets and the Statement of Activities. In addition, the City's proprietary fund (business type fund) is reported in more detail with a cash flow statement on page 17 and a supplemental statement of revenues and expenses on page 50 of the audited financial statements. Page 50 presents a budget versus actual comparison for this fund.

## Net Assets of the City as a Whole

The following information is a condensed Statement of Net Assets with discussion about the current year changes from last year's total net assets.

The City's combined net assets changed from a year ago, increasing from \$51,164,483 at the end of fiscal year 2011 to \$55,503,572 at year-end 2012. This \$4,339,089 or 8.5% improvement in net assets is a result of current year activities. This City-wide improvement has enhanced the unrestricted fund allocation, cash position and the capital assets for both major individual funds. The following discussion and analysis illustrates solid improvement in the government fund and the proprietary fund.

### NET ASSETS As of 6/30/12

	Governmental Activities		Proprietary Fund Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 6,758,130	\$ 6,195,088	\$ 6,374,988	\$ 5,112,969	\$ 13,133,118	\$ 11,308,057
Receivables	598,989	691,101	2,746,463	2,055,689	3,345,452	2,746,790
Non-Current assets	127,278	122,748	3,057,173	1,556,890	3,184,451	1,679,638
Other assets	72,001	68,147	1,082,540	3,596,955	1,154,541	3,665,102
Capital assets	8,930,942	8,944,211	60,322,066	53,970,569	69,253,008	62,914,780
Total assets	<u>\$ 16,487,340</u>	<u>\$ 16,021,295</u>	<u>\$ 73,583,230</u>	<u>\$ 66,293,072</u>	<u>\$ 90,070,570</u>	<u>\$ 82,314,367</u>
Current liabilities	2,496,023	2,575,138	4,524,254	3,937,943	7,020,277	6,513,081
Long term liabilities	2,107,547	1,699,721	25,439,174	22,937,082	27,546,721	24,636,803
Total liabilities	4,603,570	4,274,859	29,963,428	26,875,025	34,566,998	31,149,884
Net assets:						
Invested in capital assets, net of related debt	\$ 7,937,137	\$ 8,183,175	\$ 34,811,303	\$ 30,994,207	\$ 42,748,440	\$ 39,177,382
Restricted for debt service	-	-	1,108,431	1,108,431	1,108,431	1,108,431
Restricted for capital projects	-	-	-	1,846,288	-	1,846,288
Restricted for special purposes	89,499	93,089	-	-	89,499	93,089
Unrestricted	3,857,134	3,470,172	7,700,068	5,469,121	11,557,202	8,939,293
Total net assets	<u>\$ 11,883,770</u>	<u>\$ 11,746,436</u>	<u>\$ 43,619,802</u>	<u>\$ 39,418,047</u>	<u>\$ 55,503,572</u>	<u>\$ 51,164,483</u>

## Governmental Fund Budgetary Highlights

The General Fund budget for the fiscal year 2012 was \$9,674,400. This was an increase of \$115,000 from the previous year. During the year certain variances developed as follows: Property tax collections were \$146,076 more than budgeted. Business licenses fees were \$23,967 less than budgeted. Franchise fees were \$13,090 more than budget. Grants in the amount of \$473,689 were received from Federal and SC State agencies.

Streets and parks expenditures were over budget by \$278,387 due to the expenditure of a Federal Highway Grant. The total expenditures, including all other account variances were \$870,034 more than the cash-operating budget which included the purchase of a Fire Truck in the amount of \$489,013 and \$473,689 in grant expenditures. The expense overage was partially offset by a total revenue gain of \$430,149. Revenue gains include grant money to cover expenditures, borrowed funds for the purchase of a fire truck and other small variances from budget.

## Discussion of Changes in Governmental Fund Net Assets

The net assets of the City governmental fund increased by 1.2%, to a balance of \$11,883,770 in 2012 from \$11,746,436. The \$137,334 increase is the result of the following:

A \$581,797 increase in the fund balance. This fund balance increase can be analyzed in greater detail upon review of the Statements of Revenues, Expenditures and Changes in Fund Balance on page 13, 14, 44 and 48 of the audited financial statements.

The City purchased \$572,431 in capital assets, and recorded \$585,700 as depreciation expense. The difference is a decrease to net assets in the amount of \$13,269. The primary additions to capital assets were property improvements of \$21,318, Town Green Statue expense of \$62,100 and the purchase of a Fire Truck \$489,013. (See page 23)

The purchase of a new Fire Truck increased the City's debt by \$490,000. The repayment of debt principal for prior debt was \$257,231. The annual difference in new debt and payment of principal decreased net assets by \$232,769.

The net amount in compensated absences decreased by \$2,940 from \$183,862 to \$180,922. This change increased net assets by \$2,940. Also, the increase in OPEB liability reduced the net assets in the amount of \$201,365.

### **Summary:**

	<b>Contribution to Net Assets</b>	
	<u>2012</u>	<u>2011</u>
Fund Balance Improvement	\$ 581,797	\$ (464,578)
Net Capital Asset Investment	( 13,269)	1,177,714
Reduction in Debt	( 232,769)	171,290
OPEB Obligations (GASB 45)	(201,365)	(176,029)
Decrease/(Increase) in Compensated Absences	<u>2,940</u>	<u>(27,725)</u>
Net Change	<u>\$ 137,334</u>	<u>\$ 680,672</u>

## Discussion of Changes in Proprietary Fund Net Assets

The net assets of the City proprietary fund increased by 10.7% from \$39,418,047 in 2011 to \$43,619,802 in 2012. The \$4,201,755 increase is illustrated in more detail on the Statement of Revenues, Expenses and Comparison of Actual to Budget on pages 16, 50 and 51 of the audited financial statements.

A \$3,583,059 contribution to operating income was recorded by the electric division. This gain was \$1,898,151 more than the business plan had anticipated. Electric revenues were less than budget by \$1,406,479. Operating costs of the electric division were \$3,304,630 less than budgeted. The capital expenditures in the amount of \$2,779,504 and depreciation in the amount of \$934,463 resulted in a net asset gain of \$1,845,041. Purchased power was \$1,954,598 less than budget and other operating and maintenance costs were \$30,889 less than the budgeted amount.

A \$1,518,673 contribution to operating income was recorded by the water division. This was \$184,091 less than budgeted. The water division revenue showed a gain of \$52,494. Capital expenditures in the amount of \$168,948 and depreciation in the amount of \$788,837 resulted in a net decrease of direct cost in the amount of \$619,889. Other operating and system maintenance costs were \$51,371 less than the planned budget.

A \$827,291 contribution to operating income was recorded by the sewer division. This was \$90,617 less than budgeted. Sewer division revenue exceeded budget by \$117,294. Capital expenditures in the amount of \$1,054,033 and depreciation in the amount of \$614,321 resulted in a net decrease of direct cost in the amount of \$439,712. Other operating costs and system maintenance were \$41,561 less than the planned budget.

Other operating income totaled \$611,997. This was \$137,997 greater than the budgeted plan. The primary reason for higher other operating income was due to the collection of utility nonpayment penalties, insurance reimbursements, use of labor and equipment and septic haulers. The penalties totaled \$49,780 more than budget, insurance reimbursements were \$45,539, use of labor and equipment was \$18,991 and septic haulers were \$12,575 more than budget.



The combined non-operating revenue and expense effect was a net \$356,325 reduction to income. The single largest impact on non-operating expenses was the \$978,852 interest expense from debt service. The interest expense was reduced by the combined effect of \$10,530 interest income earned on investments and \$611,997 other revenue.

The City policy to transfer funds annually to the governmental fund reduced the proprietary fund retained earnings by \$2,066,000.

Summary:	Division	Contribution to Net Assets	
		2012	2011
	Electric Department	\$ 3,583,059	\$ 3,978,019
	Water Department	1,518,673	1,453,010
	Sewer Department	827,291	391,228
	Other Operating Income	622,527	566,008
	Non-operating Rev. (Exp.)	(978,852)	(1,015,255)
	Capital Contribution	695,057	210,219
	Transfers Out	(2,066,000)	(2,066,000)
	Net Change	\$ 4,201,755	\$ 3,517,229

City-wide Summary:	Change in net Assets \$		% of Change from Prior Yr	
	2012	2011	2012	2011
Governmental Fund	\$ 137,334	\$ 680,673	1.2%	6.2%
Proprietary Fund	\$ 4,201,755	\$ 3,517,229	10.7%	9.8%
Total City of Camden	\$ 4,339,089	\$ 4,197,902	8.5%	8.9%

**Summary of Revenues and Expenses  
Changes in Net Assets as of 6/30/12**

	Governmental Activity		Proprietary Activity		Total	
	2012	2011	2012	2011	2012	2011
<b>Revenues:</b>						
Taxes	\$ 3,720,488	\$ 3,636,904	\$ -	\$ -	\$ 3,720,488	\$ 3,120,859
Licenses and Permits	1,867,427	1,840,146	-	-	1,867,427	1,840,146
Intergovernmental	852,951	1,057,395	-	-	852,951	1,057,395
Charge for Services	1,558,850	1,548,635	-	-	1,558,850	1,548,635
Fines	235,102	250,804	-	-	235,102	277,147
Miscellaneous	144,701	169,928	-	-	144,701	169,928
Electric Revenue	-	-	19,923,521	20,528,030	19,923,521	20,528,030
Water Revenue	-	-	4,082,494	3,920,040	4,082,494	3,920,040
Sewer Revenue	-	-	2,213,794	1,764,188	2,213,794	1,764,188
Other Operating	-	-	611,997	547,559	611,997	547,559
Interest Income	-	-	10,530	18,449	10,530	18,449
<b>Total Revenue</b>	<b>8,379,519</b>	<b>8,503,812</b>	<b>26,842,336</b>	<b>26,778,266</b>	<b>35,221,855</b>	<b>35,282,078</b>
<b>Expenses:</b>						
General Government	2,157,481	2,306,456	-	-	2,157,481	2,306,456
Public Safety	4,313,366	3,769,367	-	-	4,313,366	3,769,367
Highways and Streets	1,224,679	1,628,967	-	-	1,224,679	1,628,967
Sanitation	1,065,503	1,115,954	-	-	1,065,503	1,115,954
Culture and Recreation	791,025	1,359,001	-	-	791,025	1,359,001
Non-Departmental	801,668	953,145	-	-	801,668	953,145
Electric Cost	-	-	16,340,462	16,550,011	16,340,462	16,550,011
Water Cost	-	-	2,563,821	2,467,030	2,563,821	2,467,030
Sewer Cost	-	-	1,386,503	1,372,960	1,386,503	1,372,960
Interest Expense	-	-	978,852	1,015,255	978,852	1,015,255
<b>Total Expense</b>	<b>10,353,722</b>	<b>11,132,890</b>	<b>21,269,638</b>	<b>21,405,256</b>	<b>31,623,360</b>	<b>32,538,146</b>
<b>Income before Transfers</b>	<b>(1,974,203)</b>	<b>(2,629,078)</b>	<b>5,572,698</b>	<b>5,373,010</b>	<b>3,598,495</b>	<b>2,743,932</b>
Transfers In/(Out)	2,066,000	2,066,000	(2,066,000)	(2,066,000)	-	-
Capital Contributions	-	-	695,057	210,219	695,057	210,219
Fund Bal Changes pg 14	(444,463)	1,145,250	-	-	(444,463)	1,145,250
Capital Financing	490,000	98,500	-	-	490,000	98,500
Change in Net Assets	137,334	680,672	4,201,755	3,517,229	4,339,089	4,197,901
Beginning Net Assets	11,746,436	11,065,764	39,418,047	35,900,818	51,164,483	46,966,582
Ending Net Assets	\$ 11,883,770	\$ 11,746,436	\$ 43,619,802	\$ 39,418,047	\$ 55,503,572	\$ 51,164,483

**Restricted Assets and Other Reserves**

As a result of providing utility service to approximately 10,000 customers the City maintains a reserve to cover un-collectable debt. The reserve fund for bad debts was \$309,960 as of June 30, 2012.

Additionally, the utility fund customer deposits are maintained as a restricted reserve. This amount was \$645,758 as of June 30, 2012.

The City Council passed an ordinance for a tax millage increase beginning in 2002. A portion of the tax increase is specifically restricted for road paving. As of June 30, 2012, the road paving reserve balance was \$587,057. City Council also restricted funds for capital projects. The capital projects fund balance was \$368,021 as of June 30, 2012.

