

CITY of CAMDEN  
Camden, South Carolina

FINANCIAL STATEMENTS and  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2016

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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 the City of Camden, South Carolina, as of and for the year ended June 30, 2016, 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. 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, 2016, 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 other required information noted in the table of contents on pages 3 – 10 and 43 – 47 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 combining and individual nonmajor fund financial statements and statement of fines and assessments are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the statement of fines and assessments 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 nonmajor fund financial statements and the statement of fines and assessments are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Cantey, Tiller, Pierce & Green, LLP*

Cantey, Tiller, Pierce & Green, LLP

Camden, South Carolina  
October 19, 2016

**CITY OF CAMDEN, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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, 2016. **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 in 2014, 2015 and 2016 has continued to be flat in a recessed general economy, however, the City saw the opening of several new retail outlets and restaurants in 2016. 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 2016, the local option sales tax credit reduced the primary residential property tax by approximately 62%. In 2016, the City completed the renovation and landscaping of City Arena. This location has become a venue for various events including weddings, festivals and exhibitions. It is expected to continue to grow as a popular location for these and other types of events. Wayfinding signage began in fiscal year 2016 with the installation of several brick gateway signs at the beginning of Camden city limits. Completion is expected of this project during 2017. The City of Camden also received ownership of several pieces of property including the lots known as Hazelwood Cleaners and Blessing Beauty Shop. Demolition of these buildings are expected to be completed in the first half of the 2017 fiscal year allowing for the completion of a parking area and green space connecting DeKalb Street to the Town Green.

In 2009, the City enacted a hospitality tax in order to enhance tourism, recreational and cultural activities. The tax is applied to the sale of prepared food and beverage. Collections began on December 1, 2009 and planned projects to promote tourism related activity are 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 five year re-appraisal will occur again during the 2021 year and will affect the taxes collected for the fiscal year ending in June of 2021. The estimated appraisal values have changed over the past five years as follows:

2012	\$633,400,000
2013	\$633,400,000
2014	\$637,072,000
2015	\$651,358,000
2016	\$697,903,998

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 2014 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 37%. The retail rate charged to City customers since 2009 has increased by 28%. Electric projects during 2016 included the completion of the electric distribution enhancements at Exit 101 and also the beginning of underground electric utilities to the areas of Lyttleton, Mill, and Fair Streets, and the installation of underground electric lines to the area known as the Kendall Mill Village and surrounding areas. These projects were funded by the issue of two (2) Combined Public Utility Bonds, Series 2015 in the amount of \$6,000,000 and Series 2016 in the amount of \$7,080,000. Both Bond Series are for a 15 year term at 2.4%. The debt service for the 2015 Series began in June 2016, and the debt service for the 2016 Series will begin in June 2017. Purchases of equipment included two (2) new electric line trucks and the purchase of a new electric digger truck.

During 2016, the City completed several water line and sewer line rehabilitation projects. This included the upgrade completion of the Haier lift station and the Beaufort Road lift station. Work began on the rehab and renovation in 2016 of the area known as the Kendall Mill Village and surrounding areas, the continuation of the SCDOT bypass project, as well as the purchase of a backhoe, a service truck and utility vehicle. 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 was completed in June 2015. The total estimated project cost for the construction and lagoon closure was \$36,500,000 with the final project cost coming in at \$1,700,000 below budget. 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. The debt service for this loan began September 2014.

In January 2013, City Council appointed Mr. Mel Pearson as 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 11 and 12 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 13 through 16 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 17 through 19 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 19.

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

### **Fund Financial Statements**

**Governmental funds:** Most of the City's basic services are reported in the governmental fund statements, which focus on how money flows in and out of the governmental fund. The financial plan or budget is typically developed on the basis of sources and uses of liquid resources. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. The supplemental governmental fund financial statements on pages 48, 49 and 50 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 19 and a supplemental statement of revenues and expenses on page 59 of the audited financial statements. Page 59 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 \$53,114,836 at the end of fiscal year 2015 to \$57,276,750 at year-end 2016. This \$4,161,914 or 7.9% increase 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. Please see the audited statements for further information. The following discussion and analysis illustrates the increase in the long term liability in the government fund and the proprietary fund.

