

CITY of CAMDEN  
Camden, South Carolina

FINANCIAL STATEMENTS and  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2014

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## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Camden  
Camden, South Carolina

### **Report on the Financial Statements**

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 City of Camden, South Carolina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***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, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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 three through eight and thirty-eight through forty 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Camden, South Carolina's basic financial statements. The introductory section, combining and individual fund financial statements and the statement of fines and assessments, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 basic financial statements.

The combining and individual fund financial statements, the statement of fines and assessments 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, the statement of fines and assessments and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2014, 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* in considering City of Camden, South Carolina's internal control over financial reporting and compliance.

*Cantey, Tiller, Pierce & Green, LLP*

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

November 12, 2014

**CITY OF CAMDEN, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**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, 2014.

**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. City population growth since the 2010 census is estimated to have increased by two (2) percent. The City is located approximately 30 miles east of Columbia, SC.

Business activity 2012, 2013 and 2014 has continued to be flat in a recessed general economy, however, the City saw the opening of several new retail outlets and restaurants in 2014. 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 2014, the local option sales tax credit reduced the primary residential property tax by approximately 53%. In June of 2013 the City purchased property located at 1001 Broad Street. During 2014 the City removed the existing building with plans to develop a downtown green space while continuing to market the property to developers.

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 City, partnering with Kershaw County, hired a new tourism development director at the end of the 2014 fiscal year. This position aligns with the goals from Council's 2014/15 Strategic Plan to increase visitors to Camden as well as the recommendations from the Arnett Muldrow's Tourism, Marketing and Branding Plan finalized in January 2014. Along with Council's desire to focus on tourism, the tourism development director puts Camden in a positive light as a destination for the wide variety of resources the City and County have to offer.

The property tax base was re-appraised for the 2011-tax year. The five year re-appraisal will occur again during the 2016 year and will affect the taxes collected for the fiscal year ending in June of 2016. The estimated appraisal values have changed over the past five years as follows:

2010	\$633,000,000
2011	\$633,400,000
2012	\$633,400,000
2013	\$633,400,000
2014	\$637,072,000

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 2013 numbers. The electric system has approximately 9300 customers.

On January 1, 2014, a new formula-based rate wholesale purchased power contract went into effect through the year 2020 with Duke Energy Progress. Although the contract is a formula-based rate contract Duke Energy Progress agreed to provide the City of Camden with fixed capacity rates for the first three years of the contract term allowing Camden to have a limited time to adjust to the increased costs. 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%. Electric projects during 2014 included the completion of underground electric utilities to the area commonly known as Dusty Bend and also Rutledge and Church Street. The entrance to the CSX Station was upgraded with new underground lines and street lighting and the fiber optic lines to the Police Department and the Archives was completed.

During 2014, the City completed several water line and sewer line rehabilitation projects. This included the relocation of the sewer pump station located at Historic Camden. Community Development Block Grant programs provided by the Department of Commerce, in the amount of \$500,000 allowed the continued rehabilitation of additional sewer lines.

A new permit for wastewater discharge was issued from the South Carolina Department of Health and Environmental Control to the City in 2010. The discharge permit required the construction of a new wastewater treatment plant. During 2010, a \$3,000,000 bond for engineering, infrastructure, site work and planning expense related to the wastewater system was issued. The construction portion of the wastewater treatment plant is completed and became operational in March 2014. The lagoon closure portion of the site work is continuing and is expected to be completed by January 2015. The total estimated project cost for the construction and lagoon closure is \$36,500,000. Funds for the new plant were 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 2.25% interest. Combined utility usage fees have been increased in order to service the debt. The debt service for this loan will begin September 2014.

In January 2013, City Council appointed Mr. Mel Pearson as the new City Manager for the City of Camden. Mr. Pearson held the position of Assistant City Manager/Finance Director prior to accepting the City Manager position.

**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 Position 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.

### **Government-Wide Financial Statements**

The 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 Position 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 position indicates 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 41, 42 and 43 allow a detailed 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 Position 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 51 of the audited financial statements. Page 52 presents a budget versus actual comparison for this fund.

### **Net Position of the City as a Whole**

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

The City's combined net position changed from a year ago, increasing from \$59,285,416 at the end of fiscal year 2013 to \$61,944,773 at year-end 2014. This \$2,659,357 or 4.49% improvement in net position 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.

	<b><u>NET POSITION as of 6/30/14</u></b>					
	<b>Governmental Activities</b>		<b>Proprietary Fund Activities</b>		<b>Total Primary Government</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Current and other assets	\$ 6,493,310	\$ 6,686,280	\$ 7,546,088	\$ 7,296,760	\$ 14,039,398	\$ 13,983,040
Receivables	790,156	588,258	2,371,353	4,136,039	3,161,509	4,724,297
Non-Current assets	506,708	191,006	2,735,711	2,621,322	3,242,419	2,812,328
Other assets	56,942	82,272	1,926,149	1,015,324	1,983,091	1,097,596
Capital assets	9,548,838	9,005,548	91,867,763	78,198,817	101,416,601	87,204,365
<b>Assets</b>	<b>17,395,954</b>	<b>16,553,364</b>	<b>106,447,064</b>	<b>93,268,262</b>	<b>123,843,018</b>	<b>109,821,626</b>
Deferred Outflow	65,537	-	1,249,184	1,675,528	1,314,721	1,675,528
<b>Total assets/outflow</b>	<b>\$ 17,461,491</b>	<b>\$ 16,553,364</b>	<b>\$ 107,696,248</b>	<b>\$ 94,943,790</b>	<b>\$ 125,157,739</b>	<b>\$ 111,497,154</b>
Current liabilities	\$ 1,060,781	\$ 629,951	\$ 7,950,281	\$ 5,769,945	\$ 9,011,062	\$ 6,399,896
Long term liabilities	2,470,089	2,318,817	49,308,819	41,495,139	51,778,908	43,813,956
<b>Liabilities</b>	<b>3,530,870</b>	<b>2,948,768</b>	<b>57,259,100</b>	<b>47,265,084</b>	<b>60,789,970</b>	<b>50,213,852</b>
Deferred Inflow	2,058,552	1,688,705	364,443	309,181	2,422,995	1,997,886
<b>Total liabilities/inflow</b>	<b>\$ 5,589,422</b>	<b>\$ 4,637,473</b>	<b>\$ 57,623,543</b>	<b>\$ 47,574,265</b>	<b>\$ 63,212,965</b>	<b>\$ 52,211,738</b>
<b>Net position:</b>						
Investment in capital assets	\$ 8,612,642	\$ 8,032,453	\$ 40,306,815	\$ 37,766,080	\$ 48,919,457	\$ 45,798,533
Restricted for debt service	-	-	990,707	1,974,515	990,707	1,974,515
Restricted for special purposes	88,762	213,524	-	-	88,762	213,524
Unrestricted	3,170,665	3,669,914	8,775,183	7,628,930	11,945,848	11,298,844
<b>Total net position</b>	<b>\$ 11,872,069</b>	<b>\$ 11,915,891</b>	<b>\$ 50,072,705</b>	<b>\$ 47,369,525</b>	<b>\$ 61,944,774</b>	<b>\$ 59,285,416</b>

## Governmental Fund Budgetary Highlights

The General Fund budget for the fiscal year 2014 was \$8,660,400. This was an increase of \$29,800 from the previous year. During the year certain variances developed as follows: Property tax collections were \$139,790 less than budgeted. Business licenses fees were \$31,805 less than budgeted. Franchise fees were \$32,097 less than budget. Grants in the amount of \$121,545 were received from Federal, State and local agencies. Streets and parks expenditures were over budget by \$201,501 primarily due to the purchase of property formally known as Maxway. The total expenditures, including all other account variances were \$619,491 more than the cash-operating budget which includes the purchase of One (1) Front Load Sanitation Truck, Four (4) Police Units and Two (2) Pickups in the amount of \$300,000 and \$121,545 in grant expenditures. The expense overage was partially offset by a total revenue gain of \$164,206. Revenue gains include grant money to cover expenditures and other small variances from budget.

## Discussion of Changes in Governmental Fund Net Position

The net position of the City governmental fund decreased by .3% to a balance of \$11,872,069 in 2014 from \$11,915,591. The \$43,822 decrease is the result of the following:

A \$43,822 decrease in the fund balance. This fund balance decrease 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 \$1,090,588 in capital assets, and recorded \$547,298 as depreciation expense. The difference is an increase to net assets in the amount of \$543,290. The primary additions to capital assets were property purchase in the amount of \$131,641, vehicle and equipment purchases in the amount of \$300,000, street and sidewalk improvement upgrades \$601,026, and property improvements of \$11,958. (See page 26)

The purchase of One (1) Front Load Sanitation Truck, Four (4) Police Units and Two (2) Pickups in the amount of \$300,000 increased the City's debt by \$300,000. The repayment of debt principal for prior debt was \$336,899. The annual difference in new debt and payment of principal increased net assets by \$36,899.

The net amount in compensated absences increased by \$7,159 from \$166,033 to \$173,192. This change decreased net assets by \$7,159. Also, the increase in OPEB liability reduced the net assets in the amount of \$293,761.

### Summary:

	Contribution to Net Position	
	2014	2013
Fund Balance Improvement	\$ (323,091)	\$ 168,785
Net Capital Asset Investment	543,290	74,606
Reduction in Debt	36,899	20,710
OPEB Obligations (GASB 45)	(293,761)	(246,869)
Decrease/ (Increase) in Compensated Absences	(7,159)	14,889
Net Change	<u>\$ (43,822)</u>	<u>\$ 32,121</u>

## Discussion of Changes in Proprietary Fund Net Position

The net assets of the City proprietary fund increased by 5.7%, from \$47,369,525 in 2013 to \$50,072,705 in 2014. The \$2,703,180 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 \$2,629,612 contribution to operating income was recorded by the electric division. This gain was \$605,194 more than the business plan had anticipated. Electric revenues were more than budget by \$96,895. Operating costs of the electric division were \$508,299 less than budgeted. The capital expenditures in the amount of \$2,121,743 and depreciation in the amount of \$1,112,285 resulted in a net asset gain of \$1,009,458. Purchased power was \$574,558 more than budget and other operating and maintenance costs were \$447,493 more than the budgeted amount.