The City sold a watershed property during the year 2001. The principal balance amount of the sale, \$925,500, could not be spent without an authorizing resolution. In March 2011 City Council approved the reduction of the watershed account by the amount of \$375,000 to be used for the purchase of property from the Kershaw County School District. In May 2011 City Council approved the sale of a portion of the property purchased in the amount of \$113,631 and resolved that the sale proceeds be placed into the watershed restricted account. This purchase and sale of property resulted in a net balance of \$664,131 in the restricted watershed property account. In March 2012 City Council approved the reduction of the watershed account amount by \$363,967 to be used for the purchase of property on Campbell Street. The purchase of this property resulted in a balance of \$300,164 in the restricted watershed property account.

A local hospitality tax in the amount of 2% went into effect December 2009. City Council resolved to restrict the hospitality tax to tourism related expenditures. The balance in the hospitality tax fund was \$175,078 as of June 30, 2012.

Local option sales tax (1.0%) must be used to offset property taxes levied on the citizens of the City. Each year the balance of local option tax receipts less tax credits given to the taxpayers is reserved for the next year tax credits. The reserve was \$110,748 as of June 30, 2012.

**Capital Assets.**

	<b>Summary of Capital Assets</b>					
	As of 6/30/12					
	Governmental Activities		Proprietary Activities		Total	
	2012	2011	2012	2011	2012	2011
Land and Improvements	\$ 1,184,235	\$ 1,184,235	\$ 197,388	\$ 191,355	\$ 1,381,623	\$ 1,375,590
Buildings and Improvements	3,358,770	3,340,225	84,113	89,035	3,442,883	3,429,260
Equipment	161,349	161,349	-	-	161,349	161,349
Streets, Sidewalks, Etc.	3,471,819	3,561,666	-	-	3,471,819	3,561,666
Automotive Equipment	692,669	560,081	580,363	523,520	1,273,032	1,083,601
Electric System	-	-	18,123,167	16,319,246	18,123,167	16,319,246
Water System	-	-	18,947,614	19,058,533	18,947,614	19,058,533
Sewer System	-	-	12,827,480	12,764,305	12,827,480	12,764,305
Electric Instruments	-	-	445,932	452,970	445,932	452,970
Water Instruments	-	-	21,491	20,033	21,491	20,033
Sewer Instruments	-	-	16,666	18,195	16,666	18,195
Office Machines	-	-	10,468	14,230	10,468	14,230
Wastewater Treatment Plant	-	-	1,463,697	1,596,060	1,463,697	1,596,060
Total	<u>8,868,842</u>	<u>8,807,556</u>	<u>52,718,379</u>	<u>51,047,482</u>	<u>61,587,221</u>	<u>59,855,038</u>
Construction in Progress	<u>62,100</u>	<u>136,655</u>	<u>7,603,687</u>	<u>2,923,087</u>	<u>7,665,787</u>	<u>3,059,742</u>
Total	<u>\$ 8,930,942</u>	<u>\$ 8,944,211</u>	<u>\$ 60,322,066</u>	<u>\$ 53,970,569</u>	<u>\$ 69,253,008</u>	<u>\$ 62,914,780</u>

The City is compliant with GASB # 34 capital depreciation requirements for the fiscal year ending June 30, 2012. Please refer to page 23 paragraph I of the following audited financial statements for a review of capital asset transactions.

**Operating Cash**

The City maintains one consolidated checking account for the combined governmental fund and proprietary fund. The City's general ledger accounting system separates all transactions and applies cash transactions to the appropriate individual fund. The general fund cash balance was \$959,817 as of June 30, 2012. Other general fund liquid investments totaled \$4,517,522 at year-end. As of June 30, 2012, the general fund unrestricted operating cash amount was \$3,260,357. The excess unrestricted cash excludes the deferred revenue already received for the upcoming fiscal year. Based on cash needs for the fiscal year 2012/2013 this balance will support the City for 130 days. The proprietary fund operating cash balance was \$6,374,988 or 83 days of excess working cash.

**City-wide Debt**

The City has an excellent payment record. The City has never defaulted on the payment of debt principal or interest. The 8.5% increase in City-wide net assets for the current year activities reflects a strong financial position net of debt for future capital expenditures and street paving. Restricted funds totaling \$955,078 are funds reserved in lieu of debt in order to provide services. City staff and council face the needs of a community with very old infrastructure and very high service expectations.

## Governmental Fund Debt

The total debt of the City is relatively low in proportion to the taxable property in relation to other South Carolina municipalities. The governmental fund has no outstanding general obligation bond debt. No general obligation bonds are planned at this time for the fund. At June 30, 2012, the governmental fund had a \$960,472 balance of capital lease debt. A lease balance of \$456,990 is obligated for 4 remaining years to purchase a fire truck. A lease balance of \$437,606 is obligated for 9 more years for the purchase of an additional fire truck. The balance of governmental capital lease debt consists of fixed installment payments within three-year or five-year terms. The annual amount of principle to be paid for all general fund debt is \$228,204 for fiscal year 2013.

## Proprietary Fund Long Term Debt

The proprietary fund currently has a balance, as of June 30, 2012, of \$26,779,069 committed to long term debt. This debt is comprised of five issues of combined public utility revenue bonds. The largest bond issue during 1997 was used to build a 6.0 MGD state of the art water treatment plant near Lake Wateree. The 1997 bond was refunded with a 2004 issue. A series 2002 revenue bond was issued for major repairs to the electric system, water lines and sewer system in the amount of \$4,200,000. A bond issue for \$6,000,000 was issued during fiscal year 2004. In November 2007, a revenue bond for continued infrastructure repairs was issued in the amount of \$1,273,000. A revenue bond 2011A, in the amount of \$475,000 was issued to refund a portion of the 1997 Bond during the 2011 fiscal year.

The debt amount estimated for the construction of a new wastewater treatment plant will be approximately \$35,000,000. A revenue bond was issued during fiscal year 2011 in the amount of \$3,000,000 for engineering, planning, design and infrastructure related to the new wastewater treatment plant. The debt will be serviced as needed by rate increases for combined utility services with the payment scheduled to begin September 2014. The amount needed to service the combined utility system debt annually for the next five years is approximately \$4,500,000. While the debt coverage ratio for the proprietary fund has been steady for the past four years (see the following chart) we expect this to decrease with the addition of the wastewater treatment plant 2014/2015.

### **Long Term Debt Service Coverage Proprietary Fund**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Net Income	\$ 3,402,803	\$ 4,247,083	\$ 5,373,010	\$ 5,572,698
Depreciation	2,175,387	2,252,795	2,327,443	2,337,621
Interest Expense on Bonds	<u>1,126,793</u>	<u>1,079,243</u>	<u>1,015,255</u>	<u>978,852</u>
Net Available for Debt From Operations	<u>\$ 6,704,983</u>	<u>\$ 7,579,121</u>	<u>\$ 8,715,708</u>	<u>\$ 8,889,171</u>
Transfers	\$ (2,066,000)	\$ (2,066,000)	\$ (2,066,000)	\$ (2,066,000)
Net Available After Transfers	<u>\$ 4,638,983</u>	<u>\$ 5,513,121</u>	<u>\$ 6,649,708</u>	<u>\$ 6,823,171</u>
Total Debt Service Requirement	<u>\$ 2,730,501</u>	<u>\$ 2,850,977</u>	<u>\$ 2,882,586</u>	<u>\$ 2,783,179</u>
Coverage Ratio	1.70	1.93	2.31	2.45

## Proprietary Fund Short Term Debt

Capital lease obligations for the proprietary fund had a principal balance of \$-0-. The capital lease commitments are structured within five-year and seven-year terms. The amount needed to service the short-term debt will be approximately \$-0- during the 2013 fiscal year.

### **Summary of Outstanding Debt**

	Governmental Activity		Proprietary Activity		Total City	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenue Bonds	\$ -	\$ -	\$ 26,779,069	\$ 24,277,329	\$ 26,779,069	\$ 24,277,329
Short Term Obligations	<u>993,805</u>	<u>761,036</u>	<u>-</u>	<u>145,562</u>	<u>993,805</u>	<u>906,598</u>
Total	<u>\$ 993,805</u>	<u>\$ 761,036</u>	<u>\$ 22,779,069</u>	<u>\$ 24,422,891</u>	<u>\$ 27,772,874</u>	<u>\$ 25,183,927</u>

**Please refer to pages 31 through 33 (Note # 2 and # 3) of the audited financial statements for a detail presentation of the City-wide debt.**

### **Financial Contact**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you need additional financial information, contact the Director of Finance, City of Camden, 1000 Lyttleton Street, P.O. Box 7002, Camden, South Carolina 29021.

CITY of CAMDEN, SOUTH CAROLINA

STATEMENT of NET ASSETS  
June 30, 2012

	Primary Government		
	Governmental Activities	Business-Type Activites	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	\$ 2,240,608	\$ 4,123,031	\$ 6,363,639
Investments	4,517,522	2,251,957	6,769,479
Receivable:			
Accounts Receivable, Net	-	2,035,661	2,035,661
Taxes, Net	329,363	-	329,363
Miscellaneous	269,626	710,802	980,428
Prepaid Expenses	16,530	-	16,530
Inventory	72,001	1,082,540	1,154,541
Total Current Assets	<u>7,445,650</u>	<u>10,203,991</u>	<u>17,649,641</u>
<b>NON-CURRENT ASSETS</b>			
<b>RESTRICTED ASSETS</b>			
Cash and Cash Equivalents	110,748	645,758	756,506
Investments	-	2,053,080	2,053,080
Total Restricted Assets	<u>110,748</u>	<u>2,698,838</u>	<u>2,809,586</u>
<b>OTHER ASSETS</b>			
Deferred Charges	-	358,335	358,335
Total Other Assets	<u>-</u>	<u>358,335</u>	<u>358,335</u>
<b>CAPITAL ASSETS</b>			
Land and Construction in Progress	1,246,335	7,801,075	9,047,410
Other Capital Assets, Net of Accumulated Depreciation	7,684,607	52,520,991	60,205,598
Total Capital Assets	<u>8,930,942</u>	<u>60,322,066</u>	<u>69,253,008</u>
Total Non-Current Assets	<u>9,041,690</u>	<u>63,379,239</u>	<u>72,420,929</u>
Total Assets	<u>\$ 16,487,340</u>	<u>\$ 73,583,230</u>	<u>\$ 90,070,570</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	\$ 236,166	\$ 2,742,789	\$ 2,978,955
Accrued Liabilities	279,102	65,793	344,895
Notes and Lease Obligations Payable, Current	228,204	-	228,204
Bonds Payable, Current	-	1,705,672	1,705,672
Deferred Revenue	1,752,551	10,000	1,762,551
Total Current Liabilities	<u>2,496,023</u>	<u>4,524,254</u>	<u>7,020,277</u>
<b>NON-CURRENT LIABILITIES</b>			
Liabilities Payable from Restricted Assets			
Customer Deposits	-	580,625	580,625
Accrued Interest Payable	-	294,136	294,136
Compensated Absences, Non-Current	180,922	73,823	254,745
OPEB Obligation	1,161,024	327,164	1,488,188
Notes and Lease Obligations Payable, Non-Current	765,601	-	765,601
Bonds Payable, Non-Current	-	24,163,426	24,163,426
Total Non-Current Liabilities	<u>2,107,547</u>	<u>25,439,174</u>	<u>27,546,721</u>
Total Liabilities	<u>4,603,570</u>	<u>29,963,428</u>	<u>34,566,998</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	7,937,137	34,811,303	42,748,440
Restricted for:			
Law Enforcement	28,111	-	28,111
Special Purposes	61,388	-	61,388
Debt Service	-	2,053,080	2,053,080
Unrestricted	3,857,134	6,755,419	10,612,553
Total Net Assets	<u>11,883,770</u>	<u>43,619,802</u>	<u>55,503,572</u>
Total Liabilities and Net Assets	<u>\$ 16,487,340</u>	<u>\$ 73,583,230</u>	<u>\$ 90,070,570</u>