#### NET POSITION as of 6/30/16

	Governmental Activities		Proprietary Fund Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 7,878,585	\$ 9,437,053	\$ 11,153,766	\$ 10,675,863	\$ 19,032,351	\$ 20,112,916
Receivables	686,650	518,411	2,605,625	2,739,707	3,292,275	3,258,118
Non-Current assets	821,396	655,504	14,844,649	1,663,913	15,666,045	2,319,417
Other assets	48,766	60,369	994,070	999,792	1,042,836	1,060,161
Capital assets	12,885,165	11,112,583	90,388,966	90,353,191	103,274,131	101,465,774
Assets	22,320,562	21,783,920	119,987,076	106,432,466	142,307,638	128,216,386
Deferred Outflow	873,546	735,515	1,371,526	1,431,514	2,245,072	2,167,029
Total assets/outflow	\$ 23,194,108	\$ 22,519,435	\$ 121,358,602	\$ 107,863,980	\$ 144,552,710	\$ 130,383,415
Current liabilities	\$ 1,050,719	\$ 1,118,354	\$ 7,234,199	\$ 6,992,027	\$ 8,284,918	\$ 8,110,381
Long term liabilities	15,064,526	13,657,183	61,298,143	52,118,912	76,362,669	65,776,095
Liabilities	16,115,245	14,775,537	68,532,342	59,110,939	84,647,587	73,886,476
Deferred Inflow	2,259,513	2,704,497	368,860	677,606	2,628,373	3,382,103
Total liabilities/inflow	\$ 18,374,758	\$ 17,480,034	\$ 68,901,202	\$ 59,788,545	\$ 87,275,960	\$ 77,268,579
Net position:						
Investment in capital assets	\$ 7,950,387	\$ 6,324,192	\$ 30,899,929	\$ 40,439,952	\$ 38,850,316	\$ 46,764,144
Restricted for debt service	339,540	272,302	14,192,164	1,013,581	14,531,704	1,285,883
Restricted for special purposes	86,274	77,552	-	-	86,274	77,552
Unrestricted	(3,556,851)	(1,634,645)	7,365,307	6,621,902	3,808,456	4,987,257
Total net position	\$ 4,819,350	\$ 5,039,401	\$ 52,457,400	\$ 48,075,435	\$ 57,276,750	\$ 53,114,836

### Governmental Fund Budgetary Highlights

The General Fund budget for the fiscal year 2016 was \$9,174,711. This was an increase of \$222,544 from the previous year. During the year, certain variances developed as follows: Property tax collections were \$15,933 less than budgeted. Business licenses fees were \$12,952 less than budgeted. Franchise fees were \$42,893 more than budget. Grants in the amount of \$131,666 were received from Federal, State and local agencies. The total expenditures, including all account variances, were \$528,948 more than the cash-operating budget which includes the purchase of Five (5) Police Units and a Sanitation Unit. The expense overage was partially offset by a total revenue gain of \$451,018. Revenue gains include grant money to cover expenditures, FEMA reimbursements for the October 2016 flooding, insurance reimbursements and other small variances from budget.

### Discussion of Changes in Governmental Fund Net Position

The net position of the City governmental fund decreased by \$220,051 to a balance of \$4,819,350 in 2016 from \$5,039,401 in 2015. The \$220,051 decrease is the result of the following:

The fund balance decrease of \$220,051 is a net result of the reporting requirements of GASB 45 and GASB 68 for fiscal year 2016 along with capital financing in the amount of \$737,000 and expenditures for the completion of City Arena. The GASB 45 and GASB 68 requirement can be analyzed in greater detail upon review of the Note 6 beginning on page 33 and the Statements of Revenues, Expenditures and Changes in Fund Balance on page 15, 16, 49 and 50 of the audited financial statements.

The City's capital outlay in 2016 was \$2,651,942 and recorded \$589,804 as depreciation expense and \$289,556 in disposals. The difference is an increase to net position in the amount of \$1,772,582. The primary additions to capital assets were police vehicles purchases in the amount of \$130,000, the award of a police unit as a result of a grant, the purchase of a Sanitation Unit in the amount of \$240,000, the purchase of property known as Hazelwood Cleaners and Blessing Beauty Shop in the amount of \$117,267, the completion of City Arena renovations in the amount of \$2,199,701 and the Wayfinding Signage improvements to date in the amount of \$105,000.