A \$1,408,057 contribution to operating income was recorded by the water division. This was \$204,680 less than budgeted. The water division revenues were less than budget by \$169,609. Capital expenditures in the amount of \$154,560 and depreciation in the amount of \$819,108 resulted in a net increase of direct cost in the amount of \$664,548.

A \$769,870 contribution to operating income was recorded by the sewer division. This was \$368,726 more than budgeted. Sewer division revenue exceeded budget by \$39,961. Capital expenditures in the amount of \$1,438,346 and depreciation in the amount of \$622,297 resulted in a net decrease of direct cost in the amount of \$816,049.

Other operating income totaled \$576,823. This was \$46,823 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 \$69,168 more than budget, and miscellaneous income was \$10,767 more than budget.



The combined non-operating revenue and expense effect was a net \$337,578 reduction to income. The single largest impact on non-operating expenses was the \$914,401 interest expense from debt service. The interest expense was reduced by the combined effect of \$6,001 interest income earned on investments and \$570,822 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 Position	
	2014	2013
Electric Department	\$ 2,629,612	\$ 3,372,491
Water Department	1,408,057	1,557,643
Sewer Department	769,870	885,623
Other Operating Income	576,823	850,319
Non-operating Rev. (Exp.)	(914,401)	(850,353)
Transfers In	555,678	-
Transfers Out	(2,066,000)	(2,066,000)
Prior Period Adj. (GASB 65)	(256,459)	-
Net Change	<u>\$ 2,703,180</u>	<u>\$ 3,749,723</u>

**City-wide Summary:**

	Change in Net Position \$		% of Change from Prior Yr	
	2014	2013	2014	2013
Governmental Fund	\$ (43,822)	\$ 32,121	-3.80%	0.3%
Proprietary Fund	\$ 2,703,180	\$ 3,749,723	5.70%	8.6%

**Summary of Revenues and Expenses  
Changes in Net Position as of 06/30/14**

	Governmental Activity		Proprietary Activity		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>						
Taxes	\$ 3,823,683	\$ 3,809,314	\$ -	\$ -	\$ 3,823,683	\$ 3,809,314
Licenses and Permits	1,769,698	1,882,528	-	-	1,769,698	1,882,528
Intergovernmental	1,159,404	787,633	-	-	1,159,404	787,633
Charge for Services	1,560,537	1,558,297	-	-	1,560,537	1,558,297
Fines	252,028	232,115	-	-	252,028	232,115
Miscellaneous	200,197	176,604	-	-	200,197	176,604
Electric Revenue	-	-	20,342,895	19,429,429	20,342,895	19,429,429
Water Revenue	-	-	4,060,391	4,091,189	4,060,391	4,091,189
Sewer Revenue	-	-	2,458,961	2,486,168	2,458,961	2,486,168
Other Operating	-	-	570,822	844,075	570,822	844,075
Interest Income	-	-	6,001	6,244	6,001	6,244
<b>Total Revenue</b>	<b>8,765,547</b>	<b>8,446,491</b>	<b>27,439,070</b>	<b>26,857,105</b>	<b>36,204,617</b>	<b>35,303,596</b>
<b>Expenses:</b>						
General Government	2,034,437	2,171,739	-	-	2,034,437	2,171,739
Public Safety	4,259,640	3,753,602	-	-	4,259,640	3,753,602
Highways and Streets	1,589,779	1,316,995	-	-	1,589,779	1,316,995
Sanitation	1,216,215	1,090,728	-	-	1,216,215	1,090,728
Culture and Recreation	760,021	874,867	-	-	760,021	874,967
Non-Departmental	1,038,868	1,448,275	-	-	1,038,868	1,448,275
Electric Cost	-	-	17,713,284	16,056,938	17,713,284	16,056,938
Water Cost	-	-	2,652,334	2,533,546	2,652,334	2,533,546
Sewer Cost	-	-	1,689,091	1,600,545	1,689,091	1,600,545
Interest Expense	-	-	914,401	850,353	914,401	850,353
<b>Total Expense</b>	<b>10,898,960</b>	<b>10,656,206</b>	<b>22,969,110</b>	<b>21,041,382</b>	<b>33,868,070</b>	<b>31,697,688</b>
Income before Transfers	(2,133,413)	(2,209,715)	4,469,960	5,815,723	2,336,547	3,606,008
Transfers In/ (Out)	1,510,322	2,066,000	(1,510,322)	(2,066,000)	-	-
Fund Bal Changes pg 14	279,269	(136,664)	-	-	279,269	(136,664)
Capital Financing	300,000	312,500	-	-	300,000	312,500
Change in Net Position	(43,822)	32,121	2,959,638	3,749,723	2,915,816	3,781,844
Beginning Net Position	11,915,891	11,883,770	47,369,525	43,619,802	59,285,416	55,503,572
Prior Period Adjustment	-	-	(256,458)	-	(256,458)	-
Ending Net Position	<u>\$ 11,872,069</u>	<u>\$ 11,915,891</u>	<u>\$ 50,072,705</u>	<u>\$ 47,369,525</u>	<u>\$ 61,944,774</u>	<u>\$ 59,285,416</u>

### 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 \$405,792 as of June 30, 2014. Additionally, the utility fund customer deposits are maintained as a restricted reserve. This amount was \$648,892 as of June 30, 2014. 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, 2014, the road paving reserve balance was \$301,705. City Council also restricted funds for capital projects. The capital projects fund balance was \$150,070 as of June 30, 2014. 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 2011, City Council approved the reduction of the watershed account amount by \$363,967 to be used for the purchase of property on Campbell Street. In June of 2014, City Council approved the reduction of the watershed account amount by \$212,000 to be used to purchase property located at the corner of Broad St. and Rutledge (Maxway Property). The purchase of this property resulted in a balance of \$42,901 in the restricted watershed property account at June 2014.

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 \$679,898 as of June 30, 2014. 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 \$506,708 as of June 30, 2014.

### Capital Assets

#### **Summary of Capital Assets**

As of 06/30/14  
(Net of Depreciation)

	Governmental Activity		Proprietary Activity		Total	
	2014	2013	2014	2013	2014	2013
Land and Improvements	\$ 1,386,638	\$ 1,254,997	\$ 197,386	\$ 197,388	\$ 1,584,024	\$ 1,452,385
Buildings and Improvements	3,277,375	3,401,069	74,723	79,192	3,352,098	3,480,261
Equipment	337,390	429,797	-	-	337,390	429,797
Streets, Sidewalks, Etc.	3,905,971	3,388,883	-	-	3,905,971	3,388,883
Automotive Equipment	641,464	530,802	451,033	470,112	1,092,497	1,000,914
Electric System	-	-	21,321,440	20,226,619	21,321,440	20,226,619
Water System	-	-	17,064,300	18,264,489	17,064,300	18,264,489
Sewer System	-	-	13,397,007	12,417,329	13,397,007	12,417,329
Electric Instruments	-	-	387,969	434,677	387,969	434,677
Water Instruments	-	-	123,248	86,802	123,248	86,802
Sewer Instruments	-	-	19,258	26,005	19,258	26,005
Office Machines	-	-	43,895	59,000	43,895	59,000
Wastewater Treatment Plant	-	-	2,060,664	1,332,306	2,060,664	1,332,306
Total	9,548,838	9,005,548	55,140,923	53,593,919	64,689,761	62,599,467
Construction in Progress	-	-	36,726,840	24,604,898	36,726,840	24,604,898
Total	\$ 9,548,838	\$ 9,005,548	\$91,867,763	\$78,198,817	\$ 101,416,601	\$87,204,365

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 \$577,998 as of June 30, 2014. Other general fund liquid investments totaled \$4,535,742 at year-end. As of June 30, 2014, the general fund unrestricted operating cash amount was \$2,603,993. The excess unrestricted cash excludes the deferred revenue already received for the upcoming fiscal year. Based on cash needs for the fiscal year 2014/2015 this balance will support the City for 106 days. The proprietary fund operating cash balance was \$8,642,200 or 115 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 29.6% 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 \$990,707 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, 2014, the governmental fund had a \$936,196 balance of capital lease debt. A lease balance of \$284,532 is obligated for 2 remaining years to purchase a fire truck. A lease balance of \$347,801 is obligated for 7 more years for the purchase of an additional fire truck. A lease balance of \$103,782 is obligated for 1 more year for the purchase of a radio system and a lease balance of \$200,081 is obligated for 2 more years for the purchase of police units and a sanitation truck. The balance of governmental capital lease debt consists of fixed installment payments within three-year or five-year terms. The annual amount of principal to be paid for all general fund debt is \$340,953 for fiscal year 2015.

**Proprietary Fund Long Term Debt**

The proprietary fund currently has a balance, as of June 30, 2014, of \$52,527,264 committed to long term debt. This debt is comprised of six 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. A portion of the Series 2004 Bond was advance refunded through the issuance of the Series 2013A Bond. The advance refunding extinguished \$3,695,000 of the 2004 Bond.