The Accompanying Notes are an Integral Part of These Financial Statements

CITY of CAMDEN, SOUTH CAROLINA

STATEMENT of ACTIVITIES  
For the Year Ended June 30, 2012

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>FUNCTIONS/PROGRAMS</b>							
Primary Government:							
General Government	\$ 3,163,441	\$ 1,600,337	\$ 2,882	\$ 62,100	\$ (1,498,122)	\$ -	\$ (1,498,122)
Public Safety					-	-	-
Police	2,268,996	217,753	85,505	47,899	(1,917,839)	-	(1,917,839)
Fire	1,634,415	469,639	44,841	11,839	(1,108,096)	-	(1,108,096)
Highways and Streets	1,320,327	-	401,662	-	(918,665)	-	(918,665)
Sanitation	1,050,321	1,089,211	4,400	-	43,290	-	43,290
Culture and Recreation	840,257	5,724	8,542	-	(825,991)	-	(825,991)
Interest on Long-Term Debt	30,428	-	-	-	(30,428)	-	(30,428)
Total Governmental Activities	<u>10,308,185</u>	<u>3,382,664</u>	<u>547,832</u>	<u>121,838</u>	<u>(6,255,851)</u>	<u>-</u>	<u>(6,255,851)</u>
Business-Type Activities:							
Electric Charges	16,346,493	20,342,955	-	-	-	3,996,462	3,996,462
Water Charges	2,875,970	4,082,494	-	-	-	1,206,524	1,206,524
Sewer Charges	2,047,175	2,286,369	-	695,057	-	934,251	934,251
Total Business-Type Activities	<u>21,269,638</u>	<u>26,711,818</u>	<u>-</u>	<u>695,057</u>	<u>-</u>	<u>6,137,237</u>	<u>6,137,237</u>
Total Primary Government	<u>\$ 31,577,823</u>	<u>\$ 30,094,482</u>	<u>\$ 547,832</u>	<u>\$ 816,895</u>	<u>(6,255,851)</u>	<u>6,137,237</u>	<u>(118,614)</u>
					<u>Primary Government</u>		
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					3,084,163	-	3,084,163
Franchise Taxes					267,090	-	267,090
Public Service Taxes					836,955	-	836,955
Unrestricted Investment Earnings					15,277	10,530	25,807
Transfers - Internal Activities					2,066,000	(2,066,000)	-
Miscellaneous					123,700	119,988	243,688
Total General Revenues, Special Items and Transfers					<u>6,393,185</u>	<u>(1,935,482)</u>	<u>4,457,703</u>
Change in Net Assets					137,334	4,201,755	4,339,089
Net Assets, Beginning of Year					<u>11,746,436</u>	<u>39,418,047</u>	<u>51,164,483</u>
Net Assets, End of Year					<u>\$ 11,883,770</u>	<u>\$ 43,619,802</u>	<u>\$ 55,503,572</u>

The Accompanying Notes are an Integral Part of These Financial Statements

CITY of CAMDEN, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2012

	General	Special Revenue	Capital Project Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 959,817	\$ 322,210	\$ 958,581	\$ 2,240,608
Restricted Cash	110,748	-	-	110,748
Investments	4,517,522	-	-	4,517,522
Receivables (Net)				
Taxes	319,356	10,007	-	329,363
Miscellaneous	269,626	-	-	269,626
Prepaid Expenses	13,224	-	3,306	16,530
Inventory	72,001	-	-	72,001
Total Assets	<u>\$ 6,262,294</u>	<u>\$ 332,217</u>	<u>\$ 961,887</u>	<u>\$ 7,556,398</u>
<b>LIABILITIES and FUND BALANCE</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 176,019	\$ 53,338	\$ 6,809	\$ 236,166
Accrued Liabilities	279,102	-	-	279,102
Deferred Revenues	1,740,799	11,752	-	1,752,551
Total Liabilities	<u>2,195,920</u>	<u>65,090</u>	<u>6,809</u>	<u>2,267,819</u>
<b>FUND BALANCE</b>				
<b>Fund Balance</b>				
Nonspendable	85,225	-	-	85,225
Restricted	-	89,499	-	89,499
Committed	300,164	175,078	955,078	1,430,320
Assigned	-	2,550	-	2,550
Unassigned	3,680,985	-	-	3,680,985
Total Fund Balance	<u>4,066,374</u>	<u>267,127</u>	<u>955,078</u>	<u>5,288,579</u>
Total Liabilities and Fund Balance	<u>\$ 6,262,294</u>	<u>\$ 332,217</u>	<u>\$ 961,887</u>	<u>\$ 7,556,398</u>

The Accompanying Notes are an Integral Part of These Financial Statements

CITY of CAMDEN, SOUTH CAROLINA

RECONCILIATION of the GOVERNMENTAL FUNDS BALANCE SHEET  
to the STATEMENT of NET ASSETS  
June 30, 2012

Total Fund Balance for Governmental Funds		\$ 5,288,579
Total Net Assets reported for governmental activities in the statement of net assets is different because:		
Capital assets of \$22,130,045, net of accumulated depreciation of \$13,199,103 are not financial resources and, therefore, are not reported in the funds. (See Note 1 for additional detail).		8,930,942
OPEB Obligation (See Note 4 for additional detail).		(1,161,024)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Compensated Absences	\$ (180,922)	
Governmental Leases and Notes Payable	<u>(993,805)</u>	<u>(1,174,727)</u>
Total net assets of governmental activities		<u><u>\$ 11,883,770</u></u>

CITY of CAMDEN, SOUTH CAROLINA

STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCE  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2012

	General	Special Revenue	Capital Project Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 2,386,504	\$ 711,921	\$ 622,063	\$ 3,720,488
Licenses and Permits	1,867,427	-	-	1,867,427
Intergovernmental Revenues	801,071	51,880	-	852,951
Charges for Services	1,558,850	-	-	1,558,850
Fines and Forfeits	217,753	17,349	-	235,102
Miscellaneous Revenues	134,944	9,757	-	144,701
Total Revenues	<u>6,966,549</u>	<u>790,907</u>	<u>622,063</u>	<u>8,379,519</u>
<b>EXPENDITURES</b>				
Current:				
General Government	2,157,481	-	-	2,157,481
Public Safety	4,284,043	29,323	-	4,313,366
Highways and Streets	1,102,080	-	122,599	1,224,679
Sanitation	1,065,503	-	-	1,065,503
Culture and Recreation	303,536	487,489	-	791,025
Non-Departmental	559,791	53,418	188,459	801,668
Total Expenditures	<u>9,472,434</u>	<u>570,230</u>	<u>311,058</u>	<u>10,353,722</u>
<b>EXCESS (DEFICIENCY) of REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,505,885)</u>	<u>220,677</u>	<u>311,005</u>	<u>(1,974,203)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	2,066,000	-	-	2,066,000
Capital Financing	490,000	-	-	490,000
Total Other Financing Sources (Uses)	<u>2,556,000</u>	<u>-</u>	<u>-</u>	<u>2,556,000</u>
<b>Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses</b>	50,115	220,677	311,005	581,797
<b>FUND BALANCE, Beginning of Year</b>	<u>4,016,259</u>	<u>46,450</u>	<u>644,073</u>	<u>4,706,782</u>
<b>FUND BALANCE, End of Year</b>	<u><u>\$ 4,066,374</u></u>	<u><u>\$ 267,127</u></u>	<u><u>\$ 955,078</u></u>	<u><u>\$ 5,288,579</u></u>

The Accompanying Notes are an Integral Part of These Financial Statements



CITY of CAMDEN, SOUTH CAROLINA

RECONCILIATION of the GOVERNMENTAL FUNDS STATEMENT of REVENUES,  
EXPENDITURES, and CHANGES in FUND BALANCES to the STATEMENT of ACTIVITIES  
For the Year Ended June 30, 2012

Net Changes in Fund Balances - Total Governmental Funds	\$ 581,797
The change in net assets reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense of \$585,700 exceeded capital outlay of \$572,431 in the current period.	(13,269)
The proceeds of debt issuances provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which debt proceeds of \$490,000 exceeded repayments of \$257,231. Also see Note 3 for additional detail.	(232,769)
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. This includes the net decrease in compensated absences.	2,940
This also includes the net increase in OPEB Obligation.	<u>(201,365)</u>
Changes in net assets of governmental activities	<u>\$ 137,334</u>

CITY of CAMDEN, SOUTH CAROLINA

STATEMENT of NET ASSETS - PROPRIETARY FUND  
June 30, 2012

ASSETS	
CURRENT ASSETS	
Cash	\$ 4,123,031
Investments	2,251,957
Water and Lights Accounts Receivable, Net	2,035,661
Miscellaneous Receivables	710,802
Inventories	1,082,540
Total Current Assets	<u>10,203,991</u>
NON-CURRENT ASSETS	
RESTRICTED ASSETS	
Cash - Customer Deposits	645,758
Investments - Reserve Bond Investment	2,053,080
Total Restricted Assets	<u>2,698,838</u>
CAPITAL ASSETS	
Construction in Process	7,603,687
Buildings and Land	498,477
Furniture, Fixtures and Equipment	2,545,311
Electric System	33,459,283
Water System	28,217,340
Sewer and Wastewater System	22,738,836
Sub-Total	<u>95,062,934</u>
Less Accumulated Depreciation	<u>(34,740,868)</u>
Total Capital Assets	<u>60,322,066</u>
OTHER ASSETS	
Deferred Charges	358,335
Total Other Assets	<u>358,335</u>
Total Non-Current Assets	<u>63,379,239</u>
TOTAL ASSETS	<u>\$ 73,583,230</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	\$ 2,742,789
Other Current Liabilities	65,793
Deferred Revenue	10,000
Bonds Payable, Current	1,705,672
Total Current Liabilities	<u>4,524,254</u>
NON-CURRENT LIABILITIES	
Accrued Vacation Pay	73,823
OPEB Obligation	327,164
Payable from Restricted Assets	
Customer Deposits	580,625
Accrued Interest Payable	294,136
Bonds Payable, Non-Current	25,073,397
Unamortized Bond Discount/Premium	335,494
Deferred Amount on Refunding	<u>(1,245,465)</u>
Bonds Payable, Net of Unamortized Discount/Premium and Deferred Amount on Refunding	<u>24,163,426</u>
Total Non-Current Liabilities	<u>25,439,174</u>
Total Liabilities	<u>29,963,428</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	34,811,303
Restricted for Debt Service	2,053,080
Unrestricted	6,755,419
Total Net Assets	<u>43,619,802</u>
TOTAL LIABILITIES and NET ASSETS	<u>\$ 73,583,230</u>

The Accompanying Notes are an Integral Part of These Financial Statements

CITY of CAMDEN, SOUTH CAROLINA

STATEMENT of REVENUES, EXPENSES and CHANGES in NET ASSETS -  
 PROPRIETARY FUND

For the Year Ended June 30, 2012

OPERATING REVENUES	
Charges for Services:	
Electric Charges	\$ 19,923,521
Water Charges	4,082,494
Sewer Charges	2,213,794
Total Operating Revenues	<u>26,219,809</u>
OPERATING EXPENSES	
Personnel Services	2,683,339
Maintenance, Operations, and Contractual Services	14,678,037
Materials and Supplies	391,268
Depreciation & Amortization	2,538,142
Total Operating Expenses	<u>20,290,786</u>
Operating Income	<u>5,929,023</u>
NON-OPERATING REVENUE (EXPENSE)	
Interest Income	10,530
Interest Expense	(978,852)
Other Revenue (Expense)	611,997
Total Non-Operating Revenue (Expense)	<u>(356,325)</u>
Income (Loss) before Contributions and Transfers	5,572,698
OPERATING TRANSFERS and CONTRIBUTIONS	
Capital Contributions	695,057
Transfers to Other Funds	(2,066,000)
Change in Net Assets	<u>4,201,755</u>
NET ASSETS, Beginning of Year	<u>39,418,047</u>
NET ASSETS, End of Year	<u>\$ 43,619,802</u>

CITY of CAMDEN, SOUTH CAROLINA

STATEMENT of CASH FLOWS - PROPRIETARY FUND  
For the Year Ended June 30, 2012

CASH FLOWS from OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 25,452,380
Cash Payments to Suppliers for Goods and Services	(14,269,876)
Cash Payments to Employees for Services	(2,736,094)
Net Cash Provided by Operating Activities	<u>8,446,410</u>
CASH FLOWS from NON-CAPITAL FINANCING ACTIVITIES:	
Other Non-Operating Revenue	611,997
Reclassification of Restricted Cash	891,226
Operating Transfers Out	(2,066,000)
Net Cash Used in Non-Capital Financing Activities	<u>(562,777)</u>
CASH FLOWS from CAPITAL and RELATED FINANCING ACTIVITIES:	
Purchase of Assets	(8,689,118)
Proceeds from Debt Issued	6,722,023
Bond Issuance Costs	(22,300)
Principal Paid on Revenue Bond Maturities	(4,220,283)
Principal Paid on Lease Obligations	(145,562)
Interest Paid on Debt Service	(978,852)
Capital Contributions	695,057
Net Cash Used in Capital and Related Financing Activities	<u>(6,639,035)</u>
CASH FLOWS from INVESTING ACTIVITIES:	
Interest and Dividends on Investments	10,530
Net Cash Provided by Investing Activities	<u>10,530</u>
Net Increase in Cash and Cash Equivalents	1,255,128
Cash and Cash Equivalents at Beginning of Year	2,867,903
Cash and Cash Equivalents at End of Year	<u>\$ 4,123,031</u>
RECONCILIATION of OPERATING INCOME to NET CASH PROVIDED by OPERATING ACTIVITIES:	
Operating Income	\$ 5,929,023
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Amortization	200,521
Depreciation	2,337,621
Bad Debt Expense	93,065
Changes in Assets and Liabilities:	
Accounts Receivable	(91,090)
Miscellaneous Accounts Receivable	(692,749)
Inventory	7,286
Accounts Payable	623,907
Interest Payable	(30,339)
Other Liabilities	61,405
Customer Deposits	6,410
Deferred Revenue	10,000
Accrued Vacation Payable	(8,650)
Net Cash Provided by Operating Activities	<u>\$ 8,446,410</u>

The Accompanying Notes are an Integral Part of These Financial Statements

CITY of CAMDEN, SOUTH CAROLINA

NOTES to FINANCIAL STATEMENTS

June 30, 2012

NOTE 1 SUMMARY of SIGNIFICANT ACCOUNTING POLICIES

The City of Camden, South Carolina (the "City") operates under the council-city manager form of government and provides the following services: public safety (police, fire and code enforcement), utilities (water, sewer and electric), sanitation, maintenance, culture-recreation, public improvements and general administrative services.