The purchase of Five (5) Police Units in the amount of \$130,000, Two (2) Sanitation Units in the amount of \$372,000 and the purchase of One Fire Unit in the amount of \$235,000 resulted in an increase in debt of \$737,000.

The net amount in compensated absences decreased by \$15,214 from \$177,521 to \$162,307. This change increased net position by \$15,214. Also, the increase in OPEB liability reduced the net position in the amount of \$325,503 as well as the current year increase of GASB 68 of \$131,697.

**Summary:**

	<b>Contribution to Net Position</b>	
	2016	2015
Fund Balance Improvement	\$ (1,404,260)	\$ 3,031,990
Net Capital Asset Investment	1,772,582	1,563,745
Net Increase in Debt	(146,387)	(3,852,195)
OPEB Obligations (GASB 45)	(325,503)	(290,581)
GASB 68 Implementation	(131,697)	(35,384)
Decrease/ (Increase) in Compensated Absences	15,214	(4,329)
Net Change	<u>\$ (220,051)</u>	<u>\$ 413,246</u>

**Discussion of Changes in Proprietary Fund Net Position**

The net position of the City proprietary fund increased by 9.2%, from \$48,075,435 in 2015 to \$52,457,400 in 2016. This can be analyzed in greater detail on the Statements of Revenues, Expenditures and Changes in Net Position on page 18, 59 and 60 of the audited financial statements.

A \$6,301,257 contribution to operating income was recorded by the electric division. This gain was \$1,682,589 more than the business plan had anticipated. Electric revenues were less than budget by \$1,093,743. Operating costs of the electric division were \$2,776,332 less than budgeted. The capital expenditures in the amount of \$1,514,646, asset disposal in the amount of \$10,955 and depreciation in the amount of \$1,226,840 resulted in a net asset gain of \$276,851. Purchased power was \$2,482,309 less than budget and other operating and maintenance costs were \$294,023 less than the budgeted amount.

A \$1,475,123 contribution to operating income was recorded by the water division. This was \$259,468 less than budgeted. The water division revenues were less than budget by \$76,678. Capital expenditures in the amount of \$5,778 and depreciation in the amount of \$825,864 resulted in a net increase of direct cost in the amount of \$820,086.

A (\$785,690) contribution to operating income was recorded by the sewer division. This was \$1,433,305 less than budgeted. Sewer division revenue was less than budget by \$58,447. Capital expenditures in the amount of \$329,739 and depreciation in the amount of \$1,824,651 resulted in a net increase of direct cost in the amount of \$1,494,912.

Other operating income totaled \$767,736. This was \$194,736 greater than the budgeted plan. The primary reason for higher other operating income was due to the collection of utility nonpayment penalties, insurance reimbursements, FEMA reimbursements, use of labor and equipment and septic haulers. The penalties totaled \$36,169 more than budget, and miscellaneous income was \$162,061 more than budget.

The combined non-operating revenue and expense effect was a net \$542,725 reduction to income. The largest impact on non-operating expense was the \$1,319,587 interest expense from debt service. The interest expense was reduced by the combined effect of \$20,083 interest income earned on investments and \$767,736 in 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	
	2016	2015
Electric Department	\$ 6,301,257	\$ 4,790,016
Water Department	1,475,123	1,488,705
Sewer Department	(785,690)	(587,848)
Other Operating Income	787,819	607,192
Non-operating Rev. (Exp.)	(1,330,544)	(2,273,366)
Transfers In	-	-
Transfers Out	(2,066,000)	(2,066,000)
Net Change	<u>\$ 4,381,965</u>	<u>\$ 1,958,699</u>

**City-wide Summary:**

	Change in Net Position \$	
	2016	2015
Governmental Fund	\$ (220,051)	\$ 413,246
Proprietary Fund	\$ 4,381,965	\$ 1,958,699
Total City of Camden	\$ 4,161,914	\$ 2,371,945