The debt amount estimated for the construction of a new wastewater treatment plant will be approximately \$36,200,000. A revenue bond was issued during fiscal year 2010 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**

	2011	2012	2013	2014
Net Income	\$ 4,247,083	\$ 5,373,010	\$ 5,815,723	\$ 5,378,361
Depreciation	2,252,795	2,327,443	2,500,812	2,553,690
Interest Expense on Bonds	1,079,243	1,015,255	850,353	914,401
Net Available for Debt From Operations	7,579,121	8,715,708	9,166,888	8,846,452
Transfers	(2,066,000)	(2,066,000)	(2,066,000)	(2,066,000)
Net Available After Transfers	<u>\$ 5,513,121</u>	<u>\$ 6,649,708</u>	<u>\$ 7,100,888</u>	<u>\$ 6,780,452</u>
Total Debt Service Requirement	<u>\$ 2,850,977</u>	<u>\$ 2,882,586</u>	<u>\$ 2,941,958</u>	<u>\$ 3,218,445</u>
Coverage Ratio	2.31%	2.45%	2.42%	2.11%

**Summary of Outstanding Debt**

	Governmental Activity		Proprietary Activity		Total City	
	2014	2013	2014	2013	2014	2013
Revenue Bonds	\$ -	\$ -	\$52,527,264	\$41,779,084	\$52,527,264	\$41,779,084
Short Term Obligations	936,196	973,095	-	-	936,196	973,095
Total	<u>\$ 936,196</u>	<u>\$ 973,095</u>	<u>\$52,527,264</u>	<u>\$41,779,084</u>	<u>\$53,465,474</u>	<u>\$42,752,179</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 POSITION  
June 30, 2014

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,957,568	\$ 5,285,642	\$ 7,243,210
Certificates of Deposit	1,346,355	639,840	1,986,195
Investments	3,189,387	2,716,718	5,906,105
Receivable:			
Accounts Receivable, Net	-	2,371,353	2,371,353
Taxes, Net	530,901	-	530,901
Miscellaneous	259,255	936,513	1,195,768
Inventory	56,942	989,636	1,046,578
Restricted Assets:			
Cash	506,708	-	506,708
Certificates of Deposit	-	648,892	648,892
Investments	-	990,707	990,707
Capital Assets:			
Land and Construction in Progress	1,386,638	36,924,226	38,310,864
Other Capital Assets, Net of Accumulated Depreciation	8,162,200	54,943,537	63,105,737
Total Capital Assets, Net of Depreciation	<u>9,548,838</u>	<u>91,867,763</u>	<u>101,416,601</u>
Total Assets	<u>17,395,954</u>	<u>106,447,064</u>	<u>123,843,018</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Prepaid Insurance	65,537	-	65,537
Deferred Charges	-	1,249,184	1,249,184
Total Deferred Outflow of Resources	<u>65,537</u>	<u>1,249,184</u>	<u>1,314,721</u>
<b>LIABILITIES</b>			
Accounts Payable	416,121	3,253,291	3,669,412
Accrued Liabilities	303,707	83,626	387,333
Notes and Lease Obligations Payable, Current	340,953	-	340,953
Bonds Payable, Current	-	3,290,084	3,290,084
Liabilities Payable from Restricted Assets			
Customer Deposits	-	628,879	628,879
Accrued Interest Payable	-	254,136	254,136
Compensated Absences, Non-Current	173,192	79,717	252,909
OPEB Obligation	1,701,654	432,187	2,133,841
Notes and Lease Obligations Payable, Non-Current	595,243	-	595,243
Bonds Payable, Non-Current	-	49,237,180	49,237,180
Total Liabilities	<u>3,530,870</u>	<u>57,259,100</u>	<u>60,789,970</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred Revenue	2,058,552	81,575	2,140,127
Deferred Gain on Bond Refunding	-	282,868	282,868
Total Deferred Inflow of Resources	<u>2,058,552</u>	<u>364,443</u>	<u>2,422,995</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	8,612,642	40,306,815	48,919,457
Restricted for:			
Law Enforcement	19,412	-	19,412
Special Purposes	50,576	-	50,576
Capital	18,774	990,707	1,009,481
Unrestricted	3,170,665	8,775,183	11,945,848
Total Net Position	<u>\$ 11,872,069</u>	<u>\$ 50,072,705</u>	<u>\$ 61,944,774</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, 2014

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
General Government	\$ 3,254,352	\$ 1,577,495	\$ -	\$ -	\$ (1,676,857)	\$ -	\$ (1,676,857)
Public Safety							
Police	2,491,937	422,417	30,681	-	(2,038,839)	-	(2,038,839)
Fire	1,563,764	448,105	72,374	58,900	(984,385)	-	(984,385)
Highways and Streets	1,080,058	-	143,592	432,173	(504,293)	-	(504,293)
Sanitation	1,168,312	1,112,432	6,941	-	(48,939)	-	(48,939)
Culture and Recreation	733,587	4,283	11,997	20,000	(697,307)	-	(697,307)
Interest on Long-Term Debt	27,681	-	-	-	(27,681)	-	(27,681)
Total Governmental Activities	<u>10,319,691</u>	<u>3,564,732</u>	<u>265,585</u>	<u>511,073</u>	<u>(5,978,301)</u>	<u>-</u>	<u>(5,978,301)</u>
Business-Type Activities:							
Electric Charges	17,713,284	20,803,062	-	-	-	3,089,778	3,089,778
Water Charges	2,876,773	4,060,391	-	-	-	1,183,618	1,183,618
Sewer Charges	2,379,052	2,510,711	-	-	-	131,659	131,659
Total Business-Type Activities	<u>22,969,109</u>	<u>27,374,164</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,405,055</u>	<u>4,405,055</u>
Total Primary Government	<u>\$ 33,288,800</u>	<u>\$ 30,938,896</u>	<u>\$ 265,585</u>	<u>\$ 511,073</u>	<u>(5,978,301)</u>	<u>4,405,055</u>	<u>(1,573,246)</u>
					<u>Primary Government</u>		
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					3,048,797	-	3,048,797
Franchise Taxes					192,203	-	192,203
Public Service Taxes					987,243	-	987,243
Unrestricted Investment Earnings					8,645	6,001	14,646
Transfers - Internal Activities					1,510,322	(1,510,322)	-
Miscellaneous					187,269	58,905	246,174
Total General Revenues, Special Items and Transfers					<u>5,934,479</u>	<u>(1,445,416)</u>	<u>4,489,063</u>
Change in Net Position					<u>(43,822)</u>	<u>2,959,639</u>	<u>2,915,817</u>
Net Position, Beginning of Year					11,915,891	47,369,525	59,285,416
Prior Period Adjustment, See Note 14					-	(256,459)	(256,459)
Net Position, End of Year					<u>\$ 11,872,069</u>	<u>\$ 50,072,705</u>	<u>\$ 61,944,774</u>

The Accompanying Notes are an Integral Part of These Financial Statements

CITY of CAMDEN, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2014

	General	Special Revenue	Capital Project Funds	Total Governmental Funds
<b>ASSETS and DEFERRED OUTFLOWS OF RESOURCES</b>				
Assets				
Cash	\$ 577,998	\$ 775,365	\$ 604,205	\$ 1,957,568
Restricted Cash	506,708	-	-	506,708
Certificates of Deposit	1,346,355	-	-	1,346,355
Investments	3,189,387	-	-	3,189,387
Receivables (Net)				
Taxes	496,542	34,359	-	530,901
Miscellaneous	259,255	-	-	259,255
Inventory	56,942	-	-	56,942
Total Assets	<u>6,433,187</u>	<u>809,724</u>	<u>604,205</u>	<u>7,847,116</u>
Deferred Outflow of Resources				
Prepaid Insurance	65,537	-	-	65,537
Total Deferred Outflow of Resources	<u>65,537</u>	<u>-</u>	<u>-</u>	<u>65,537</u>
Total Assets and Deferred Outflow of Resources				
	<u>\$ 6,498,724</u>	<u>\$ 809,724</u>	<u>\$ 604,205</u>	<u>\$ 7,912,653</u>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES and FUND BALANCE</b>				
Liabilities				
Accounts Payable	\$ 244,322	\$ 27,079	\$ 144,720	\$ 416,121
Accrued Liabilities	301,165	2,542	-	303,707
Total Liabilities	<u>545,487</u>	<u>29,621</u>	<u>144,720</u>	<u>719,828</u>
Deferred Inflow of Resources				
Deferred Revenue	2,029,797	21,045	7,710	2,058,552
Total Deferred Inflow of Resources	<u>2,029,797</u>	<u>21,045</u>	<u>7,710</u>	<u>2,058,552</u>
<b>FUND BALANCE</b>				
Fund Balance				
Nonspendable	56,942	-	-	56,942
Restricted	-	69,988	-	69,988
Committed	42,901	679,898	451,775	1,174,574
Assigned	18,774	9,172	-	27,946
Unassigned	3,804,823	-	-	3,804,823
Total Fund Balance	<u>3,923,440</u>	<u>759,058</u>	<u>451,775</u>	<u>5,134,273</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balance				
	<u>\$ 6,498,724</u>	<u>\$ 809,724</u>	<u>\$ 604,205</u>	<u>\$ 7,912,653</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 POSITION  
June 30, 2014

Total Fund Balance for Governmental Funds		\$ 5,134,273
Total Net Position reported for governmental activities in the statement of net position is different because:		
Capital assets of \$23,710,841 net of accumulated depreciation of \$14,162,003 are not financial resources and, therefore, are not reported in the funds. (See Note 3 for additional detail).		9,548,838
OPEB Obligation (See Note 6 for additional detail).		(1,701,654)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Compensated Absences	\$ (173,192)	
Governmental Leases and Notes Payable	<u>(936,196)</u>	<u>(1,109,388)</u>
Total net position of governmental activities		<u>\$ 11,872,069</u>

CITY of CAMDEN, SOUTH CAROLINA

STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCE  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2014

	General	Special Revenue	Capital Project Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 2,359,210	\$ 838,865	\$ 625,608	\$ 3,823,683
Licenses and Permits	1,769,698	-	-	1,769,698
Intergovernmental Revenues	678,326	481,078	-	1,159,404
Charges for Services	1,560,537	-	-	1,560,537
Fines and Forfeits	233,582	18,446	-	252,028
Miscellaneous Revenues	157,253	42,944	-	200,197
Total Revenues	<u>6,758,606</u>	<u>1,381,333</u>	<u>625,608</u>	<u>8,765,547</u>
<b>EXPENDITURES</b>				
Current:				
General Government	2,034,437	-	-	2,034,437
Public Safety	4,229,942	29,698	-	4,259,640
Highways and Streets	988,754	-	601,025	1,589,779
Sanitation	1,216,215	-	-	1,216,215
Culture and Recreation	240,887	519,134	-	760,021
Non-Departmental	569,656	100,372	368,840	1,038,868
Total Expenditures	<u>9,279,891</u>	<u>649,204</u>	<u>969,865</u>	<u>10,898,960</u>
<b>EXCESS (DEFICIENCY) of REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,521,285)</u>	<u>732,129</u>	<u>(344,257)</u>	<u>(2,133,413)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	2,366,000	-	-	2,366,000
Capital Financing	-	-	300,000	300,000
Transfer Out	-	(555,678)	(300,000)	(855,678)
Total Other Financing Sources (Uses)	<u>2,366,000</u>	<u>(555,678)</u>	<u>-</u>	<u>1,810,322</u>
<b>Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses</b>	<u>(155,285)</u>	<u>176,451</u>	<u>(344,257)</u>	<u>(323,091)</u>
<b>FUND BALANCE, Beginning of Year</b>	<u>4,078,725</u>	<u>582,607</u>	<u>796,032</u>	<u>5,457,364</u>
<b>FUND BALANCE, End of Year</b>	<u>\$ 3,923,440</u>	<u>\$ 759,058</u>	<u>\$ 451,775</u>	<u>\$ 5,134,273</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, 2014