The City's financial statements were prepared in accordance with accounting principles generally accepted in the United States of America for governmental entities (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities, the City has chosen not to do so. The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Principles Determining Scope of Reporting Entity

The financial statements of the City consist only of the funds of the City. The City has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board.

B. Basic Financial Statements - Government-Wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's public safety, sanitation, maintenance, culture-recreation, public improvements and general administrative services are classified as governmental activities. The City's utility services are classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts—invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales taxes, intergovernmental revenues, interest income, etc.).

The City does not allocate indirect costs.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year's activities.

## NOTE 1 SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

### C. Basic Financial Statements - Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the City:

#### 1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City.

- a. General fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.
- c. Capital project funds are used to account for the construction, rehabilitation, and acquisition of capital assets, such as buildings, equipment, and roads.

#### 2. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

- a. Proprietary funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

### D. Basis of Accounting

The government-wide statement reports using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

## NOTE 1 SUMMARY of SIGNIFICANT ACCOUNTING POLICIES

### D. Basis of Accounting (Continued)

Major revenue sources susceptible to accrual include: sales and use taxes, motel taxes, property taxes, franchise taxes (fees), intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements include revenues and expenses related to the primary, continuing operations of the fund. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

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

### E. Budgets and Budgetary Accounting

The annual budget for the general fund and capital project fund is prepared in accordance with the basis of accounting utilized by that fund. The budget for the Proprietary Fund is adopted under a basis consistent with GAAP, except that depreciation, certain capital expenses, nonoperating income and certain nonoperating expense items are not considered.

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

1. The City Manager submits a proposed operating budget for the fiscal year to the City Council. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to July 1, the budget is legally enacted through passage of an ordinance.
3. The City Manager is authorized to transfer budgeted amounts within and between departments as necessary to achieve the goals of the budget. Any revisions that alter the total expenditures of any fund must be approved by the City Council.
4. Budgeted amounts reflected in the accompanying financial statements are as amended by Council.

### E.(i) Budget - Special Revenue

The City has not presented budget information for the combined special funds, since budgetary control is maintained on an individual grant basis. Since grant periods may differ from the City's fiscal year, a comparison of budgetary information for the total special revenue fund would not be meaningful and has not been presented in the accompanying financial statements.

### F. Deposits and Investments

The City considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents. Investments are recorded at fair value, except for investments with maturity or one year or less from date of purchase, which are stated at amortized cost. Fair value is based on quoted market prices.

Investment Credit Risk - The City has no investment policy that limits its investment choices other than the limitation of state law. The State of South Carolina General Statutes permit the City to invest in the following types of instruments:

1. Obligations of the United States, and its agencies, the principal and interest of which is fully guaranteed by the United States.

NOTE 1 SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Deposits and Investments (Continued)

2. Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to the refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
3. (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, 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 rating organizations.
4. Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
5. Certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificate of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
6. Repurchase agreements when collateralized by securities as set forth in this section.
7. No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (1), (2), (3), and (6) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

Deposits are shown at carrying value at June 30, 2012 as follows:

	Category			Bank Balance	Total Carrying Amount
	1	2	3		
Checking Accounts	\$ 318,513	\$ 5,877,333	\$ -	\$ 6,195,846	\$ 6,418,209
Savings Accounts	54,079	-	-	54,079	54,728
Certificates of Deposit	399,545	2,225,202	-	2,624,747	2,624,747
	<u>\$ 772,137</u>	<u>\$ 8,102,535</u>	<u>\$ -</u>	<u>\$ 8,874,672</u>	<u>\$ 9,097,684</u>

Custodial Risk-Deposits - Deposits in financial institutions, reported as components of cash, cash equivalents and investments, had a bank balance of \$8,874,672 at June 30, 2012, that was fully insured by depository insurance or secured with collateral held by the City's agent in its name.

The City's deposits are categorized to indicate the level of risk assumed by the City at year end. Category 1 includes deposits that are insured or collateralized with securities held by the government or its agent in the government's name. Category 2 includes deposits that are collateralized with securities held by pledging financial institution's trust department or agent in the government's name. Category 3 includes uncollateralized deposits or deposits collateralized with securities held by the pledging financial institution or its trust department or agent but not in the City's name.



NOTE 1 SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Deposits and Investments (Continued)

Investments are carried at fair value at June 30, 2012 as follows:

	Category			Fair Value
	1	2	3	
U.S. Government Securities	\$ -	\$ 2,053,080	\$ -	\$ 2,053,080
	\$ -	\$ 2,053,080	\$ -	
S.C. Local Government Investment Pool (Fair value substantially equivalent to the value of the pool shares)				\$ 4,790,490
Total				\$ 6,843,570

The City's investments are categorized to indicate the level of risk assumed by the City at June 30, 2012. Category 1 includes investments that are insured or registered for which the securities are held by the City or its agent in the City's name. Category 2 includes investments that are uninsured and unregistered, with the securities held by the counterparty's trust department or agent in the City's name. Category 3 includes investments that are uninsured and unregistered with securities held by the counterparty or by its trust department or agent but not in the City's name. The South Carolina Local Government Investment Pool is run by the State Treasurer's Office and can invest only in the same type of instruments allowed by the City.

The City entered into an agreement with a third party financial institution (third party) whereby the City's trustee for its utility revenue bonds (bonds) is required to transfer the City's monthly debt service payments on the bonds to the third party for investment and the third party for its own benefit. Simultaneous to the transfer of the debt service payments, and as security for bondholders, the third party is required to deposit with the trustee an equivalent amount of direct, full faith and credit non-callable obligations of the United States of America or other securities which the trustee is permitted to invest in by the relevant bond ordinances.

A reconciliation of cash, cash equivalents and investments as shown in the combined balance sheet for the primary government follows:

Petty Cash and Other	\$ 1,450
Carrying Amount of Deposits	9,097,684
Carrying Amount of Investments	6,843,570
Total	\$ 15,942,704
Cash and Cash Equivalents	\$ 6,363,639
Cash and Cash Equivalents - Local Option Sales Tax	110,748
Cash - Restricted for Customer Deposits	645,758
Investments	6,769,479
Investments - Restricted for Debt Service	2,053,080
Total	\$ 15,942,704

G. Inventories and Prepaids

Inventories in governmental funds consist of expendable supplies held for consumption stated on a first-in, first-out basis. They are reported at cost which is recorded as an expenditure at the time individual inventory items are used. Proprietary fund inventories are recorded at cost on a first-in, first-out basis.

NOTE 1 SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Inventories and Prepaids (Continued)

Prepaids record payments to vendors that benefit future reporting periods and are also reported on the consumption basis. Both inventories and prepaids are similarly reported in government-wide and fund financial statements.

H. Allowance for Uncollectible Accounts

Allowance for uncollectible accounts receivable in the proprietary fund at June 30, 2012 is \$309,960.

I. Capital Assets, Depreciation, and Amortization

Capital assets purchased or acquired with an original cost of \$5,000 or more are stated at historical cost or estimated historical cost. Donated capital assets are stated at their fair value on the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and Grounds	5 - 40
Improvements	2 - 40
Mobile Equipment	3 - 20
Furniture, Fixtures and Equipment	3 - 20

Capital asset activity for the year ended June 30, 2012, was as follows:

	Primary Government				Ending Balance
	Beginning Balance	Increases	Decreases	Tranfers	
GOVERNMENTAL ACTIVITIES:					
Capital Assets not Being Depreciated:					
Land	\$ 1,184,235	\$ -	\$ -	\$ -	\$ 1,184,235
Construction in Progress	136,655	62,100	-	(136,655)	62,100
Total Capital Assets not Being Depreciated	1,320,890	62,100	-	(136,655)	1,246,335
Other Capital Assets:					
Building and Improvements	9,871,306	21,318	-	136,655	10,029,279
Equipment	1,189,808	-	-	-	1,189,808
Automotive Equipment	4,101,631	489,013	(19,155)	-	4,571,489
Streets, Sidewalks, Etc.	5,093,134	-	-	-	5,093,134
Total Other Capital Assets at Historical Cost	20,255,879	510,331	(19,155)	136,655	20,883,710
Less Accumulated Depreciation for:					
Buildings and Improvements	(6,531,081)	(139,428)	-	-	(6,670,509)
Equipment	(1,028,459)	-	-	-	(1,028,459)
Automotive Equipment	(3,541,550)	(356,425)	19,155	-	(3,878,820)
Streets, Sidewalks, Etc.	(1,531,468)	(89,847)	-	-	(1,621,315)
Total Accumulated Depreciation	(12,632,558)	(585,700)	19,155	-	(13,199,103)
Other Capital Assets, Net	7,623,321	(75,369)	-	136,655	7,684,607
Governmental Activities Capital Assets, Net	\$ 8,944,211	\$ (13,269)	\$ -	\$ -	\$ 8,930,942

NOTE 1 SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets, Depreciation, and Amortization (Continued)

	Primary Government				Ending Balance
	Beginning Balance	Increases	Decreases	Tranfers	
<b>BUSINESS-TYPE ACTIVITIES:</b>					
Capital Assts not Being Depreciated:					
Land and Improvements	\$ 191,355	\$ 6,033	\$ -	\$ -	\$ 197,388
Construction in Progress	2,923,087	4,908,936	(228,336)	-	7,603,687
Total Capital Assets not Being Depreciated	3,114,442	4,914,969	(228,336)	-	7,801,075
<b>Other Capital Assets:</b>					
Electric System	29,967,552	2,533,926	-	-	32,501,478
Water System	27,753,238	159,599	-	-	27,912,837
Sewer System	17,358,795	1,048,593	-	-	18,407,388
Electric Instruments	919,525	38,281	-	-	957,806
Water Instruments	295,154	9,349	-	-	304,503
Sewer Instruments	214,039	5,440	-	-	219,479
Automotive Equipment	2,315,415	207,297	(30,007)	-	2,492,705
Office Machines	52,604	-	-	-	52,604
Buildings	301,089	-	-	-	301,089
Wastewater Treatment Plant	4,111,970	-	-	-	4,111,970
Total Other Capital Assets at Historical Cost	83,289,381	4,002,485	(30,007)	-	87,261,859
Less Accumulated Depreciation	(32,433,254)	(2,337,621)	30,007	-	(34,740,868)
Other Capital Assets, Net	50,856,127	1,664,864	-	-	52,520,991
Business-Type Activities Capital Assets, Net	<u>\$53,970,569</u>	<u>\$ 6,579,833</u>	<u>\$ (228,336)</u>	<u>\$ -</u>	<u>\$60,322,066</u>

Depreciation expense was charged to functions as follows:

**GOVERNMENT ACTIVITIES:**

General Government	\$ 64,040
Public Safety	296,427
Highways and Streets	95,648
Sanitation	18,320
Culture and Recreation	111,265
Total Governmental Activities Depreciation Expense	<u>\$ 585,700</u>

**BUSINESS-TYPE ACTIVITIES:**

Electric Department	\$ 934,463
Water Department	788,837
Sewer Department	614,321
Total Business-Type Activities Depreciation Expense	<u>\$ 2,337,621</u>

NOTE 1 SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Construction Commitments

The City has entered into construction contracts during the fiscal year, which include the construction of a waste water treatment plant. As of June 30, 2012, the City had outstanding construction contracts totaling \$30,566,327 that will be financed from the state revolving loan fund.