**Summary of Revenues and Expenses  
Changes in Net Position as of 06/30/16**

	Governmental Activity		Proprietary Activity		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues:</b>						
Taxes	\$ 4,493,488	\$ 4,153,040	\$ -	\$ -	\$ 4,493,488	\$ 4,153,040
Licenses and Permits	1,863,541	1,914,771	-	-	1,863,541	1,914,771
Intergovernmental	783,723	1,075,367	-	-	783,723	1,075,367
Charge for Services	1,734,360	1,639,350	-	-	1,734,360	1,639,350
Fines	208,211	272,570	-	-	208,211	272,570
Miscellaneous	601,414	222,846	-	-	601,414	222,846
Electric Revenue	-	-	22,249,603	22,493,739	22,249,603	22,493,739
Water Revenue	-	-	4,218,322	4,197,814	4,218,322	4,197,814
Sewer Revenue	-	-	2,483,053	2,533,741	2,483,053	2,533,741
Other Operating	-	-	767,736	598,611	767,736	598,611
Interest Income	-	-	20,083	8,581	20,083	8,581
<b>Total Revenue</b>	<b>9,684,737</b>	<b>9,277,944</b>	<b>29,738,797</b>	<b>29,832,486</b>	<b>39,423,534</b>	<b>39,110,430</b>
<b>Expenses:</b>						
General Government	2,004,288	2,092,838	-	-	2,004,288	2,092,838
Public Safety	4,676,768	4,390,635	-	-	4,676,768	4,390,635
Highways and Streets	862,530	1,448,998	-	-	862,530	1,448,998
Sanitation	1,478,392	1,066,093	-	-	1,478,392	1,066,093
Culture and Recreation	3,792,702	2,611,908	-	-	3,792,702	2,611,908
Non-Departmental	1,077,317	1,054,482	-	-	1,077,317	1,054,482
Electric Cost	-	-	15,948,346	17,703,723	15,948,346	17,703,723
Water Cost	-	-	2,743,199	2,709,109	2,743,199	2,709,109
Sewer Cost	-	-	3,268,743	3,121,589	3,268,743	3,121,589
Loss on Disposal of Assets	-	-	10,957	985,139	10,957	985,139
Interest Expense	-	-	1,319,587	1,288,227	1,319,587	1,288,227
<b>Total Expense</b>	<b>13,891,997</b>	<b>12,664,954</b>	<b>23,290,832</b>	<b>25,807,787</b>	<b>37,182,829</b>	<b>38,472,741</b>
Income before Transfers	(4,207,260)	(3,387,010)	6,447,965	4,024,699	2,240,705	637,689
Transfers In/ (Out)	2,066,000	2,066,000	(2,066,000)	(2,066,000)	-	-
Fund Bal Changes pg 14	1,184,209	(2,618,744)	-	-	1,184,209	(2,618,744)
Capital Financing	737,000	4,353,000	-	-	737,000	4,353,000
Change in Net Position	(220,051)	413,246	4,381,965	1,958,699	4,161,914	2,371,945
Beginning Net Position	5,039,401	11,872,069	48,075,435	50,072,705	53,114,836	61,944,774
Prior Period Adjustment	-	(7,245,914)	-	(3,955,969)	-	(11,201,883)
Ending Net Position	<u>\$ 4,819,350</u>	<u>\$ 5,039,401</u>	<u>\$ 52,457,400</u>	<u>\$ 48,075,435</u>	<u>\$ 57,276,750</u>	<u>\$ 53,114,836</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 \$448,198 as of June 30, 2016. Additionally, the utility fund customer deposits are maintained as a restricted reserve. This amount was \$652,485 as of June 30, 2016. 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, 2016, the road paving reserve balance was \$397,853. City Council also restricted funds for capital projects. The capital projects fund balance was \$278,379 as of June 30, 2016. 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). In September 2015 the property known as Pine Tree Hill School was sold to Kershaw Health \$266,720. This was placed back into the restricted account and resulted in a balance of \$270,281 in the restricted watershed property account at June 2016.

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 \$1,176,792 as of June 30, 2016. This balance is a result of the H-Tax bond issue in the amount of \$3,473,000 with the balance of this bond amount being \$815,522 at June 30, 2016. 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 \$481,856 as of June 30, 2016.