Net Changes in Fund Balances - Total Governmental Funds	\$ (323,091)
The change in net position 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 capital outlay of \$1,090,588 exceeded depreciation of \$547,298 in the current period.	543,290
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 repayments of \$336,899 exceeded debt proceeds of \$300,000. Also see Note 5 for additional detail.	36,899
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 increase in compensated absences.	(7,159)
This also includes the net increase in OPEB Obligation.	<u>(293,761)</u>
Changes in net position of governmental activities	<u><u>\$ (43,822)</u></u>

CITY of CAMDEN, SOUTH CAROLINA

STATEMENT of NET POSITION - PROPRIETARY FUND  
June 30, 2014

ASSETS	
CURRENT ASSETS	
Cash	\$ 5,285,642
Certificates of Deposit	639,840
Investments	2,716,718
Water and Lights Accounts Receivable, Net	2,371,353
Miscellaneous Receivables	936,513
Inventories	989,636
Total Current Assets	<u>12,939,702</u>
NON-CURRENT ASSETS	
RESTRICTED ASSETS	
Certificates of Deposit - Customer Deposits	648,892
Investments - Reserve Bond Investment	990,707
Total Restricted Assets	<u>1,639,599</u>
CAPITAL ASSETS	
Construction in Process	36,726,840
Buildings and Land	498,477
Furniture, Fixtures and Equipment	2,794,095
Electric System	38,344,826
Water System	28,579,966
Sewer and Wastewater System	24,651,926
Sub-Total	<u>131,596,130</u>
Less Accumulated Depreciation	<u>(39,728,367)</u>
Total Capital Assets	<u>91,867,763</u>
Total Non-Current Assets	<u>93,507,362</u>
Total Assets	<u>106,447,064</u>
DEFERRED OUTFLOW OF RESOURCES	
Deferred Charges	1,249,184
Total Deferred Outflow of Resources	<u>1,249,184</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	3,253,291
Other Current Liabilities	83,626
Bonds Payable, Current	3,290,084
Total Current Liabilities	<u>6,627,001</u>
NON-CURRENT LIABILITIES	
Accrued Vacation Pay	79,717
OPEB Obligation	432,187
Payable from Restricted Assets	
Customer Deposits	628,879
Accrued Interest Payable	254,136
Bonds Payable, Non-Current	49,237,180
Total Non-Current Liabilities	<u>50,632,099</u>
Total Liabilities	<u>57,259,100</u>
DEFERRED INFLOW OF RESOURCES	
Deferred Revenue	81,575
Deferred Gain on Bond Refunding	282,868
Total Deferred Inflow of Resources	<u>364,443</u>
NET POSITION	
Net Investment in Capital Assets	40,306,815
Restricted for Debt Service	990,707
Unrestricted	8,775,183
Total Net Position	<u>\$ 50,072,705</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 POSITION -  
 PROPRIETARY FUND  
 For the Year Ended June 30, 2014

OPERATING REVENUES	
Charges for Services:	
Electric Charges	\$ 20,342,895
Water Charges	4,060,391
Sewer Charges	2,458,961
Total Operating Revenues	<u>26,862,247</u>
OPERATING EXPENSES	
Personnel Services	2,899,015
Maintenance, Operations, and Contractual Services	15,988,047
Materials and Supplies	470,383
Depreciation & Amortization	2,697,263
Total Operating Expenses	<u>22,054,708</u>
Operating Income	<u>4,807,539</u>
NON-OPERATING REVENUE (EXPENSE)	
Interest Income	6,001
Interest Expense	(914,401)
Other Revenue (Expense)	570,822
Total Non-Operating Revenue (Expense)	<u>(337,578)</u>
Income (Loss) before Contributions and Transfers	4,469,961
OPERATING TRANSFERS and CONTRIBUTIONS	
Transfers in from Other Funds	555,678
Transfers to Other Funds	(2,066,000)
Change in Net Position	<u>2,959,639</u>
NET POSITION, Beginning of Year	<u>47,369,525</u>
Prior Period Adjustment, See Note 14	(256,459)
NET POSITION, End of Year	<u>\$ 50,072,705</u>

CITY of CAMDEN, SOUTH CAROLINA

STATEMENT of CASH FLOWS - PROPRIETARY FUND  
For the Year Ended June 30, 2014

CASH FLOWS from OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 27,538,637
Cash Payments to Suppliers for Goods and Services	(16,876,445)
Cash Payments to Employees for Services	(2,956,117)
Net Cash Provided by Operating Activities	<u>7,706,075</u>
CASH FLOWS from NON-CAPITAL FINANCING ACTIVITIES:	
Other Non-Operating Revenue	570,822
Reclassification of Restricted Cash	(117,958)
Operating Transfers In	555,678
Operating Transfers Out	(2,066,000)
Net Cash Used in Non-Capital Financing Activities	<u>(1,057,458)</u>
CASH FLOWS from CAPITAL and RELATED FINANCING ACTIVITIES:	
Purchase of Assets	(16,222,638)
Proceeds from Debt Issued	21,923,589
Principal Paid on Revenue Bond Maturities	(11,195,409)
Interest Paid on Debt Service	(914,401)
Net Cash Used in Capital and Related Financing Activities	<u>(6,408,859)</u>
CASH FLOWS from INVESTING ACTIVITIES:	
Interest and Dividends on Investments	6,001
Net Cash Provided by Investing Activities	<u>6,001</u>
Net Increase in Cash and Cash Equivalents	<u>245,759</u>
Cash and Cash Equivalents at Beginning of Year	5,039,883
Cash and Cash Equivalents at End of Year	<u>\$ 5,285,642</u>
RECONCILIATION of OPERATING INCOME to NET CASH PROVIDED by OPERATING ACTIVITIES:	
Operating Income	\$ 4,807,539
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Amortization	143,573
Depreciation	2,553,690
Bad Debt Expense	175,122
Changes in Assets and Liabilities:	
Accounts Receivable	(440,213)
Miscellaneous Accounts Receivable	1,093,264
Inventory	25,688
Accounts Payable	(794,895)
Interest Payable	(19,709)
Other Liabilities	57,102
Customer Deposits	23,339
Deferred Revenue	81,575
Net Cash Provided by Operating Activities	<u>\$ 7,706,075</u>

The Accompanying Notes are an Integral Part of These Financial Statements

CITY of CAMDEN, SOUTH CAROLINA

NOTES to FINANCIAL STATEMENTS

June 30, 2014

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). 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 Position, 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—net investment in capital assets, 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 position 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 the proprietary funds' measurement is upon determination of operating income, changes in net position, 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, local tax 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 all of the 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.

G. Inventories and Prepays

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.

Prepays record payments to vendors that benefit future reporting periods and are also reported on the consumption basis. Both inventories and prepays 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, 2014 is \$405,792.



NOTE 1 SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 insurance costs 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. Issuance costs are reported as expenditures.

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, 2014 was \$143,573 in the proprietary fund.

K. 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, 2014, was \$301,705. City Council increased its tax millage specifically for capital. The balance unspent at June 30, 2014, was \$150,070. These previous two amounts are shown as committed in the Capital Projects Fund. City Council passed a 2% hospitality tax effective December 1, 2009 that is accounted for in the Special Revenue account as the Local Tax Fund. The fund balance at June 30, 2014 was \$679,898. City Council passed an ordinance restricting \$42,901 of proceeds from the sale of its Watershed property. This money cannot be spent without an ordinance authorizing it by City Council and is recorded in the General Fund.

NOTE 1 SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position - 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, 2013	<u>\$ 37,766,080</u>
Maximum Amount that can be Transferred during the Year Ended June 30, 2014	<u>\$ 7,553,216</u>
Amount Transferred during the Year Ended June 30, 2014	<u>\$ 2,066,000</u>

L. 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.

M. 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, 2014, the liability for accrued vacation is \$252,909. The amount applicable to the Proprietary Fund is \$79,717 and the amount applicable to the General Fund is \$173,192. 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.

NOTE 1 SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. 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.

O. 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.

P. 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.

Q. Recently Issued and Adopted Accounting Pronouncements

In March 2012, the GASB issued Statement 65, Items Previously Reported as Assets and Liabilities. GASB Statement 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This Statement is effective for periods beginning after December 15, 2012. The City has adopted GASB Statement 65.

In March 2012, the GASB issued Statement 66, Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62. GASB Statement 66 improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. This Statement is effective for periods beginning after December 15, 2012. The City has adopted GASB Statement 66.

In April 2013, the GASB issued Statement 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This statement is effective for periods beginning after June 15, 2013. The adoption of GASB Statement 70 does not have any impact on the organization's financial statements.

R. Recently Issued Accounting Pronouncements

In June 2012, the GASB issued Statement 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement 27. GASB Statement 68 improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement is effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

In January 2013, the GASB issued Statement 69, Government Combinations and Disposals of Government Operations. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This Statement is effective for periods beginning after December 15, 2013. Management is currently evaluating the impact of the adoption of this statement on the organization's financial statements.

NOTE 2 DEPOSITS and INVESTMENTS

Deposits are shown at carrying value at June 30, 2014 as follows:

	Category			Bank Balance	Total Carrying Amount
	1	2	3		
Checking Accounts	\$ 333,323	\$ 7,837,529	\$ -	\$ 8,170,852	\$ 7,678,159
Savings Accounts	69,673	-	-	69,673	70,310
Certificates of Deposit	400,372	2,234,284	-	2,634,656	2,635,087
	<u>\$ 803,368</u>	<u>\$ 10,071,813</u>	<u>\$ -</u>	<u>\$ 10,875,181</u>	<u>\$ 10,383,556</u>

Custodial Risk-Deposits - Deposits in financial institutions, reported as components of cash, cash equivalents and investments, had a bank balance of \$10,875,181 at June 30, 2014, 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.

Investments are carried at fair value at June 30, 2014 as follows:

	Category			Fair Value
	1	2	3	
U.S. Government Securities	\$ -	\$ 2,086,818	\$ -	\$ 2,086,818
	<u>\$ -</u>	<u>\$ 2,086,818</u>	<u>\$ -</u>	

S.C. Local Government Investment Pool

(Fair value substantially equivalent to the value of the pool shares) \$ 4,809,993

Total \$ 6,896,811

The City's investments are categorized to indicate the level of risk assumed by the City at June 30, 2014. 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.