	<u>Construction Commitments</u>
Proprietary Fund	<u>\$ 30,566,327</u>
Total	<u><u>\$ 30,566,327</u></u>

Insurance recoveries for the year ended June 30, 2012, amounted to \$14,965 for the general fund and \$25,568 for the proprietary fund. The recoveries are classified as "Other Income" in the financial statements.

J. Long-Term Debt, Deferred Debt Expense and Bond Discount/Premiums

In the government-wide and proprietary financial statements, outstanding debt is reported as liabilities. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

Amortization for the year ended June 30, 2012 was \$200,521 in the proprietary fund.

K. Components of Restricted Assets

General Fund

Restricted Assets at June 30, 2012, were as follows:

	<u>Local Option Sales Tax</u>
Cash	<u><u>\$ 110,748</u></u>

Proprietary Fund

Restricted Assets at June 30, 2012 were as follows:

	Revenue Bond Sinking and Revenue Fund	Customer Deposits	Total
Cash and Certificates of Deposits	\$ -	\$ 645,758	\$ 645,758
U.S. Government Securities	2,053,080	-	2,053,080
Total	<u><u>\$ 2,053,080</u></u>	<u><u>\$ 645,758</u></u>	<u><u>\$ 2,698,838</u></u>

NOTE 1 SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

The ordinance authorizing the Electric, Water and Sewer System revenue bonds requires that the City establish a sinking fund (Revenue Bond Sinking Fund) in an amount not less than the maximum annual requirement for the payment of principal and interest on all the revenue bonds. At June 30, 2012, the sinking fund balance is being funded to satisfy such bond ordinance requirements

L. Fund Equity

The following classification describes the relative strength of the spending constraints placed on the purpose for which resources can be used:

- Nonspendable fund balance - amounts that are not in a spendable form (such as inventory and prepaid) or are required to be maintained intact;
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provision or by enabling legislation.
- Committed fund balance - amounts constrained to specific purpose by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

Committed Fund Balance

City Council increased its tax millage specifically for road paving. The balance unspent at June 30, 2012, was \$587,057. City Council increased its tax millage specifically for capital. The balance unspent at June 30, 2012, was \$368,021. City Council passed a 2% hospitality tax effective December 1, 2009. The fund balance at June 30, 2012 was \$175,078. City Council passed an ordinance restricting \$300,164 of proceeds from the sale of its Watershed property. This money cannot be spent without an ordinance authorizing it by City Council.

Net Assets - Proprietary Fund

City Council has passed an ordinance restricting the amount that can be transferred to other funds to twenty percent (20%) of capital assets, net of related debt.

Capital Assets, Net of Related Debt at June 30, 2011	<u>\$ 30,994,207</u>
Maximum Amount that can be Transferred during the Year Ended June 30, 2012	<u>\$ 6,198,841</u>
Amount Transferred during the Year Ended June 30, 2012	<u>\$ 2,066,000</u>

NOTE 1 SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Revenue Recognition - Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable on or before January 15 of the following year. All unpaid taxes become delinquent January 15 of the following year. City property tax revenues are recognized when levied. An allowance is established for delinquent taxes to the extent that their collectibility is improbable.

Penalty Dates and Amounts

January 15, 15%

March 15, 5% execution cost of all unpaid taxes and Penalties.

September 1, 5% additional costs to amount of delinquent taxes, penalties and costs then due.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end.

N. Retirement Plan

Plan Description

The City is a member of the South Carolina Retirement System (SCRS) and the South Carolina Police Officers Retirement System (PORS), two of the defined benefit retirement systems maintained by the Retirement Division of the State Budget and Control Board of South Carolina. The system publishes its own component unit financial statement report. The plans are cost-sharing multiple-employer defined benefit pension plans.

The system provides retirement, death, survivor and disability benefits to State employees, public school employees, and employees of counties, municipalities, and certain other State political subdivisions. Each system is independent. Assets may not be transferred from one system to another or used for any purpose other than to benefit each system's participants.

A comprehensive annual financial report (CAFR) containing financial statements and required supplementary information for the South Carolina Retirement System and the South Carolina Police Officers Retirement System (PORS) is issued and publicly available by visiting [www.retirement.sc.gov](http://www.retirement.sc.gov) or by writing the South Carolina Retirement Systems, P.O. Box 11960, Columbia, SC 29211-1960.

Funding and Benefit Policies

Furthermore, the Division and the pension plans are included in the CAFR of the State of South Carolina. Under the SCRS, employees are eligible for a full service retirement annuity upon reaching age 65 or completion of 28 years credited service regardless of age. The benefit formula for full benefits effective since July 1, 1989, for the SCRS is 1.82 percent of an employee's average final compensation multiplied by the number of years of credited service.

Under the PORS, employees are eligible for a full service retirement annuity upon reaching age 55 or completion of 25 years credited service regardless of age. The benefit formula for full benefits for the PORS is 2.14 percent of an employee's average final compensation multiplied by the number of years of credited service.

Early retirement options with reduced benefits are available in the SCRS as early as age 55. There is not an early retirement option in the PORS. Employees are vested for a deferred annuity after five years service. Disability annuity benefits are payable to employees totally and permanently disabled provided they have a minimum of five years credited service (this requirement does not apply if the disability is the result of a job related injury). A group-life insurance benefit equal to an employee's annual rate of compensation is payable upon the death of an active employee with a minimum of one year of credited service.

NOTE 1 SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Retirement Plan (Continued)

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows SCRS employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits that will include any cost of living adjustments granted during the TERI period.

Member contributions cease for participants who entered TERI prior to July 1, 2005. Participants who enter TERI on or after July 1, 2005 must continue to make member contributions. Employer contributions continue during TERI participation for all participants.

Article X, Section 16 of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefit and employee/employer contributions for each retirement system. Employee and employer contribution rates to SCRS and PORS are actuarially determined. The surcharges to fund retiree health and dental insurance are not part of the actuarially established rates. Annual benefits, payable monthly for life, are based on length of service and on average final compensation (an annualized average of the employee's highest 12 consecutive quarters of compensation).

The Systems do not make separate measurements of assets and pension benefit obligations for individual employers. Under Title 9 of the South Carolina Code of Laws, the City's liability under the plans is limited to the amount of contributions (stated as a percentage of covered payroll) established by the State Budget and Control Board. Therefore, the City's liability under the pension plans is limited to the amounts required to be contributed as a percentage of eligible compensation. Accordingly, the City recognizes no contingent liability for unfunded costs associated with participation in the plans.

Funding Status and Progress

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits (adjusted for the effects of projected salary increases and step-rate benefits) estimated to be payable in the future as a result of employee service to date. The State discloses this measure to help users of these financial statements to (1) assess the systems' funding status on a going-concern basis, and (2) assess ability to pay actuarial present value of credited projected benefits. This method is independent of the funding methods the State's consulting actuary uses to determine contributions to the system.

The South Carolina Retirement System (SCRS) and Police Officers Retirement System (PORS) do not separately measure assets and pension benefit obligations for individual employers. The total unfunded accrued liability obligation at July 1, 2010 is:

	SCRS	PORS
Unfunded accrued liability obligation (in millions)	\$ 14,411	\$ 1,097

NOTE 1 SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Retirement Plan (Continued)

Contributions Required and Contributions Made

The State's consulting actuary determines employer contributions for all systems. The systems use the projected benefit method with entry age, normal cost, and benefits and allocates pension cost to each year as a level percentage of salary. In determining funding requirements, the actuary uses the same actuarial assumptions as those used to calculate the pension benefit obligation, with the following assumptions: (1) post-retirement benefit increases were projected for retired members and members eligible to retire, and (2) net assets attributable to group life insurance were excluded. At July 1, 2010, the unfunded liability liquidation period in years for SCRS was thirty years and PORS was twenty-two years.

Both employees and employers are required to contribute to the Plan at rates established under the authority of Title 9 Code of Laws.

The following provides a summary of the City of Camden, South Carolina's retirement plan contributions at June 30 (includes .15% group life insurance):

<u>Year Ended June 30,</u>	South Carolina Retirement System			
	<u>Covered Salaries</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>	<u>Total Contributions</u>
2012	\$ 3,875,723	\$ 251,922	\$ 369,550	\$ 621,472
2011	3,795,484	246,707	356,396	603,103
2010	3,709,184	241,097	348,292	589,389

<u>Year Ended June 30,</u>	Contribution Rate		
	<u>Employee</u>	<u>Employer</u>	<u>Total</u>
2012	6.50%	9.54%	16.04%
2011	6.50%	9.39%	15.89%
2010	6.50%	9.39%	15.89%

<u>Year Ended June 30,</u>	Police Officers Retirement System			
	<u>Covered Salaries</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>	<u>Total Contributions</u>
2012	\$ 2,074,851	\$ 134,865	\$ 244,065	\$ 378,930
2011	2,012,829	130,834	232,079	362,913
2010	1,936,113	128,542	218,520	347,062

<u>Year Ended June 30,</u>	Contribution Rate		
	<u>Employee</u>	<u>Employer</u>	<u>Total</u>
2012	6.50%	11.76%	18.26%
2011	6.50%	11.33%	17.83%
2010	6.50%	11.33%	17.83%



NOTE 1 SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Compensated Absences

All full-time, permanent employees of the City shall be entitled to two (2) weeks annual leave per year. All employees who have been in the employment of the City for ten (10) years or more shall be entitled to three (3) weeks annual leave per year. Two (2) weeks leave is considered twice the number of hours and three (3) weeks leave thrice the number of hours an employee is normally required to work per week. The maximum amount that may be accrued is 360 hours for regular employees, 396 hours for police officers and 477 hours for firemen hired before May 12, 1993. The maximum for employees hired after May 12, 1993 is 120 hours, 132 hours and 159 hours. Each employee earns 80, 88 and 106 hours, respectively, of sick leave per year. The maximum amount of sick leave an employee may accumulate is 720 hours, 792 hours and 954 hours respectively for 40 hours 44 hours and 53 hours per week employees hired after May 12, 1993, and for those employees who have waived the right to payment of one-half of their sick leave balances at retirement or upon death. Employees are not paid for the accumulated sick leave upon retirement or other termination. The City accrues a liability for compensated absences which meet the following criteria:

1. The City's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation related to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

As of June 30, 2012, the liability for accrued vacation is \$254,745. The amount applicable to the Propriety Fund is \$73,823 and the amount applicable to the general fund is \$180,922. Compensated absences are reported as accrued in the government-wide and proprietary financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable.

P. Statement of Cash Flows

For the purposes of the statement of cash flows, the Enterprise Fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Q. Accounting Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires the City's management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosures 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.

R. Grants

In the normal course of operations, the City receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

NOTE 2 CHANGES in LONG-TERM DEBT-PROPRIETARY FUND <sup>(1)</sup>

Long-term liability activity for the year ended June 30, 2012 was as follows:

	Payable 6/30/2011	Issued	Retired	Balance 6/30/2012	Due Within One Year
Combined Public Utility Revenue Bonds of 2002	\$ 2,805,000	\$ -	\$ 2,805,000	\$ -	\$ -
Combined Public Utility Revenue Bonds of 2004	17,300,000	-	1,040,000	16,260,000	1,075,000
Lease Obligation Payable - Water Meters	145,562	-	145,562	-	-
Combined Public Utility Revenue Bond 2007	939,110	-	119,769	819,341	124,273
Combined Public Utility System Refunding Revenue Bond Series 2010A	325,000	-	160,000	165,000	165,000
Combined Public Utility System Improvement Revenue Bond Series 2010	2,908,219	-	95,514	2,812,705	100,261
Combined Public Utility System Refunding Revenue Bond, Series 2012A	-	2,653,350	-	2,653,350	241,138
State Revolving Fund Loan, Series 2012B	-	4,068,673	-	4,068,673	-
Total Revenue and Lease Obligations Payable (1)	24,422,891	6,722,023	4,365,845	26,779,069	1,705,672
Compensated Absences	82,473	-	8,650	73,823	-
Total Proprietary Fund Long-Term Debt	\$ 24,505,364	\$ 6,722,023	\$ 4,374,495	\$ 26,852,892	\$ 1,705,672

(1) To reconcile amounts in this schedule to the government-wide statement of net assets, note that the balances shown for bonds do not include unamortized premiums/discounts or deferred amounts on refundings.