## Capital Assets

### Summary of Capital Assets

As of 06/30/16

(Net of Depreciation)

	Governmental Activity		Proprietary Activity		Total	
	2016	2015	2016	2015	2016	2015
Land and Improvements	\$ 2,193,925	\$ 2,311,298	\$ 501,917	\$ 372,986	\$ 2,695,842	\$ 2,684,284
Buildings and Improvements	5,399,631	3,341,972	111,313	117,987	5,510,944	3,459,959
Equipment	155,337	245,348	-	-	155,337	245,348
Streets, Sidewalks, Etc.	4,418,923	4,421,207	-	-	4,418,923	4,421,207
Automotive Equipment	710,388	620,145	981,100	397,689	1,691,488	1,017,834
Electric System	-	-	21,307,534	21,567,904	21,307,534	21,567,904
Water System	-	-	15,724,156	16,527,358	15,724,156	16,527,358
Sewer System	-	-	12,780,058	13,034,622	12,780,058	13,034,622
Electric Instruments	-	-	331,384	351,680	331,384	351,680
Water Instruments	-	-	82,664	99,549	82,664	99,549
Sewer Instruments	-	-	82,730	12,840	82,730	12,840
Office Machines	-	-	20,631	37,573	20,631	37,573
Wastewater Treatment Plant	-	-	36,253,300	37,563,537	36,253,300	37,563,537
Total	12,878,204	10,939,970	88,176,787	90,083,725	101,054,991	101,023,695
Construction in Progress	6,961	172,613	2,212,178	269,466	2,219,139	442,079
Total	\$ 12,885,165	\$ 11,112,583	\$ 90,388,965	\$ 90,353,191	\$ 103,274,130	\$ 101,465,774

Please refer to page 28 Note 3 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 \$1,384,181 as of June 30, 2016. Other general fund liquid investments totaled \$5,317,457 at year-end. As of June 30, 2016, the general fund unrestricted operating cash amount was \$3,648,995. The excess unrestricted cash excludes the deferred revenue already received for the upcoming fiscal year. Based on cash needs for the fiscal year 2016/2017 this balance will support the City for 141 days. The proprietary fund operating cash balance was \$11,153,766 or 129 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. Although we show small increases in City wide net assets for the current year activities we continue to reflect a strong financial position net of debt for future capital expenditures and street paving. Restricted funds totaling \$14,192,164 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, 2016, the governmental fund had a \$1,149,779 balance of capital lease debt. A lease balance of \$98,467 is obligated for one remaining year to purchase a fire truck. A lease balance of \$253,903 is obligated for five more years for the purchase of an additional fire truck. A lease balance in the amount of \$60,408 is obligated for one more year for the purchase of police vehicles and a street truck. A lease balance of \$130,000 is obligated for three more years for the purchase of police units. A lease balance of \$132,000 is obligated for four years for the purchase of a sanitation truck. A lease balance of \$475,000 is obligated for 10 years for the purchase of a sanitation truck and a fire truck. The balance of governmental capital lease debt consists of fixed installment payments within three-year or five-year terms. The annual amount of principal to be paid for all general fund debt is \$326,737 for fiscal year 2017.

### **Proprietary Fund Long Term Debt**

The proprietary fund currently has a balance, as of June 30, 2016, of \$60,226,564 committed to long term debt. This debt is comprised of eight 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 2014A Bond. The advance refunding extinguished \$3,695,000 of the 2004 Bond.

The debt balance for the construction of a new wastewater treatment plant was \$31,509,884 at June 30, 2016. 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 2016. The debt amount for the upgrades and rehabilitation of several electric projects in 2015/2016 was \$13,080,000 with an interest rate of 2.4% with a 15 year term.

The amount needed to service the combined utility system debt annually for the next five years is approximately \$5,300,000. While the debt coverage ratio for the proprietary fund has been steady for the past four years (see the following chart) this is expected to decrease with the addition of new debt issues.

**Long Term Debt Service Coverage  
Proprietary Fund**

	2013	2014	2015	2016
Net Income	\$ 5,815,723	\$ 4,469,961	\$ 4,024,699	\$ 6,447,965
Depreciation	2,500,812	2,553,690	3,805,090	3,877,356
Loss on Disposal of Capital Assets	-	-	985,139	10,957
Interest Expense on Bonds	850,353	914,401	1,288,227	1,319,587
Net Available for Debt From Operations	9,166,888	7,938,052	10,103,155	11,655,865
Transfers	(2,066,000)	(1,510,322)	(2,066,000)	(2,066,000)
Net Available After Transfers	<u>\$ 7,100,888</u>	<u>\$ 6,427,730</u>	<u>\$ 8,037,155</u>	<u>\$ 9,589,865</u>
 Total Debt Service Requirement	 <u>\$ 2,941,958</u>	 <u>\$ 4,536,964</u>	 <u>\$ 4,298,234</u>	 <u>\$ 5,439,475</u>
 Coverage Ratio	 2.41	 1.42	 1.87	 1.76