NOTE 2 DEPOSITS and INVESTMENTS (Continued)

A reconciliation of cash, cash equivalents and investments as shown in the combined statement of net position for the primary government follows:

Petty Cash and Other	\$ 1,450
Carrying Amount of Deposits	10,383,556
Carrying Amount of Investments	6,896,811
Total	<u>\$ 17,281,817</u>
Cash and Cash Equivalents	\$ 7,243,210
Certificates of Deposit	1,986,195
Cash and Cash Equivalents - Local Option Sales Tax	506,708
Certificates of Deposit - Restricted for Customer Deposits	648,892
Investments	5,906,105
Investments - Restricted for Debt Service	990,707
Total	<u>\$ 17,281,817</u>

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014, was as follows:

	Primary Government				Ending Balance
	Beginning Balance	Increases	Decreases	Tranfers	
<b>GOVERNMENTAL ACTIVITIES:</b>					
Capital Assets not Being Depreciated:					
Land	\$ 1,254,997	\$ 131,641	\$ -	\$ -	\$ 1,386,638
Total Capital Assets not Being Depreciated	<u>1,254,997</u>	<u>131,641</u>	<u>-</u>	<u>-</u>	<u>1,386,638</u>
Other Capital Assets:					
Building and Improvements	10,205,483	11,958	-	-	10,217,441
Equipment	1,564,164	6,200	-	-	1,570,364
Automotive Equipment	4,502,475	339,763	-	-	4,842,238
Streets, Sidewalks, Etc.	5,093,134	601,026	-	-	5,694,160
Total Other Capital Assets at Historical Cost	<u>21,365,256</u>	<u>958,947</u>	<u>-</u>	<u>-</u>	<u>22,324,203</u>
Less Accumulated Depreciation for:					
Buildings and Improvements	(6,804,414)	(135,652)	-	-	(6,940,066)
Equipment	(1,134,367)	(98,607)	-	-	(1,232,974)
Automotive Equipment	(3,971,673)	(229,101)	-	-	(4,200,774)
Streets, Sidewalks, Etc.	(1,704,251)	(83,938)	-	-	(1,788,189)
Total Accumulated Depreciation	<u>(13,614,705)</u>	<u>(547,298)</u>	<u>-</u>	<u>-</u>	<u>(14,162,003)</u>
Other Capital Assets, Net	<u>7,750,551</u>	<u>411,649</u>	<u>-</u>	<u>-</u>	<u>8,162,200</u>
Governmental Activities					
Capital Assets, Net	<u>\$ 9,005,548</u>	<u>\$ 543,290</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,548,838</u>

NOTE 3 CAPITAL ASSETS (Continued)

	Primary Government				Ending Balance
	Beginning Balance	Increases	Decreases	Tranfers	
<b>BUSINESS-TYPE ACTIVITIES:</b>					
Capital Assts not Being Depreciated:					
Land and Improvements	\$ 197,386	\$ -	\$ -	\$ -	\$ 197,386
Construction in Progress	24,604,898	12,507,989	-	(386,047)	36,726,840
Total Capital Assets not Being Depreciated	24,802,284	12,507,989	-	(386,047)	36,924,226
<b>Other Capital Assets:</b>					
Electric System	35,405,747	1,967,937	-	-	37,373,684
Water System	28,035,903	95,280	-	-	28,131,183
Sewer System	18,487,193	586,587	-	386,047	19,459,827
Electric Instruments	996,393	-	-	-	996,393
Water Instruments	389,503	59,280	-	-	448,783
Sewer Instruments	233,701	-	(5,331)	-	228,370
Automotive Equipment	2,544,381	153,806	(45,982)	-	2,652,205
Office Machines	116,639	-	-	-	116,639
Buildings	301,091	-	-	-	301,091
Wastewater Treatment Plant	4,111,971	851,759	-	-	4,963,730
Total Other Capital Assets at Historical Cost	90,622,522	3,714,649	(51,313)	386,047	94,671,905
Less Accumulated Depreciation	(37,225,991)	(2,553,690)	51,313	-	(39,728,368)
Other Capital Assets, Net	53,396,531	1,160,959	-	386,047	54,943,537
Business-Type Activities Capital Assets, Net	\$ 78,198,815	\$ 13,668,948	\$ -	\$ -	\$ 91,867,763

Depreciation expense was charged to functions as follows:

**GOVERNMENT ACTIVITIES:**

General Government	\$ 129,574
Public Safety	157,830
Highways and Streets	89,292
Sanitation	55,609
Culture and Recreation	114,993
Total Governmental Activities Depreciation Expense	<u>\$ 547,298</u>

**BUSINESS-TYPE ACTIVITIES:**

Electric Department	\$ 1,112,285
Water Department	819,108
Sewer Department	622,297
Total Business-Type Activities Depreciation Expense	<u>\$ 2,553,690</u>

Insurance recoveries for the year ended June 30, 2014, amounted to \$19,138 for the general fund and \$10,065 for the proprietary fund. The recoveries are classified as "Other Income" in the financial statements.

NOTE 4 CHANGES in LONG-TERM DEBT-PROPRIETARY FUND

Long-term liability activity for the year ended June 30, 2014 was as follows:

	Balance 6/30/2013	Issued	Retired	Balance 6/30/2014	Due Within One Year
Combined Public Utility System Refunding Revenue Bond, Series 2013A	\$ 3,910,000	\$ -	\$ 60,000	\$ 3,850,000	\$ 350,000
Combined Public Utility Revenue Bonds of 2004	11,490,000	-	10,655,000	835,000	835,000
Combined Public Utility Revenue Bond 2007	695,068	-	128,946	566,122	133,794
Combined Public Utility System Improvement Revenue Bond Series 2010	2,712,444	-	105,244	2,607,200	110,475
Combined Public Utility System Refunding Revenue Bond, Series 2012A	2,412,212	-	246,219	2,165,993	251,407
Combined Public Utility System Refunding Revenue Bond, Series 2014A	-	9,650,000	-	9,650,000	95,000
State Revolving Fund Loan, Series 2012B	20,579,360	12,273,589	-	32,852,949	1,514,408
Total Revenue and Lease Obligations Payable	<u>41,799,084</u>	<u>21,923,589</u>	<u>11,195,409</u>	<u>52,527,264</u>	<u>3,290,084</u>
Compensated Absences	79,717	-	-	79,717	-
Total Proprietary Fund Long-Term Debt	<u>\$ 41,878,801</u>	<u>\$ 21,923,589</u>	<u>\$ 11,195,409</u>	<u>\$ 52,606,981</u>	<u>\$ 3,290,084</u>

Long-Term Debt at June 30, 2014 consisted of the following:

Refunding Revenue Bond, Series 2013A dated March 27, 2013, payable \$60,000 to \$415,000 each March 1, 2014 through 2024. Interest at 1.87%, payable each March 1 and September 1.	\$ 3,850,000
Revenue Bond, Series 2012A dated February 29, 2012, payable \$297,044 each March 1, 2013 through 2022. Interest at 2.107% payable March 1.	2,165,993
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.	835,000
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%.	566,122
Improvement Revenue Bonds, Series 2010 dated February 3, 2010, payable in annual installments of \$240,052 through 2030 Interest at 4.97%.	2,607,200
State Revolving Fund Loan, Series 2012B payable \$560,220 quarterly beginning September 2014 through June 2034 at 2.25% interest.	32,852,949
Refunding Revenue Bond, Series 2014A dated March 3, 2014, payable \$95,000 to \$1,150,000 each March 1, 2015 through 2024. Interest at 2.19%, payable each March 1 and September 1.	9,650,000
Total	<u>\$ 52,527,264</u>

NOTE 4 CHANGES in LONG-TERM DEBT-PROPRIETARY FUND (Continued)

The annual requirements to amortize all bonds outstanding as of June 30, 2014 follows:

Year Ending	Series 2013A		Series 2012A		Series 2004	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	350,000	71,995	251,407	45,637	835,000	41,750
2016	360,000	65,450	256,704	40,340	-	-
2017	365,000	58,718	262,113	34,932	-	-
2018	375,000	51,892	267,635	29,409	-	-
2019	380,000	44,880	273,275	23,770	-	-
2020-2024	2,020,000	114,444	854,859	36,275	-	-
2025-2029	-	-	-	-	-	-
2030-2034	-	-	-	-	-	-
Totals	<u>\$ 3,850,000</u>	<u>\$ 407,379</u>	<u>\$ 2,165,993</u>	<u>\$ 210,363</u>	<u>\$ 835,000</u>	<u>\$ 41,750</u>

Year Ending	Series 2007		2010 Improvement		Series 2012B	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	133,794	21,286	110,475	129,578	1,514,408	726,473
2016	138,824	16,256	115,965	124,087	1,548,771	692,110
2017	144,044	11,036	121,729	118,324	1,583,914	656,968
2018	149,460	5,620	127,779	112,274	1,619,854	621,028
2019	-	-	134,129	105,923	1,656,609	584,273
2020-2024	-	-	777,520	422,744	8,864,237	2,340,171
2025-2029	-	-	990,916	209,346	9,916,596	1,287,814
2030-2034	-	-	228,687	11,368	6,148,560	215,049
Totals	<u>\$ 566,122</u>	<u>\$ 54,198</u>	<u>\$ 2,607,200</u>	<u>\$ 1,233,644</u>	<u>\$ 32,852,949</u>	<u>\$ 7,123,886</u>

Year Ending	Series 2014A		Year Ending	Total	
	Principal	Interest		Principal	Interest
2015	95,000	210,161	2015	3,290,084	1,246,880
2016	975,000	209,255	2016	3,395,264	1,147,498
2017	995,000	187,902	2017	3,471,800	1,067,880
2018	1,010,000	166,111	2018	3,549,728	986,334
2019	1,035,000	143,992	2019	3,479,013	902,838
2020-2024	5,540,000	368,686	2020-2024	18,056,616	3,282,320
2025-2029	-	-	2025-2029	10,907,512	1,497,160
2030-2034	-	-	2030-2034	6,377,247	226,417
Totals	<u>\$ 9,650,000</u>	<u>\$ 1,286,107</u>	Totals	<u>\$ 52,527,264</u>	<u>\$ 10,357,327</u>



NOTE 4 CHANGES in LONG-TERM DEBT-PROPRIETARY FUND (Continued)

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. A portion of the Series 2004 Bond was advance refunded through the issuance of the Series 2013A Bond. The advance refunding extinguished \$3,695,000 of the 2004 Bond. Because of this advance refunding, the City incurred a loss on retirement of debt of \$157,251. The City is amortizing this loss over ten years. The remaining portion of the Series 2004 Bond was refunded through the issuance of the Series 2014 A Bond. Because of this refunding, the City incurred a gain on retirement of debt of \$309,179. The City is amortizing this gain over ten years.