Long-Term Debt at June 30, 2012 consisted of the following:

Refunding Revenue Bond, Series 2010A dated February 26, 2010, payable \$150,000 to \$165,000 each March 1, 2011 through 2013. Interest at 1.82%, payable each March 1 and September 1.	\$ 165,000
Revenue Bond, Series 2012A dated February 29, 2012, payable \$297,044 each March 1, 2013 through 2022. Interest at 2.107% payable March 1.	2,653,350
Revenue Bond, Series 2004 dated December 8, 2004, payable \$320,000 to \$1,715,000 each March 1, 2006 through 2024. Interest at 3.0% to 4.38% payable March and September 1.	16,260,000
Revenue Bond, Series 2007 dated November 20, 2007, payable in annual installments of \$155,000 each, November 20, 2008 through November 20, 2017. Interest at 3.76%.	819,341
Improvement Revenue Bonds, Series 2010 dated February 3, 2010, payable in annual installments of \$240,052 through 2030 Interest at 4.97%.	2,812,705
State Revolving Fund Loan, Series 2012B payable \$252,751 annually beginning September 2014 at 2.25% interest.	4,068,673
Total	<u>\$26,779,069</u>

The annual requirements to amortize all bonds outstanding as of June 30, 2012 follows:

Year Ending	Series 2010A		Series 2012A		Series 2004	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 165,000	\$ 3,002	\$ 241,138	\$ 55,906	\$ 1,075,000	\$ 755,681
2014	-	-	246,219	50,825	1,110,000	718,056
2015	-	-	251,407	45,637	1,130,000	662,556
2016	-	-	256,704	40,340	1,190,000	606,056
2017	-	-	262,113	34,932	1,240,000	558,456
2018-2022	-	-	1,395,769	89,454	7,150,000	1,834,030
2023-2027	-	-	-	-	3,365,000	220,187
2028-2032	-	-	-	-	-	-
2033-2034	-	-	-	-	-	-
Totals	\$ 165,000	\$ 3,002	\$ 2,653,350	\$ 317,094	\$ 16,260,000	\$ 5,355,022

NOTE 2 CHANGES in LONG-TERM DEBT-PROPRIETARY FUND

Year Ending	Series 2007		2010 Improvement		Series 2012B	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 124,273	\$ 30,807	\$ 100,261	\$ 139,791	\$ -	\$ 92,320
2014	128,945	26,134	105,244	134,808	-	92,320
2015	133,794	21,286	110,475	129,578	169,777	82,974
2016	138,824	16,256	115,965	124,087	166,424	86,327
2017	144,044	11,036	121,729	118,324	170,200	82,551
2018-2022	149,461	5,620	705,636	494,627	910,711	353,045
2023-2027	-	-	899,305	300,959	1,018,831	244,925
2028-2032	-	-	654,090	66,069	1,139,785	123,971
2033-2034	-	-	-	-	492,945	12,560
Totals	<u>\$ 819,341</u>	<u>\$ 111,139</u>	<u>\$ 2,812,705</u>	<u>\$ 1,508,243</u>	<u>\$ 4,068,673</u>	<u>\$ 1,170,993</u>

Year Ending	Total	
	Principal	Interest
2013	\$ 1,705,672	\$ 1,077,507
2014	1,590,408	1,022,143
2015	1,795,453	942,031
2016	1,867,917	873,066
2017	1,938,086	1,446,680
2018-2022	10,311,577	2,776,776
2023-2027	5,283,136	766,071
2028-2032	1,793,875	190,040
2033-2034	492,945	12,560
Totals	<u>\$ 26,779,069</u>	<u>\$ 9,106,874</u>

The City has complied with all significant bond covenants.

A portion of the Series 1997 Bond was advance refunded through the issuance of the Series 2004 Bond. The advance refunding extinguished \$15,100,000 of the 1997 Bond. Because of this advance refunding, the City incurred a loss on retirement of debt of \$1,916,000. The City is amortizing this loss over twenty years.

NOTE 3 CHANGES in GOVERNMENTAL FUND DEBT

A summary of the General Fund Debt at June 30, 2012 is as follows:

Lease Obligation Payable, September 1, Annually at 3.87% Interest	\$ 456,990
Lease Obligation Payable, May 12, Annually at 2.25% Interest	437,606
Lease Obligation Payable, June 1, Annually at 2.99% Interest	32,529
Lease Obligation Payable, May 15, Annually at 2.34% Interest	33,347
Note Payable, Quarterly at 6.50% Interest	<u>33,333</u>
Total Lease and Note Obligations	<u>993,805</u>
Liability for Compensated Absences	<u>180,922</u>
Total Long-Term Debt	<u>\$ 1,174,727</u>

NOTE 3 CHANGES in GOVERNMENTAL FUND DEBT (Continued)

The following is a summary of the changes in General Fund Debt:

	Payable 6/30/2011	Additions	Reductions	Balance 6/30/2012	Due Within One Year
Note Payable	\$ 66,667	\$ -	\$ 33,334	\$ 33,333	\$ 33,333
Capital Leases	694,369	490,000	223,897	960,472	194,871
Total Lease Obligations	<u>761,036</u>	<u>490,000</u>	<u>257,231</u>	<u>993,805</u>	<u>228,204</u>
Compensated Absences	183,862	-	2,940	180,922	-
Total Governmental Activities					
Long-Term Debt	<u>\$ 944,898</u>	<u>\$ 490,000</u>	<u>\$ 260,171</u>	<u>\$ 1,174,727</u>	<u>\$ 228,204</u>

The annual Debt Service Retirements to maturity, including principal and interest are:

Year Ended June 30,	Principal	Interest
2013	\$ 228,204	\$ 30,394
2014	133,269	23,275
2015	137,692	18,851
2016	142,271	14,272
2017	147,009	9,534
2018 - 2021	205,360	11,701
Totals	<u>\$ 993,805</u>	<u>\$ 108,027</u>

NOTE 4 POST-EMPLOYMENT EMPLOYEE BENEFITS

The City has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This standard requires the City to recognize post-employment benefits, mainly health insurance, when earned rather than on a pay-as-you go basis. The effect is the recognition of an actuarially required contribution as an expense on the government-wide and proprietary fund statement of activities when a future retiree earns their post-employment benefit, rather than when they use their post-employment benefit. To the extent that an entity does not fund their actuarially required contribution, a post-employment benefit liability is recognized on the governmental-wide and proprietary fund statement of net assets over time.

*Plan Description:* In accordance with the South Carolina Code of Laws and the annual Appropriation Act, the City has autonomy in establishing retiree and post-employment benefits. The City provides certain health insurance benefits to certain active and retired City employees and certain surviving dependents or retirees. The City provides post-retirement healthcare insurance to all employees who retire from the City with fifteen or more years of service regardless of age and who were employed as of May, 1992. The City pays 100% for medical and hospitalization insurance for pre-Medicare retirees and their dependents. As of July 1, 2010, the valuation date, one hundred nine (109) retirees and one hundred twenty-three (123) active members met the eligibility requirement for the plan.

*Funding Policy:* Employer and employee contribution rates are established by the State of South Carolina Employee Insurance Plan. The City currently funds the plan on a pay-as-you go basis. As of July 1, 2010, the valuation date, the City pays 100% of the premium cost.

NOTE 4 POST-EMPLOYMENT EMPLOYEE BENEFITS (Continued)

*Annual OPEB Cost and Net OPEB Obligations:* The City's annual OPEB expense is calculated based on the annual required contribution (ARC) of the employer. The ARC is an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period of thirty years. The following table shows the components of the City's annual OPEB cost for the year ending June 30, 2012, the amount actually contributed to the plan, and the change in the City's net OPEB obligation based on an actuarial valuation as of July 1, 2010.

Annual Required Contribution (ARC)	\$ 773,800
Interest on Net OPEB Obligation	55,498
Adjustment to ARC	<u>(50,763)</u>
Annual OPEB cost	778,535
Contributions Made	<u>523,642</u>
Change in Net OPEB Obligation	<u>254,893</u>
Net OPEB Obligation, Beginning of Year	<u>1,233,295</u>
Net OPEB Obligation, End of Year	<u><u>\$ 1,488,188</u></u>

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2010	\$ 1,004,306	50.95%	\$ 994,304
2011	742,600	67.83%	1,233,295
2012	778,535	67.26%	1,488,188

*Funded Status and Funding Progress:* The funding status of the plan as of June 30, 2012, based on a actuarial valuation as of July 1, 2010, was as follows:

Actuarially Accrued Liability (AAL)	\$ 14,631,700
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 14,631,700</u>
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll (Active Plan Members)	\$ 4,335,900
UAAL as a Percentage of Covered Payroll	337%

NOTE 4 POST-EMPLOYMENT EMPLOYEE BENEFITS (Continued)

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

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

In the July 1, 2010, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.50% investment rate of return and an annual health care cost trend rate of 8.20% initially, reduced by decrements to an ultimate rate of 4.70% over 80 years. The City's unfunded actuarial accrued liability is being amortized as a level percentage of payroll. The remaining amortization period at July 1, 2010 was twenty eight years.

There are no other post-employment benefits offered by the City other than that is required under the Consolidated Omnibus Budget and Reconciliation Act (COBRA). As required, the City provides health insurance benefits to eligible former employees and eligible dependents based upon requirements outlined by the federal government for this coverage. The premium plus a 2% administration fee is paid in full by the insured on or before the tenth day of the month for the actual month covered. There is no associated cost to the City under this program and there were no participants in the program as of June 30, 2012.

NOTE 5 INTERFUND TRANSACTION

Operating Transfers

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers of resources primarily to provide services. The governmental and proprietary type fund financial statements generally reflect such transactions as transfers. Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Individual fund operating transfers for fiscal year 2012 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 2,066,000	\$ -
Utility Fund	-	2,066,000
Totals	<u>\$ 2,066,000</u>	<u>\$ 2,066,000</u>

#### NOTE 6 CAPITALIZED INTEREST

The City capitalizes net interest costs as part of the cost of constructing various water and sewer projects when material. Interest earned on proceeds of the revenue bonds used for construction are offset against interest costs in determining the amount to be capitalized. Interest costs expensed in the proprietary fund for the year ended June 30, 2012 were \$978,852 and \$144,538 was capitalized.

#### NOTE 7 COMMITMENTS and CONTINGENCIES

The City is a defendant in various lawsuits and asserted claims. Although the outcome of these lawsuits and asserted claims is not presently determinable, in the opinion of the City's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

The City receives state and federal grants for specific purposes that are subject to review and audit by state and federal agencies. Such audits could result in a request for reimbursement by the state and federal agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of City management, such disallowances, if any, will not be significant.

#### NOTE 8 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Because of the high cost of worker's compensation insurance purchased from commercial insurers, the City has chosen to participate with other municipalities in the state in the South Carolina Municipal Insurance Trust Fund, a public entity risk pool currently operating as a common risk management and insurance program. The City pays an annual premium to the reserve for its worker's compensation insurance coverage based upon the total payroll of the City for each plan year. The Agreement for Formation of the Reserve Fund provides that it will be self-sustaining through member premiums and any deficiencies can be charged back to the ninety eight members in the event that a fund deficit arises.

The City continues to participate in the South Carolina Municipal Insurance Trust Fund for all other risks of loss.

#### NOTE 9 EXCESS of EXPENDITURES over APPROPRIATIONS

The expenditures for the general fund of \$9,472,434 exceeded appropriations of \$8,602,400 by \$870,034 for the year ended June 30, 2012. This is due to expenditures for capital outlay and grants, which are typically not included in the budget. For the year ended June 30, 2012, revenue for the general fund, including capital financing, of \$7,456,549 exceeded the budget of \$6,536,400 by \$920,149.

#### NOTE 10 SUBSEQUENT EVENTS

The City evaluated all events or transactions that occurred after June 30, 2012, through the date the City issued these financial statements. During this period, the City did not have any material subsequent events that required recognition in the City's disclosures to the June 30, 2012, financial statements.