**Summary of Outstanding Debt**

	Governmental Activity		Proprietary Activity		Total City	
	2016	2015	2016	2015	2016	2015
Bond Obligations	\$ 3,785,000	\$ 4,073,000	\$ 60,226,564	\$ 50,735,983	\$ 64,011,564	\$ 54,808,983
Short Term Obligations	1,149,778	715,391	-	-	1,149,778	715,391
 Total	 <u>\$ 4,934,778</u>	 <u>\$ 4,788,391</u>	 <u>\$ 60,226,564</u>	 <u>\$ 50,735,983</u>	 <u>\$ 65,161,342</u>	 <u>\$ 55,524,374</u>

**Please refer to pages 30 through 33 (Note # 4 and # 5) of the audited financial statements for a detailed 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, 2016

	Primary Government		
	Governmental Activities	Business-Type Activites	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,042,984	\$ 7,773,595	\$ 10,816,579
Certificates of Deposit	1,353,434	642,903	1,996,337
Investments	3,482,167	2,737,268	6,219,435
Receivable:			
Accounts Receivable, Net	-	2,510,783	2,510,783
Taxes, Net	388,366	-	388,366
Miscellaneous	298,284	94,842	393,126
Inventory	48,766	994,070	1,042,836
Restricted Assets:			
Cash	481,856	-	481,856
Certificates of Deposit	-	652,485	652,485
Investments	339,540	14,192,164	14,531,704
Capital Assets:			
Land, Historical Collections and Construction in Progress	2,200,886	2,714,094	4,914,980
Other Capital Assets, Net of Accumulated Depreciation	10,684,279	87,674,872	98,359,151
Total Capital Assets, Net of Depreciation	<u>12,885,165</u>	<u>90,388,966</u>	<u>103,274,131</u>
Total Assets	<u>22,320,562</u>	<u>119,987,076</u>	<u>142,307,638</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred Pension Outflow	873,546	403,759	1,277,305
Deferred Charges	-	967,767	967,767
Total Deferred Outflow of Resources	<u>873,546</u>	<u>1,371,526</u>	<u>2,245,072</u>
<b>LIABILITIES</b>			
Accounts Payable	263,350	2,140,640	2,403,990
Accrued Liabilities	170,632	124,802	295,434
Notes and Lease Obligations Payable, Current	326,737	-	326,737
Bonds Payable, Current	290,000	4,055,010	4,345,010
Liabilities Payable from Restricted Assets			
Customer Deposits	-	680,128	680,128
Accrued Interest Payable	-	233,620	233,620
Compensated Absences, Non-Current	162,307	87,054	249,361
OPEB Obligation	2,317,738	541,953	2,859,691
Net Pension Liability	8,266,440	4,497,581	12,764,021
Notes and Lease Obligations Payable, Non-Current	823,041	-	823,041
Bonds Payable, Non-Current	3,495,000	56,171,554	59,666,554
Total Liabilities	<u>16,115,245</u>	<u>68,532,342</u>	<u>84,647,587</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred Revenue	2,239,412	143,314	2,382,726
Deferred Pension Inflow	20,101	(4,693)	15,408
Deferred Gain on Bond Refunding	-	230,239	230,239
Total Deferred Inflow of Resources	<u>2,259,513</u>	<u>368,860</u>	<u>2,628,373</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	7,950,387	30,899,930	38,850,317
Restricted for:			
Law Enforcement	26,957	-	26,957
Special Purposes	59,317	-	59,317
Debt Service	339,540	14,192,164	14,531,704
Unrestricted	(3,556,851)	7,365,306	3,808,455
Total Net Position	<u>\$ 4,819,350</u>	<u>\$ 52,457,400</u>	<u>\$ 57,276,750</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, 2016