The Series 2012B amount per the interim debt maturity schedule from the State Revolving Fund is \$36,010,209. At June 30, 2014, the balance on the loan was \$32,852,949. This loan is being used to pay for the construction on the Wastewater Treatment Plant. At June 30, 2014, the City had outstanding construction contracts totaling \$3,157,260 that will be treated as additions to the loan in the next fiscal year. If the full loan amount is not used, the loan amount will be recalculated and a new payment schedule will be issued based on the payment initiation date of June 1, 2014. If needed, a one-time credit for overpayment will be applied to payments due. The City does not anticipate that all of the loan proceeds will be used.

NOTE 5 CHANGES in GOVERNMENTAL FUND DEBT

A summary of the Governmental Fund Debt at June 30, 2014 is as follows:

Lease Obligation Payable, September 1, Annually at 3.87% Interest	\$ 284,532
Lease Obligation Payable, May 12, Annually at 2.25% Interest	347,801
Lease Obligation Payable, May 15, Annually at 1.13% Interest	200,081
Lease Obligation Payable, May 1, Annually at 1.25% Interest	<u>103,782</u>
Total Lease and Note Obligations	<u>936,196</u>
Liability for Compensated Absences	<u>173,192</u>
Total Long-Term Debt	<u><u>\$ 1,109,388</u></u>

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

	Payable 6/30/2013	Additions	Reductions	Balance 6/30/2014	Due Within One Year
Capital Leases	<u>\$ 973,095</u>	<u>\$ 300,000</u>	<u>\$ 336,899</u>	<u>\$ 936,196</u>	<u>\$ 340,953</u>
Total Lease Obligations	<u>973,095</u>	<u>300,000</u>	<u>336,899</u>	<u>936,196</u>	<u>340,953</u>
Compensated Absences	<u>166,033</u>	<u>7,159</u>	<u>-</u>	<u>173,192</u>	<u>-</u>
Total Governmental Activities Long-Term Debt	<u><u>\$ 1,139,128</u></u>	<u><u>\$ 307,159</u></u>	<u><u>\$ 336,899</u></u>	<u><u>\$ 1,109,388</u></u>	<u><u>\$ 340,953</u></u>

NOTE 5 CHANGES in GOVERNMENTAL FUND DEBT (Continued)

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

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 340,953	\$ 22,424
2016	242,873	15,409
2017	147,009	9,534
2018	49,637	4,629
2019	50,755	3,510
2020-2021	104,969	3,562
Totals	<u>\$ 936,196</u>	<u>\$ 59,068</u>

NOTE 6 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, 2012, the valuation date, eighty-three (83) retirees and ninety-four (94) 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, 2012, the valuation date, the City pays 100% of the premium cost.

*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, 2014, 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, 2012.

NOTE 6 POST-EMPLOYMENT EMPLOYEE BENEFITS Continued)

Annual Required Contribution (ARC)	\$ 920,700
Interest on Net OPEB Obligation	72,046
Adjustment to ARC	<u>(76,491)</u>
Annual OPEB cost	916,255
Contributions Made	<u>583,562</u>
Change in Net OPEB Obligation	<u>332,693</u>
Net OPEB Obligation, Beginning of Year	<u>1,801,148</u>
Net OPEB Obligation, End of Year	<u><u>\$ 2,133,841</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>
2012	\$ 778,535	67.26%	\$ 1,488,188
2013	876,600	66.57%	1,801,148
2014	916,255	63.69%	2,133,841

*Funded Status and Funding Progress:* The funding status of the plan as of June 30, 2014, based on a actuarial valuation as of July 1, 2012, was as follows:

Actuarially Accrued Liability (AAL)	\$ 16,820,000
Actuarial Value of Plan Assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u><u>\$ 16,820,000</u></u>
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll (Active Plan Members)	\$ 5,976,800
UAAL as a Percentage of Covered Payroll	281%

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.

## NOTE 6 POST-EMPLOYMENT EMPLOYEE BENEFITS Continued)

In the July 1, 2012, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return and an annual health care cost trend rate of 7.10% initially, reduced by decrements to an ultimate rate of 4.70% over 73 years. The City's unfunded actuarial accrued liability is being amortized as a level percentage of payroll. The remaining amortization period at July 1, 2012 was twenty six 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, 2014.

## NOTE 7 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 pension systems administered by the Retirement Division of the SC Public Employee Benefit Authority (SC PEBA). 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 eligible members or beneficiaries. 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 SCRS and the PORS is issued and publicly available by visiting [www.retirement.sc.gov](http://www.retirement.sc.gov) or by writing SC PEBA, 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 7 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.

The TERI program will end effective June 30, 2018. New enrollees in the TERI program after June 30, 2012, must end their participation within five years after their retirement date or June 30, 2014, whichever is earlier.

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, 2013 is:

	SCRS	PORS
Unfunded accrued liability obligation (in millions)	\$ 15,443	\$ 1,742

### Contributions Required and Contributions Made

The State's consulting actuary determines employer contributions for all systems. The systems use the Entry Age Normal Cost 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, 2013, the unfunded liability liquidation period in years for SCRS was twenty-nine years and PORS was thirty years.

NOTE 7 RETIREMENT PLAN (Continued)

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>
2014	\$ 4,069,647	\$ 304,483	\$ 431,382	\$ 735,865
2013	3,910,730	273,017	414,537	687,554
2012	3,875,723	251,922	369,550	621,472

<u>Year Ended June 30,</u>	Contribution Rate		
	<u>Employee</u>	<u>Employer</u>	<u>Total</u>
2014	7.50%	10.60%	18.10%
2013	7.00%	10.60%	17.60%
2012	6.50%	9.54%	16.04%

<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>
2014	\$ 2,252,423	\$ 175,927	\$ 284,706	\$ 460,633
2013	2,111,200	147,334	259,678	407,012
2012	2,074,851	134,865	244,065	378,930

<u>Year Ended June 30,</u>	Contribution Rate		
	<u>Employee</u>	<u>Employer</u>	<u>Total</u>
2014	7.84%	12.84%	20.68%
2013	7.00%	12.30%	19.30%
2012	6.50%	11.76%	18.26%

NOTE 8 COMPONENTS of RESTRICTED ASSETS

General Fund

Restricted Assets at June 30, 2014, were as follows:

Cash	Local Option Sales Tax
	<u>\$ 506,708</u>

NOTE 8 COMPONENTS of RESTRICTED ASSETS (Continued)

Proprietary Fund

Restricted Assets at June 30, 2014 were as follows:

	Revenue Bond Sinking and Revenue Fund	Customer Deposits	Total
Cash and Certificates of Deposits	\$ -	\$ 648,892	\$ 648,892
U.S. Government Securities	990,707	-	990,707
Total	<u>\$ 990,707</u>	<u>\$ 648,892</u>	<u>\$ 1,639,599</u>

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 except for the SRF loan. At June 30, 2014, the sinking fund balance is being funded to satisfy such bond ordinance requirements

NOTE 9 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 2014 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 2,366,000	\$ -
Special Revenue	-	555,678
Capital Project	-	300,000
Utility Fund	555,678	2,066,000
Totals	<u>\$ 2,921,678</u>	<u>\$ 2,921,678</u>

NOTE 10 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, 2014 were \$914,401 and \$791,692 was capitalized.

NOTE 11 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.

#### NOTE 11 COMMITMENTS and CONTINGENCIES (Continued)

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 12 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 13 EXCESS of EXPENDITURES over APPROPRIATIONS

The expenditures for the general fund of \$9,279,891 exceeded appropriations of \$8,660,400 by \$619,491 for the year ended June 30, 2014. This is due to expenditures for capital outlay and grants, which are typically not included in the budget. For the year ended June 30, 2014, revenue for the general fund, including capital financing, of \$6,758,606 exceeded the budget of \$6,594,400 by \$164,206.

#### NOTE 14 PRIOR PERIOD ADJUSTMENT

Because of the implementation of GASB 65, Items Previously Reported as Assets and Liabilities, the City reclassified Bond Issuance Costs (an asset) totaling \$256,459 to the prior period as an expense.

#### NOTE 15 SUBSEQUENT EVENTS

The City evaluated all events or transactions that occurred after June 30, 2014, 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, 2014, 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 – GENERAL FUND  
For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 2,499,000	\$ 2,499,000	\$ 2,359,210	\$ (139,790)
Licenses and Permits	1,833,600	1,833,600	1,769,698	(63,902)
Intergovernmental Revenues	353,500	353,500	678,326	324,826
Charge for Services	1,565,000	1,565,000	1,560,537	(4,463)
Fines and Forfeits	220,000	220,000	233,582	13,582
Miscellaneous	123,300	123,300	157,253	33,953
Total Revenues	<u>6,594,400</u>	<u>6,594,400</u>	<u>6,758,606</u>	<u>164,206</u>
<b>EXPENDITURES</b>				
General Government	2,153,445	2,153,445	2,034,437	119,008
Public Safety	3,804,536	3,804,536	4,229,942	(425,406)
Highways and Streets	787,253	787,253	988,754	(201,501)
Sanitation	1,094,191	1,094,191	1,216,215	(122,024)
Culture and Recreation	245,679	245,679	240,887	4,792
Non-Departmental	575,296	575,296	569,656	5,640
Total Expenditures	<u>8,660,400</u>	<u>8,660,400</u>	<u>9,279,891</u>	<u>(619,491)</u>
<b>EXCESS (DEFICIENCY) of REVENUES OVER EXPENDITURES</b>	<u>(2,066,000)</u>	<u>(2,066,000)</u>	<u>(2,521,285)</u>	<u>(455,285)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	2,066,000	2,066,000	2,366,000	300,000
Total Other Financing Sources (Uses)	<u>2,066,000</u>	<u>2,066,000</u>	<u>2,366,000</u>	<u>300,000</u>
<b>EXCESS (DEFICIENCY) of REVENUES and OTHER SOURCES OVER EXPENDITURES and OTHER USES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(155,285)</u>	<u>\$ (155,285)</u>
<b>FUND BALANCE, Beginning of Year</b>			<u>4,078,725</u>	
<b>FUND BALANCE, End of Year</b>			<u>\$ 3,923,440</u>	