REQUIRED SUPPLEMENTARY INFORMATION



CITY of CAMDEN, SOUTH CAROLINA  
GENERAL FUND

STATEMENT of REVENUES, EXPENDITURES and CHANGES in  
FUND BALANCE - BUDGET (GAAP BASIS) and ACTUAL  
For the Year Ended June 30, 2012

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ 2,337,900	\$ 2,337,900	\$ 2,386,504	\$ 48,604
Licenses and Permits	1,878,300	1,878,300	1,867,427	(10,873)
Intergovernmental Revenues	357,500	357,500	801,071	443,571
Charge for Services	1,580,000	1,580,000	1,558,850	(21,150)
Fines and Forfeits	245,000	245,000	217,753	(27,247)
Miscellaneous	137,700	137,700	134,944	(2,756)
Total Revenues	<u>6,536,400</u>	<u>6,536,400</u>	<u>6,966,549</u>	<u>430,149</u>
<b>EXPENDITURES</b>				
General Government	2,147,275	2,147,275	2,157,481	(10,206)
Public Safety	3,829,805	3,822,805	4,284,043	(461,238)
Highways and Streets	817,464	824,464	1,102,080	(277,616)
Sanitation	1,076,476	1,076,476	1,065,503	10,973
Culture and Recreation	218,639	218,639	303,536	(84,897)
Non-Departmental	512,741	512,741	559,791	(47,050)
Total Expenditures	<u>8,602,400</u>	<u>8,602,400</u>	<u>9,472,434</u>	<u>(870,034)</u>
<b>EXCESS (DEFICIENCY) of REVENUES OVER EXPENDITURES</b>	<u>(2,066,000)</u>	<u>(2,066,000)</u>	<u>(2,505,885)</u>	<u>(439,885)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	2,066,000	2,066,000	2,066,000	-
Capital Financing	-	-	490,000	490,000
Total Other Financing Sources (Uses)	<u>2,066,000</u>	<u>2,066,000</u>	<u>2,556,000</u>	<u>490,000</u>
<b>EXCESS (DEFICIENCY) of REVENUES and OTHER SOURCES OVER EXPENDITURES and OTHER USES</b>	<u>\$ -</u>	<u>\$ -</u>	50,115	<u>\$ 50,115</u>
<b>FUND BALANCE, Beginning of Year</b>			<u>4,016,259</u>	
<b>FUND BALANCE, End of Year</b>			<u>\$ 4,066,374</u>	

CITY of CAMDEN, SOUTH CAROLINA  
Camden, South Carolina

SCHEDULE of FUNDING PROGRESS FOR RETIREE HEALTH PLAN

Year Ended June 30, 2012

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2007	-	\$ 20,023,000	\$ 20,023,000	0%	\$ 4,379,000	457%
July 1, 2010	-	\$ 14,631,700	\$ 14,631,700	0%	\$ 4,335,900	337%

The July 1, 2007 actuarial valuation used the entry age normal cost method. The July 1, 2010 actuarial calculation used the projected unit credit actuarial cost method.

SUPPLEMENTAL INFORMATION (OPTIONAL)

GENERAL FUND

CITY of CAMDEN, SOUTH CAROLINA  
GENERAL FUND

BALANCE SHEET  
June 30, 2012

ASSETS	
Cash	\$ 959,817
Restricted Cash	110,748
Investments	4,517,522
Receivables (Net of Allowance for Uncollectibles)	
Taxes	319,356
Miscellaneous	269,626
Prepaid Expenses	13,224
Inventory	<u>72,001</u>
Total Assets	<u><u>\$ 6,262,294</u></u>
LIABILITIES and FUND BALANCE	
Liabilities:	
Accounts Payable	\$ 176,019
Accrued Liabilities	279,102
Deferred Revenues	
Local Option Sales Tax	110,748
Business Licenses	1,341,777
Franchise Fees	167,082
Other	<u>121,192</u>
Total Liabilities	<u>2,195,920</u>
Fund Balance	
Nonspendable	85,225
Committed	300,164
Unassigned	<u>3,680,985</u>
Total Fund Balance	<u>4,066,374</u>
Total Liabilities and Fund Balance	<u><u>\$ 6,262,294</u></u>

CITY of CAMDEN, SOUTH CAROLINA  
GENERAL FUND

STATEMENT of REVENUES COMPARED to BUDGET (GAAP BASIS)  
For the Year Ended June 30, 2012

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>LOCAL SOURCES</b>			
Property Taxes	\$ 1,015,000	\$ 1,161,079	\$ 146,079
Vehicle Taxes	105,000	100,012	(4,988)
Local Option Sales Tax	1,169,900	1,028,745	(141,155)
Penalties and Delinquent Taxes	48,000	96,668	48,668
Fines and Forfeitures	245,000	217,753	(27,247)
Business Licenses	1,624,300	1,600,337	(23,963)
Franchise Fees	254,000	267,090	13,090
Fire Service	495,000	469,639	(25,361)
Sanitation	1,085,000	1,089,211	4,211
Archives	6,500	5,724	(776)
Sale/Use Equipment	8,000	1,470	(6,530)
Interest	42,000	14,885	(27,115)
Miscellaneous	81,200	112,865	31,665
Sub-Total	<u>6,178,900</u>	<u>6,165,478</u>	<u>(13,422)</u>
<b>STATE and LOCAL GOVERNMENT SOURCES</b>			
Local Government Fund	148,000	125,034	(22,966)
Merchant's Inventory Tax	48,000	48,495	495
Grants and Donations	-	473,689	473,689
Accommodations	26,500	27,101	601
Kershaw County Road Maintenance Fee	135,000	126,752	(8,248)
Sub-Total	<u>357,500</u>	<u>801,071</u>	<u>443,571</u>
Total Revenues	<u>\$ 6,536,400</u>	<u>\$ 6,966,549</u>	<u>\$ 430,149</u>

The Accompanying Notes are an Integral part of These Financial Statements

CITY of CAMDEN, SOUTH CAROLINA  
GENERAL FUND

STATEMENT of EXPENDITURES COMPARED to BUDGET (GAAP BASIS)  
For the Year Ended June 30, 2012

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>GENERAL GOVERNMENT</b>			
Legislature	\$ 140,857	\$ 143,688	\$ (2,831)
Court	127,052	121,767	5,285
Legal	75,054	75,800	(746)
Administration	252,504	248,671	3,833
Finance	956,672	964,441	(7,769)
Zoning/Code Enforcement	181,518	194,257	(12,739)
Garage Services	240,083	242,324	(2,241)
Downtown Development	70,033	78,295	(8,262)
Planning	103,502	88,238	15,264
Sub-Total	<u>2,147,275</u>	<u>2,157,481</u>	<u>(10,206)</u>
<b>PUBLIC SAFETY</b>			
Police Department	2,225,061	2,210,478	14,583
Fire Department			
Administration	314,073	315,712	(1,639)
Fire Fighting	1,283,671	1,757,853	(474,182)
Sub-Total	<u>3,822,805</u>	<u>4,284,043</u>	<u>(461,238)</u>
<b>HIGHWAYS and STREETS</b>			
Streets Maintenance	334,244	612,631	(278,387)
Park Maintenance	490,220	489,449	771
Sub-Total	<u>824,464</u>	<u>1,102,080</u>	<u>(277,616)</u>
<b>SANITATION</b>			
Administration	60,946	59,113	1,833
Trash Collection	1,015,530	1,006,390	9,140
Sub-Total	<u>1,076,476</u>	<u>1,065,503</u>	<u>10,973</u>
<b>CULTURE and RECREATION</b>			
Community Promotion	42,000	110,240	(68,240)
Archives	176,639	193,296	(16,657)
Sub-Total	<u>218,639</u>	<u>303,536</u>	<u>(84,897)</u>
<b>NON-DEPARTMENTAL</b>			
Other Non-Departmental	512,741	559,791	(47,050)
Sub-Total	<u>512,741</u>	<u>559,791</u>	<u>(47,050)</u>
<b>Totals</b>	<u><u>\$ 8,602,400</u></u>	<u><u>\$ 9,472,434</u></u>	<u><u>\$ (870,034)</u></u>

The Accompanying Notes are an Integral part of These Financial Statements

SPECIAL REVENUE FUNDS



### Special Revenue Funds

The Special Revenue Funds are used by the City to account for the accumulation and disbursement of restricted resources. The following is a description of the City's Special Revenue Funds:

Local Tax Fund: to account for receipt and allocation of the City's hospitality tax and accommodation tax. Use of this tax is limited by state law. The City's hospitality tax rate is 2%.

Drug Fund: to account for proceeds from the sale of assets seized in connection with drug arrests. Revenues are restricted to law enforcement expenditures.

Police Department Recreation Fund: to account for voluntary contributions for police department recreation.

Fireman's Fund: to account for "one percent money" received from the State.

Victim's Assistance: to account for receipt and disbursements related to victim services according to state law.

CDBG Grants: to account for grant revenues and expenditures related to CDBG grants.

CITY of CAMDEN, SOUTH CAROLINA  
SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET  
June 30, 2012

	Local Tax Fund	Drug Fund	Police Department Recreation Fund	Fireman's Fund	CDBG Grants	Total
<b>ASSETS</b>						
Cash and Investments	\$ 202,515	\$ 28,111	\$ 2,550	\$ 61,388	\$ 27,646	\$ 322,210
Accounts Receivable	10,007	-	-	-	-	10,007
Total Assets	<u>\$ 212,522</u>	<u>\$ 28,111</u>	<u>\$ 2,550</u>	<u>\$ 61,388</u>	<u>\$ 27,646</u>	<u>\$ 332,217</u>
<b>LIABILITIES</b>						
Accounts Payable	\$ 25,696	\$ -	\$ -	\$ -	\$ 27,642	\$ 53,338
Deferred Revenue	11,748	-	-	-	4	11,752
Total Liabilities	<u>\$ 37,444</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,646</u>	<u>\$ 65,090</u>
<b>FUND BALANCES</b>						
Restricted	-	28,111	-	61,388	-	89,499
Committed	175,078	-	-	-	-	175,078
Assigned	-	-	2,550	-	-	2,550
Total Fund Balances	<u>175,078</u>	<u>28,111</u>	<u>2,550</u>	<u>61,388</u>	<u>-</u>	<u>267,127</u>
Total Liabilities and Fund Balances	<u>\$ 212,522</u>	<u>\$ 28,111</u>	<u>\$ 2,550</u>	<u>\$ 61,388</u>	<u>\$ 27,646</u>	<u>\$ 332,217</u>

The Accompanying Notes are an Integral part of These Financial Statements

CITY of CAMDEN, SOUTH CAROLINA  
SPECIAL REVENUE FUNDS

COMBINING STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCE  
For the Year Ended June 30, 2012

	Local Tax Fund	Drug Fund	Police Department Recreation Fund	Fireman's Fund	Victim's Assistance	Total
REVENUES						
Federal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State	-	1,106	-	40,841	-	41,947
Local	711,921	9,933	-	-	-	721,854
Interest	-	27	9	356	-	392
Miscellaneous	-	-	6,004	3,361	17,349	26,714
Total Revenues	<u>711,921</u>	<u>11,066</u>	<u>6,013</u>	<u>44,558</u>	<u>17,349</u>	<u>790,907</u>
EXPENDITURES						
Public Safety	-	11,974	-	-	17,349	29,323
Culture and Recreation	487,489	-	-	-	-	487,489
Non-Departmental	-	-	6,178	47,240	-	53,418
Total Expenditures	<u>487,489</u>	<u>11,974</u>	<u>6,178</u>	<u>47,240</u>	<u>17,349</u>	<u>570,230</u>
EXCESS (DEFICIENCY) of REVENUES over EXPENDITURES	<u>224,432</u>	<u>(908)</u>	<u>(165)</u>	<u>(2,682)</u>	<u>-</u>	<u>220,677</u>
FUND BALANCE, Beginning of Year	<u>(49,354)</u>	<u>29,019</u>	<u>2,715</u>	<u>64,070</u>	<u>-</u>	<u>46,450</u>
FUND BALANCE, End of Year	<u>\$ 175,078</u>	<u>\$ 28,111</u>	<u>\$ 2,550</u>	<u>\$ 61,388</u>	<u>\$ -</u>	<u>\$ 267,127</u>

The Accompanying Notes are an Integral part of These Financial Statements

CITY OF CAMDEN, SOUTH CAROLINA  
STATEMENT of FINES and ASSESSMENTS  
For the Year Ended June 30, 2012

COURT FINES	
Court Fines Collected	\$ 86,219
Court Fines Retained by City	<u>86,219</u>
Court Fines Remitted to the State Treasurer	<u><u>\$ -</u></u>
COURT ASSESSMENTS	
Court Assessments and Surcharges Collected	\$ 148,883
Court Assessments and Surcharges Retained by City	<u>17,349</u>
Court Assessments Remitted to the State Treasurer	<u><u>\$ 131,534</u></u>
VICTIMS SERVICES	
Court Assessments and Surcharges Allocated to Victim Services	<u>\$ 17,349</u>
Funds Allocated to Victim Services	-
Victim Services Expenditures	<u>17,349</u>
Funds Available for Carry-forward	-
Funds Unused for Prior Year	<u>-</u>
Total	<u><u>\$ -</u></u>

## CAPITAL PROJECT FUNDS

## Capital Project Funds

The Capital Project Funds account for all resources used for the acquisition and/or construction of major capital facilities by the City. The following is a description of the City's Capital Project Funds:

Road Fund: to account for road paving and improvements funded by tax millage.