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	\$ 3,422,878	\$ 1,596,348	\$ 64,017	\$ -	\$ (1,762,513)	\$ -	\$ (1,762,513)	
Public Safety								
Police	2,521,023	381,704	20,551	-	(2,118,768)	-	(2,118,768)	
Fire	2,066,858	563,228	112,882	-	(1,390,748)	-	(1,390,748)	
Highways and Streets	989,298	-	147,810	-	(841,488)	-	(841,488)	
Sanitation	1,308,538	1,171,132	36,556	-	(100,850)	-	(100,850)	
Culture and Recreation	1,249,117	4,093	2,000	-	(1,243,024)	-	(1,243,024)	
Interest on Long-Term Debt	123,520	-	-	-	(123,520)	-	(123,520)	
Total Governmental Activities	<u>11,681,232</u>	<u>3,716,505</u>	<u>383,816</u>	<u>-</u>	<u>(7,580,911)</u>	<u>-</u>	<u>(7,580,911)</u>	
Business-Type Activities:								
Electric Charges	16,033,146	22,732,888	-	-	-	6,699,742	6,699,742	
Water Charges	2,943,275	4,218,322	-	-	-	1,275,048	1,275,048	
Sewer Charges	4,314,412	2,543,478	-	-	-	(1,770,934)	(1,770,934)	
Total Business-Type Activities	<u>23,290,832</u>	<u>29,494,688</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,203,856</u>	<u>6,203,856</u>	
Total Primary Government	<u>\$ 34,972,064</u>	<u>\$ 33,211,193</u>	<u>\$ 383,816</u>	<u>\$ -</u>	<u>(7,580,911)</u>	<u>6,203,856</u>	<u>(1,377,055)</u>	
							<u>Primary Government</u>	
General Revenues:								
Taxes:								
Property Taxes, Levied for General Purposes					3,573,426	-	3,573,426	
Franchise Taxes					267,193	-	267,193	
Public Service Taxes					1,146,476	-	1,146,476	
Unrestricted Investment Earnings					22,675	20,083	42,758	
Transfers - Internal Activities					2,066,000	(2,066,000)	-	
Miscellaneous					285,090	224,026	509,116	
Total General Revenues, Special Items and Transfers					<u>7,360,860</u>	<u>(1,821,891)</u>	<u>5,538,969</u>	
Change in Net Position					<u>(220,051)</u>	<u>4,381,965</u>	<u>4,161,914</u>	
Net Position, Beginning of Year					<u>5,039,401</u>	<u>48,075,435</u>	<u>53,114,836</u>	
Net Position, End of Year					<u>\$ 4,819,350</u>	<u>\$ 52,457,400</u>	<u>\$ 57,276,750</u>	

The Accompanying Notes are an Integral Part of These Financial Statements

CITY of CAMDEN, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2016

	General	Special Revenue	Capital Project Funds	Total Governmental Funds
<b>ASSETS</b>				
Assets				
Cash	\$ 1,384,181	\$ 946,147	\$ 712,656	\$ 3,042,984
Restricted Cash	481,856	-	-	481,856
Certificates of Deposit	1,353,434	-	-	1,353,434
Investments	3,482,167	-	-	3,482,167
Restricted Investments	-	339,540	-	339,540
Receivables (Net)				
Taxes	344,008	44,358	-	388,366
Miscellaneous	298,284	-	-	298,284
Inventory	48,766	-	-	48,766
Total Assets	<u>\$ 7,392,696</u>	<u>\$ 1,330,045</u>	<u>\$ 712,656</u>	<u>\$ 9,435,397</u>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES and FUND BALANCE</b>				
Liabilities				
Accounts Payable	\$ 185,463	\$ 41,463	\$ 36,424	\$ 263,350
Accrued Liabilities	166,211	4,421	-	170,632
Total Liabilities	<u>351,674</u>	<u>45,884</u>	<u>36,424</u>	<u>433,982</u>
Deferred Inflow of Resources				
Deferred Revenue	2,219,113	20,299	-	2,239,412
Total Deferred Inflow of Resources	<u>2,219,113</u>	<u>20,299</u>	<u>-</u>	<u>2,239,412</u>
<b>FUND BALANCE</b>				
Fund Balance				
Nonspendable	48,766	-	-	48,766
Restricted	-	425,814	-	425,814
Committed	270,281	21,730	676,232	968,243
Assigned	-	816,318	-	816,318
Unassigned	4,502,862	-	-	4,502,862
Total Fund Balance	<u>4,821,909</u>	<u>1,263,862</u>	<u>676,232</u>	<u>6,762,003</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balance	<u>\$ 7,392,696</u>	<u>\$ 1,330,045</u>	<u>\$ 712,656</u>	<u>\$ 9,435,397</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, 2016