CITY of CAMDEN, SOUTH CAROLINA  
LOCAL TAX FUND

STATEMENT of REVENUES, EXPENDITURES and CHANGES in  
FUND BALANCE - BUDGET (GAAP BASIS) and ACTUAL – LOCAL TAX FUND  
For the Year Ended June 30, 2014

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ 662,000	\$ 662,000	\$ 759,252	\$ 97,252
Licenses and Permits	10,000	10,000	6,000	(4,000)
Intergovernmental Revenues	-	-	41,997	41,997
Miscellaneous	-	-	31,616	31,616
Total Revenues	672,000	672,000	838,865	166,865
<b>EXPENDITURES</b>				
Culture and Recreation	672,000	672,000	519,134	152,866
Total Expenditures	672,000	672,000	519,134	152,866
<b>EXCESS (DEFICIENCY) of REVENUES OVER EXPENDITURES</b>	\$ -	\$ -	319,731	\$ 319,731
FUND BALANCE, Beginning of Year			360,167	
FUND BALANCE, End of Year			\$ 679,898	

CITY of CAMDEN, SOUTH CAROLINA  
Camden, South Carolina

SCHEDULE of FUNDING PROGRESS FOR RETIREE HEALTH PLAN

Year Ended June 30, 2014

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%
July 1, 2012	-	\$ 16,820,000	\$ 16,820,000	0%	\$ 5,976,800	281%

The July 1, 2007 actuarial valuation used the entry age normal cost method. The July 1, 2010 and July 1, 2012 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, 2014

ASSETS and DEFERRED OUTFLOW OF RESOURCES

Assets:

Cash	\$ 577,998
Restricted Cash	506,708
Certificates of Deposit	1,346,355
Investments	3,189,387
Receivables (Net of Allowance for Uncollectibles)	
Taxes	496,542
Miscellaneous	259,255
Inventory	<u>56,942</u>
Total Assets	<u>6,433,187</u>

Deferred Outflow of Resources:

Prepaid Insurance	<u>65,537</u>
Total Deferred Outflow of Resources	<u>65,537</u>
Total Assets and Deferred Outflow of Resources	<u><u>\$ 6,498,724</u></u>

LIABILITIES, DEFERRED INFLOW OF RESOURCES, and FUND BALANCE

Liabilities:

Accounts Payable	\$ 244,322
Accrued Liabilities	<u>301,165</u>
Total Liabilities	<u>545,487</u>

Deferred Inflow of Resources:

Deferred Revenues	
Local Option Sales Tax	506,708
Business Licenses	1,350,930
Franchise Fees	133,928
Other	<u>38,231</u>
Total Deferred Inflow of Resources	<u>2,029,797</u>

Fund Balance

Nonspendable	56,942
Committed	42,901
Assigned	18,774
Unassigned	<u>3,804,823</u>
Total Fund Balance	<u>3,923,440</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balance	<u><u>\$ 6,498,724</u></u>

The Accompanying Notes are an Integral part of These Financial Statements

CITY of CAMDEN, SOUTH CAROLINA  
GENERAL FUND

STATEMENT of REVENUES COMPARED to BUDGET (GAAP BASIS)  
For the Year Ended June 30, 2014

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>LOCAL SOURCES</b>			
Property Taxes	\$ 1,284,000	\$ 1,182,737	\$ (101,263)
Vehicle Taxes	110,000	132,945	22,945
Local Option Sales Tax	1,030,000	964,199	(65,801)
Penalties and Delinquent Taxes	75,000	79,329	4,329
Fines and Forfeitures	220,000	233,582	13,582
Business Licenses	1,609,300	1,577,495	(31,805)
Franchise Fees	224,300	192,203	(32,097)
Fire Service	470,000	448,105	(21,895)
Sanitation	1,095,000	1,112,432	17,432
Archives	7,500	4,283	(3,217)
Sale/Use Equipment	3,000	5,083	2,083
Interest	16,000	8,395	(7,605)
Miscellaneous	96,800	139,492	42,692
Sub-Total	<u>6,240,900</u>	<u>6,080,280</u>	<u>(160,620)</u>
<b>STATE and LOCAL GOVERNMENT SOURCES</b>			
Local Government Fund	148,000	148,378	378
Merchant's Inventory Tax	48,000	48,495	495
Grants and Donations	-	121,545	121,545
Accommodations	27,500	27,481	(19)
Kershaw County School Resource Officer	-	188,835	188,835
Kershaw County Road Maintenance Fee	130,000	143,592	13,592
Sub-Total	<u>353,500</u>	<u>678,326</u>	<u>324,826</u>
Total Revenues	<u>\$ 6,594,400</u>	<u>\$ 6,758,606</u>	<u>\$ 164,206</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, 2014

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>GENERAL GOVERNMENT</b>			
Legislature	\$ 132,874	\$ 134,750	\$ (1,876)
Court	137,353	134,824	2,529
Legal	83,620	61,163	22,457
Administration	258,029	257,778	251
Finance	923,770	814,282	109,488
Zoning/Code Enforcement	186,164	200,570	(14,406)
Garage Services	241,957	242,713	(756)
Downtown Development	87,506	85,408	2,098
Planning	102,172	102,949	(777)
Elections	-	-	-
Sub-Total	<u>2,153,445</u>	<u>2,034,437</u>	<u>119,008</u>
<b>PUBLIC SAFETY</b>			
Police Department	2,209,012	2,552,355	(343,343)
Fire Department			
Administration	323,227	314,632	8,595
Fire Fighting	1,272,297	1,362,955	(90,658)
Sub-Total	<u>3,804,536</u>	<u>4,229,942</u>	<u>(425,406)</u>
<b>HIGHWAYS and STREETS</b>			
Streets Maintenance	338,254	553,058	(214,804)
Park Maintenance	448,999	435,696	13,303
Sub-Total	<u>787,253</u>	<u>988,754</u>	<u>(201,501)</u>
<b>SANITATION</b>			
Administration	59,535	52,748	6,787
Trash Collection	1,034,656	1,163,467	(128,811)
Sub-Total	<u>1,094,191</u>	<u>1,216,215</u>	<u>(122,024)</u>
<b>CULTURE and RECREATION</b>			
Community Promotion	40,000	40,000	-
Archives	205,679	200,887	4,792
Sub-Total	<u>245,679</u>	<u>240,887</u>	<u>4,792</u>
<b>NON-DEPARTMENTAL</b>			
Other Non-Departmental	575,296	569,656	5,640
Sub-Total	<u>575,296</u>	<u>569,656</u>	<u>5,640</u>
<b>Totals</b>	<u><u>\$ 8,660,400</u></u>	<u><u>\$ 9,279,891</u></u>	<u><u>\$ (619,491)</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, 2014

	Local Tax Fund	Drug Fund	Police Department Recreation Fund	Fireman's Fund	CDBG Grants	Total
<b>ASSETS</b>						
Cash and Investments	\$ 696,205	\$ 19,412	\$ 9,172	\$ 50,560	\$ 16	\$ 775,365
Accounts Receivable	34,359	-	-	-	-	34,359
Total Assets	<u>\$ 730,564</u>	<u>\$ 19,412</u>	<u>\$ 9,172</u>	<u>\$ 50,560</u>	<u>\$ 16</u>	<u>\$ 809,724</u>
<b>LIABILITIES</b>						
Accounts Payable	\$ 27,079	\$ -	\$ -	\$ -	\$ -	\$ 27,079
Accrued Salaries	2,542	-	-	-	-	2,542
Total Liabilities	<u>29,621</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,621</u>
<b>DEFERRED INFLOW OF RESOURCES</b>						
Deferred Revenue	21,045	-	-	-	-	21,045
Total Deferred Inflow of Resources	<u>21,045</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,045</u>
<b>FUND BALANCES</b>						
Restricted	-	19,412	-	50,560	16	69,988
Committed	679,898	-	-	-	-	679,898
Assigned	-	-	9,172	-	-	9,172
Total Fund Balances	<u>679,898</u>	<u>19,412</u>	<u>9,172</u>	<u>50,560</u>	<u>16</u>	<u>759,058</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	<u>\$ 730,564</u>	<u>\$ 19,412</u>	<u>\$ 9,172</u>	<u>\$ 50,560</u>	<u>\$ 16</u>	<u>\$ 809,724</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, 2014

	Local Tax Fund	Drug Fund	Police Department Recreation Fund	Fireman's Fund	CDBG Grants	Victim's Assistance	Total
<b>REVENUES</b>							
Federal	\$ -	\$ -	\$ -	\$ -	\$ 401,234	\$ -	\$ 401,234
State	-	8,258	-	40,647	-	-	48,905
Local	838,865	-	-	-	30,939	-	869,804
Interest	-	12	16	222	-	-	250
Miscellaneous	-	-	23,471	19,223	-	18,446	61,140
Total Revenues	<u>838,865</u>	<u>8,270</u>	<u>23,487</u>	<u>60,092</u>	<u>432,173</u>	<u>18,446</u>	<u>1,381,333</u>
<b>EXPENDITURES</b>							
Public Safety	-	11,252	-	-	-	18,446	29,698
Culture and Recreation	519,134	-	-	-	-	-	519,134
Non-Departmental	-	-	23,231	77,141	-	-	100,372
Total Expenditures	<u>519,134</u>	<u>11,252</u>	<u>23,231</u>	<u>77,141</u>	<u>-</u>	<u>18,446</u>	<u>649,204</u>
<b>EXCESS (DEFICIENCY) of REVENUES over EXPENDITURES</b>	<u>319,731</u>	<u>(2,982)</u>	<u>256</u>	<u>(17,049)</u>	<u>432,173</u>	<u>-</u>	<u>732,129</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfer Out	-	-	-	-	(555,678)	-	(555,678)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(555,678)</u>	<u>-</u>	<u>(555,678)</u>
<b>FUND BALANCE, Beginning of Year</b>	<u>360,167</u>	<u>22,394</u>	<u>8,916</u>	<u>67,609</u>	<u>123,521</u>	<u>-</u>	<u>582,607</u>
<b>FUND BALANCE, End of Year</b>	<u>\$ 679,898</u>	<u>\$ 19,412</u>	<u>\$ 9,172</u>	<u>\$ 50,560</u>	<u>\$ 16</u>	<u>\$ -</u>	<u>\$ 759,058</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, 2014