Project Improvement Fund: to account for special projects as approved by City Council, funded by tax millage.

CITY of CAMDEN, SOUTH CAROLINA  
CAPITAL PROJECT FUNDS

BALANCE SHEET  
June 30, 2012

ASSETS

Cash and Cash Equivalents	\$ 958,581
Prepaid Expense	<u>3,306</u>
Total Assets	<u>\$ 961,887</u>

LIABILITIES

Accounts Payable	\$ 6,809
Total Liabilities	<u>\$ 6,809</u>

FUND BALANCE

Committed For:	
Roads	\$ 587,057
Project Improvement	<u>368,021</u>
Total Fund Balance	<u>955,078</u>
Total Liabilities and Fund Balance	<u>\$ 961,887</u>

CITY of CAMDEN, SOUTH CAROLINA  
CAPITAL PROJECT FUNDS

COMBINING STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCE  
For the Year Ended June 30, 2012

	Road Fund	Project Improvement Fund	Total Capital Projects
<b>REVENUES</b>			
Road Revenue	\$ 353,063	\$ -	\$ 353,063
Capital Revenue	-	269,000	269,000
Total Revenues	353,063	269,000	622,063
<b>EXPENDITURES</b>			
Highways and Streets	122,599	-	122,599
Non-Departmental	-	188,459	188,459
Total Expenditures	122,599	188,459	311,058
Excess (Deficiency) of Revenues Over Expenditures	230,464	80,541	311,005
FUND BALANCE, Beginning of Year	356,593	287,480	644,073
FUND BALANCE, End of Year	\$ 587,057	\$ 368,021	\$ 955,078



PROPRIETARY FUNDS

CITY of CAMDEN, SOUTH CAROLINA  
STATEMENT of NET ASSETS  
June 30, 2012

ASSETS	
CURRENT ASSETS	
Cash	\$ 4,123,031
Investments	2,251,957
Water and Lights Accounts Receivable, Net	2,035,661
Miscellaneous Receivables	710,802
Inventories	1,082,540
Total Current Assets	<u>10,203,991</u>
NON-CURRENT ASSETS	
RESTRICTED ASSETS	
Cash - Customer Deposits	645,758
Investments - Reserve Bond Funds	2,053,080
Total Restricted Assets	<u>2,698,838</u>
CAPITAL ASSETS	
Construction in Process	7,603,687
Buildings and Land	498,477
Furniture, Fixtures and Equipment	2,545,311
Electric System	33,459,283
Water System	28,217,340
Sewer and Wastewater System	22,738,836
Sub-Total	<u>95,062,934</u>
Less Accumulated Depreciation	<u>(34,740,868)</u>
Total Capital Assets	<u>60,322,066</u>
OTHER ASSETS	
Deferred Charges	358,335
Total Other Assets	<u>358,335</u>
Total Non-Current Assets	<u>63,379,239</u>
TOTAL ASSETS	<u>\$ 73,583,230</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	\$ 2,742,789
Other Current Liabilities	65,793
Deferred Revenue	10,000
Bonds Payable, Current	1,705,672
Total Current Liabilities	<u>4,524,254</u>
NON-CURRENT LIABILITIES	
Accrued Vacation Pay	73,823
OPEB Obligation	327,164
Payable from Restricted Assets	
Customer Deposits	580,625
Accrued Interest Payable	294,136
Bonds Payable, Non-Current	25,073,397
Unamortized Bond Discount/Premium	335,494
Deferred Amount on Refunding	<u>(1,245,465)</u>
Bonds Payable, Net of Unamortized Discount/Premium and Deferred Amount on Refunding	<u>24,163,426</u>
Total Non-Current Liabilities	<u>25,439,174</u>
Total Liabilities	<u>29,963,428</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	34,811,303
Restricted for Debt Service	2,053,080
Unrestricted	6,755,419
Total Net Assets	<u>43,619,802</u>
TOTAL LIABILITIES and NET ASSETS	<u>\$ 73,583,230</u>

The Accompanying Notes are an Integral Part of These Financial Statements

CITY of CAMDEN, SOUTH CAROLINA  
PROPRIETARY FUNDS

STATEMENT of REVENUES, EXPENSES and CHANGES in  
NET ASSETS-BUDGET and ACTUAL (BUDGETARY BASIS)  
For the Year Ended June 30, 2012

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>OPERATING REVENUES</b>			
Electric Division	\$ 21,330,000	\$ 19,923,521	\$ (1,406,479)
Less: Direct Cost	<u>19,645,092</u>	<u>16,340,462</u>	<u>3,304,630</u>
Income from Electric Division	<u>1,684,908</u>	<u>3,583,059</u>	<u>1,898,151</u>
 Water Division	 4,030,000	 4,082,494	 52,494
Less: Direct Cost	<u>2,327,235</u>	<u>2,563,821</u>	<u>(236,585)</u>
Income from Water Division	<u>1,702,765</u>	<u>1,518,673</u>	<u>(184,091)</u>
 Sewer Division	 2,096,500	 2,213,794	 117,294
Less: Direct Cost	<u>1,178,593</u>	<u>1,386,503</u>	<u>(207,911)</u>
Income from Sewer Division	<u>917,907</u>	<u>827,291</u>	<u>(90,617)</u>
 Operating Income	 <u>4,305,580</u>	 <u>5,929,023</u>	 <u>1,623,443</u>
<b>NON-OPERATING REVENUE (EXPENSE)</b>			
Interest Income	30,000	10,530	(19,470)
Interest Expense	(2,743,580)	(978,852)	1,764,728
Other Revenue (Expenses)	<u>474,000</u>	<u>611,997</u>	<u>137,997</u>
Total Non-Operating Revenues (Expense)	<u>(2,239,580)</u>	<u>(356,325)</u>	<u>1,883,255</u>
Income (Loss) before Contributions and Transfers	<u>2,066,000</u>	<u>5,572,698</u>	<u>3,506,698</u>
 Capital Contributions	 -	 695,057	 695,057
Transfers Out	<u>(2,066,000)</u>	<u>(2,066,000)</u>	<u>-</u>
Net Transfers	<u>(2,066,000)</u>	<u>(1,370,943)</u>	<u>695,057</u>
 Change in Net Assets	 <u>\$ -</u>	 <u>4,201,755</u>	 <u>\$ 4,201,755</u>
 NET ASSETS, Beginning of Year		 <u>39,418,047</u>	
NET ASSETS, End of Year		 <u>\$ 43,619,802</u>	

The Accompanying Notes are an Integral Part of These Financial Statements

CITY of CAMDEN, SOUTH CAROLINA  
 PROPRIETARY FUNDS

STATEMENT of OTHER OPERATING INCOME -  
 BUDGET and ACTUAL (BUDGETARY BASIS)  
 For the Year Ended June 30, 2012

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Reconnections/Penalties	\$ 300,000	\$ 349,780	\$ 49,780
Setoff Debt Collections	6,000	6,913	913
Pole Rental	60,000	69,654	9,654
Handling and Return Fees	8,000	8,545	545
Use of Labor and Equipment	10,000	28,991	18,991
Miscellaneous	30,000	75,539	45,539
Septic Tank Hauler Fees	60,000	72,575	12,575
Total	<u>\$ 474,000</u>	<u>\$ 611,997</u>	<u>\$ 137,997</u>

# CANTEY, TILLER, PIERCE & GREEN, LLP

*Certified Public Accountants*

1204 BROAD STREET · POST OFFICE BOX 862  
CAMDEN, SOUTH CAROLINA 29021

PIERCE W. CANTEY, JR., CPA  
RICHARD C. TILLER, CPA, PFS  
JANET M. PIERCE, CPA  
HENRY D. GREEN, III, CPA  
MARY ELLEN GREEN, CPA

MEMBER OF AMERICAN INSTITUTE  
AND SOUTH CAROLINA ASSOCIATION  
OF CERTIFIED PUBLIC ACCOUNTANTS  
TELEPHONE (803)432-1436  
FAX (803) 432-5055

## 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 City Council  
City of Camden  
Camden, South Carolina

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Camden, South Carolina, as of and for the year ended June 30, 2012, which collectively comprise the City of Camden, South Carolina's basic financial statements and have issued our report thereon dated November 15, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

Management of the City of Camden, South Carolina, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered City of Camden, South Carolina's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Camden, South Carolina's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Camden, South Carolina's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Camden, South Carolina's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with 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*.

We noted certain matters that we reported to management of the City of Camden, South Carolina in a separate letter dated November 15, 2012.

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

*Cantey, Tiller, Pierce & Green, LLP*

Cantey, Tiller, Pierce and Green, LLP  
Camden, South Carolina

November 15, 2012

# CANTEY, TILLER, PIERCE & GREEN, LLP

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OF CERTIFIED PUBLIC ACCOUNTANTS  
TELEPHONE (803) 432-1436  
FAX (803) 432-5055

## INDEPENDENT AUDITOR'S REPORT on COMPLIANCE with REQUIREMENTS THAT COULD HAVE a DIRECT and MATERIAL EFFECT on EACH MAJOR PROGRAM and on INTERNAL CONTROL over COMPLIANCE in ACCORDANCE with OMB CIRCULAR A-133

Honorable Mayor and  
Members of the Town Council  
City of Camden  
Chesterfield, South Carolina

### Compliance

We have audited the City of Camden, South Carolina's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that that could have a direct and material effect on each of the City of Camden, South Carolina's major federal programs for the year ended June 30, 2012. The City of Camden, South Carolina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Camden, South Carolina's management. Our responsibility is to express an opinion on the City of Camden, South Carolina's compliance based on our audit.

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

In our opinion, the City of Camden, South Carolina complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

## Internal Control Over Compliance

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program that will not be prevented, or detected and corrected, on a timely basis.

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

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

*Cantey, Tiller, Pierce & Green, LLP*

Cantey, Tiller, Pierce and Green, LLP  
Camden, South Carolina

November 15, 2012



CITY of CAMDEN, SOUTH CAROLINA  
PROPRIETARY FUNDS

SCHEDULE of EXPENDITURES of FEDERAL AWARDS  
For the Year Ended June 30, 2012

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture Forest Service			
ARRA - Wildland Fire Management	10.688		\$ 9,216
Cooperative Forestry Assistance	10.664		2,000
U. S. Department of Housing and Urban Development			
Community Development Block Grant	14.228		253,684
ARRA - Community Development Block Grant	14.228		385,885
U. S. Department of Justice			
ARRA - Community Policing Grants	16.710		50,627
Edward Byrne Memorial Justice Assistance Grant	16.738		5
ARRA - Edward Byrne Memorial Justice Assistance Grant	16.803		2,898
U.S. Department of Transportation			
National Infrastructure Investments	20.933		265,694
U.S. Environmental Protection Agency			
Capitalization Grants for Clean Water State Revolving Fund	66.458	1-145-11-433-01	4,042,673
U.S. Department of Homeland Security			
Assistance to Firefighters Grant	97.044		11,839
Homeland Security Grant Program	97.067		45,007
			<u>\$ 5,069,528</u>

Note A – The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Camden, South Carolina under programs of the federal government for the year ended June 30, 2012. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City of Camden, South Carolina, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Camden, South Carolina.

Note B – Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C – The Capitalization Grant for Clean Water, State Revolving Funds were expended in the form of loan proceeds. The amount of the loan outstanding at June 30, 2012 was \$4,068,673, which includes state matching funds of seventeen percent.

CITY of CAMDEN, SOUTH CAROLINA  
SCHEDULE of FINDINGS and QUESTIONED COSTS  
Year Ended June 30, 2012

A. Summary of auditor's results:

1. The Auditor's Report expresses an unqualified opinion on the financial statements of the City of Camden, South Carolina.
2. No significant deficiencies relating to the audit of the financial statements are reported in the report on internal control.
3. No instances of noncompliance material to the financial statements of the City of Camden, South Carolina were disclosed during the audit.
4. No significant deficiencies related to the audit of major federal award programs are reported in the report on compliance.
5. The Auditor's Report on compliance for the major federal award program for the City of Camden, South Carolina expresses an unqualified opinion.
6. There were no audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133.

7. The major programs tested were:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.228	U.S. Department of Housing and Urban Development
66.458	U.S. Environmental Protection Agency

8. The threshold for distinguishing Types A and B programs was \$300,000.00.
9. Auditee considered low risk? \_\_\_\_ Yes  X  No

B. FINANCIAL STATEMENT AUDIT

There were no deficiencies noted.

C. FINDINGS and QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no deficiencies noted.