COURT FINES	
Court Fines Collected	\$ 92,703
Court Fines Retained by City	<u>(92,703)</u>
Court Fines Remitted to the State Treasurer	<u>\$ -</u>
COURT ASSESSMENTS	
Court Assessments and Surcharges Collected	\$ 159,325
Court Assessments and Surcharges Retained by City	<u>(18,446)</u>
Court Assessments Remitted to the State Treasurer	<u>\$ 140,879</u>
VICTIMS SERVICES	
Court Assessments and Surcharges Allocated to Victim Services	<u>\$ 18,446</u>
Funds Allocated to Victim Services	
Victim Services Expenditures	<u>18,446</u>
Funds Available for Carry-forward	-
Funds Unused for Prior Year	<u>-</u>
Total	<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, 2014

ASSETS

Cash and Cash Equivalents	<u>\$ 604,205</u>
Total Assets	<u><u>\$ 604,205</u></u>

LIABILITIES

Accounts Payable	<u>\$ 144,720</u>
Total Liabilities	<u>144,720</u>

DEFERRED INFLOW OF RESOURCES

Deferred Revenue	<u>7,710</u>
Total Deferred Inflow of Resources	<u>7,710</u>

FUND BALANCE

Committed For:	
Roads	301,704
Project Improvement	<u>150,071</u>
Total Fund Balance	<u>451,775</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balance	<u><u>\$ 604,205</u></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, 2014

	<u>Road Fund</u>	<u>Project Improvement Fund</u>	<u>Total Capital Projects</u>
<b>REVENUES</b>			
Road Revenue	\$ 354,511	\$ -	\$ 354,511
Capital Revenue	-	271,097	271,097
Total Revenues	<u>354,511</u>	<u>271,097</u>	<u>625,608</u>
<b>EXPENDITURES</b>			
Highways and Streets	601,025	-	601,025
Non-Departmental	-	368,840	368,840
Total Expenditures	<u>601,025</u>	<u>368,840</u>	<u>969,865</u>
Excess (Deficiency) of Revenues Over Expenditures	(246,514)	(97,743)	(344,257)
<b>OTHER FINANCING SOURCES (USES)</b>			
Capital Financing	-	300,000	300,000
Transfer Out	-	(300,000)	(300,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Beginning of Year	<u>548,219</u>	<u>247,813</u>	<u>796,032</u>
FUND BALANCE, End of Year	<u><u>\$ 301,705</u></u>	<u><u>\$ 150,070</u></u>	<u><u>\$ 451,775</u></u>

## PROPRIETARY FUNDS

CITY of CAMDEN, SOUTH CAROLINA  
STATEMENT of NET POSITION  
June 30, 2014

ASSETS	
CURRENT ASSETS	
Cash	\$ 5,285,642
Certificates of Deposit	639,840
Investments	2,716,718
Water and Lights Accounts Receivable, Net	2,371,353
Miscellaneous Receivables	936,513
Inventories	989,636
Total Current Assets	<u>12,939,702</u>
NON-CURRENT ASSETS	
RESTRICTED ASSETS	
Certificates of Deposit - Customer Deposits	648,892
Investments - Reserve Bond Funds	990,707
Total Restricted Assets	<u>1,639,599</u>
CAPITAL ASSETS	
Construction in Process	36,726,840
Buildings and Land	498,477
Furniture, Fixtures and Equipment	2,794,095
Electric System	38,344,826
Water System	28,579,966
Sewer and Wastewater System	24,651,926
Sub-Total	<u>131,596,130</u>
Less Accumulated Depreciation	<u>(39,728,367)</u>
Total Capital Assets	<u>91,867,763</u>
Total Non-Current Assets	<u>93,507,362</u>
Total Assets	<u>106,447,064</u>
DEFERRED OUTFLOW OF RESOURCES	
Deferred Charges	1,249,184
Total Deferred Outflow of Resources	<u>1,249,184</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	3,253,291
Other Current Liabilities	83,626
Bonds Payable, Current	3,290,084
Total Current Liabilities	<u>6,627,001</u>
NON-CURRENT LIABILITIES	
Accrued Vacation Pay	79,717
OPEB Obligation	432,187
Payable from Restricted Assets	
Customer Deposits	628,879
Accrued Interest Payable	254,136
Bonds Payable, Non-Current	49,237,180
Total Non-Current Liabilities	<u>50,632,099</u>
Total Liabilities	<u>57,259,100</u>
DEFERRED INFLOW OF RESOURCES	
Deferred Revenue	81,575
Deferred Gain on Bond Refunding	282,868
Total Deferred Inflow of Resources	<u>364,443</u>
NET POSITION	
Net Investment in Capital Assets	40,306,815
Restricted for Debt Service	990,707
Unrestricted	8,775,183
Total Net Position	<u>\$ 50,072,705</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 POSITION -BUDGET and ACTUAL (BUDGETARY BASIS)  
For the Year Ended June 30, 2014

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>OPERATING REVENUES</b>			
Electric Division	\$ 20,246,000	\$ 20,342,895	\$ 96,895
Less: Direct Cost	<u>18,221,582</u>	<u>17,713,284</u>	<u>508,298</u>
Income from Electric Division	<u>2,024,418</u>	<u>2,629,611</u>	<u>605,193</u>
 Water Division	 4,230,000	 4,060,391	 (169,609)
Less: Direct Cost	<u>2,617,262</u>	<u>2,652,334</u>	<u>(35,072)</u>
Income from Water Division	<u>1,612,738</u>	<u>1,408,057</u>	<u>(204,681)</u>
 Sewer Division	 2,419,000	 2,458,961	 39,961
Less: Direct Cost	<u>2,017,856</u>	<u>1,689,090</u>	<u>328,766</u>
Income from Sewer Division	<u>401,144</u>	<u>769,871</u>	<u>368,727</u>
 Operating Income	 <u>4,038,300</u>	 <u>4,807,539</u>	 <u>769,239</u>
 <b>NON-OPERATING REVENUE (EXPENSE)</b>			
Interest Income	20,000	6,001	(13,999)
Interest Expense	(2,502,300)	(914,401)	1,587,899
Other Revenue (Expenses)	<u>510,000</u>	<u>570,822</u>	<u>60,822</u>
Total Non-Operating Revenues (Expense)	<u>(1,972,300)</u>	<u>(337,578)</u>	<u>1,634,722</u>
Income (Loss) before Contributions and Transfers	<u>2,066,000</u>	<u>4,469,961</u>	<u>2,403,961</u>
 Transfers In	 -	 555,678	 -
Transfers Out	<u>(2,066,000)</u>	<u>(2,066,000)</u>	<u>-</u>
Net Transfers	<u>(2,066,000)</u>	<u>(1,510,322)</u>	<u>-</u>
 Change in Net Position	 <u>\$ -</u>	 <u>2,959,639</u>	 <u>\$ 2,403,961</u>
 NET POSITION, Beginning of Year		<u>47,369,525</u>	
Prior Period Adjustment, See Note 14		<u>(256,459)</u>	
NET POSITION, End of Year		<u>\$ 50,072,705</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, 2014

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Reconnections/Penalties	\$ 320,000	\$ 389,168	\$ 69,168
Setoff Debt Collections	6,500	5,228	(1,272)
Pole Rental	70,000	70,999	999
Handling and Return Fees	8,000	7,150	(850)
Use of Labor and Equipment	10,000	260	(9,740)
Miscellaneous	35,500	46,267	10,767
Septic Tank Hauler Fees	60,000	51,750	(8,250)
Total	<u>\$ 510,000</u>	<u>\$ 570,822</u>	<u>\$ 60,822</u>

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the City Council  
City of Camden  
Camden, South Carolina

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Camden, South Carolina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise City of Camden, South Carolina's basic financial statements, and have issued our report thereon dated November 12, 2014.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Camden, South Carolina's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Camden, South Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Camden, South Carolina's internal control.

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

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

### **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Cantey, Tiller, Pierce & Green, LLP*

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

November 12, 2014



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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

### **Report on Compliance for Each Major Federal Program**

We have audited City of Camden, South Carolina's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Camden, South Carolina's major federal programs for the year ended June 30, 2014. 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.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of City of Camden, South Carolina's major federal programs based on our audit of the types of compliance requirements referred to above. 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of City of Camden, South Carolina's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, City of Camden, South Carolina, complied, in all material respects, with the types of 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, 2014.

## Report on Internal Control Over Compliance

Management of City of Camden, South Carolina, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Camden, South Carolina's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 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 will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Cantey, Tiller, Pierce & Green, LLP*

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

November 12, 2014

CITY of CAMDEN, SOUTH CAROLINA  
PROPRIETARY FUNDS

SCHEDULE of EXPENDITURES of FEDERAL AWARDS  
For the Year Ended June 30, 2014

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Homeland Security			
Staffing for Adequate Fire and Emergency Assistance to Firefighters	97.083 97.044		\$ 29,227 58,900
U. S. Department of Housing and Urban Development			
Community Development Block Grant	14.228		401,234
U.S. Environmental Protection Agency			
Capitalization Grants for Clean Water State Revolving Fund	66.458	1-145-11-433-01	5,191,688
			<u>\$ 5,681,049</u>

Note A, Basis of Presentation – 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, 2014. 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 position, or cash flows of the City of Camden, South Carolina.

Note B, Summary of Significant Accounting Policies – Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-187, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C, Loan Proceeds – 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, 2014 was \$4,134,227, which includes state matching funds of seventeen percent.

CITY of CAMDEN, SOUTH CAROLINA  
SCHEDULE of FINDINGS and QUESTIONED COSTS  
Year Ended June 30, 2014

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 program tested was:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
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  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.

CITY of CAMDEN, SOUTH CAROLINA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
June 30, 2014

**FINANCIAL STATEMENT REVIEW**

No findings reported in the prior year.

**COMPLIANCE REVIEW**

No findings reported in the prior year.