Total Fund Balance for Governmental Funds		\$ 6,762,003
Total Net Position reported for governmental activities in the statement of net position is different because:		
Capital assets of \$27,445,022 net of accumulated depreciation of \$14,559,857 are not financial resources and, therefore, are not reported in the funds. (See Note 3 for additional detail).		12,885,165
OPEB Obligation (See Note 6 for additional detail).		(2,317,738)
Deferred outflows and inflows related to the pension liability are applicable to future periods and therefore are not reported in the governmental funds:		
Deferred outflows-pension		873,546
Deferred inflows-pension		(20,101)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Compensated Absences	\$ (162,307)	
Net Pension Liability	(8,266,440)	
Governmental Leases and Bonds Payable	<u>(4,934,778)</u>	<u>(13,363,525)</u>
Total Net Position of Governmental Activities		<u>\$ 4,819,350</u>

CITY of CAMDEN, SOUTH CAROLINA

STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCE  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2016

	General	Special Revenue	Capital Project Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 2,637,378	\$ 996,797	\$ 859,313	\$ 4,493,488
Licenses and Permits	1,863,541	-	-	1,863,541
Intergovernmental Revenues	694,855	88,868	-	783,723
Charges for Services	1,734,360	-	-	1,734,360
Fines and Forfeits	192,739	15,472	-	208,211
Miscellaneous Revenues	548,856	52,558	-	601,414
Total Revenues	<u>7,671,729</u>	<u>1,153,695</u>	<u>859,313</u>	<u>9,684,737</u>
<b>EXPENDITURES</b>				
Current:				
General Government	2,004,288	-	-	2,004,288
Public Safety	4,661,296	15,472	-	4,676,768
Highways and Streets	854,960	-	7,570	862,530
Sanitation	1,478,392	-	-	1,478,392
Culture and Recreation	266,103	3,526,599	-	3,792,702
Non-Departmental	550,620	97,414	429,283	1,077,317
Total Expenditures	<u>9,815,659</u>	<u>3,639,485</u>	<u>436,853</u>	<u>13,891,997</u>
EXCESS (DEFICIENCY) of REVENUES OVER (UNDER) EXPENDITURES	<u>(2,143,930)</u>	<u>(2,485,790)</u>	<u>422,460</u>	<u>(4,207,260)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	2,066,000	-	-	2,066,000
Capital Financing	737,000	-	-	737,000
Total Other Financing Sources (Uses)	<u>2,803,000</u>	<u>-</u>	<u>-</u>	<u>2,803,000</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	659,070	(2,485,790)	422,460	(1,404,260)
FUND BALANCE, Beginning of Year	<u>4,162,839</u>	<u>3,749,652</u>	<u>253,772</u>	<u>8,166,263</u>
FUND BALANCE, End of Year	<u>\$ 4,821,909</u>	<u>\$ 1,263,862</u>	<u>\$ 676,232</u>	<u>\$ 6,762,003</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, 2016

Net Changes in Fund Balances - Total Governmental Funds	\$ (1,404,260)
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 \$2,651,942 exceeded depreciation of \$589,804 in the current period. This also includes the loss on assets disposed of totaling \$289,556.	1,772,582
The proceeds of debt issuances provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which debt proceeds of \$737,000 exceeded repayments of \$590,613. Also see Note 5 for additional detail.	(146,387)
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. These include: the net decrease in compensated absences.	15,214
Net increase in net pension liability expenses.	(131,697)
Net increase in OPEB Obligation.	<u>(325,503)</u>
Changes in Net Position of Governmental Activities	<u>\$ (220,051)</u>

CITY of CAMDEN, SOUTH CAROLINA

STATEMENT of NET POSITION - PROPRIETARY FUND  
June 30, 2016

ASSETS	
CURRENT ASSETS	
Cash	\$ 7,773,595
Certificates of Deposit	642,903
Investments	2,737,268
Water and Lights Accounts Receivable, Net	2,510,783
Miscellaneous Receivables	94,842
Inventories	994,070
Total Current Assets	<u>14,753,461</u>
NON-CURRENT ASSETS	
RESTRICTED ASSETS	
Certificates of Deposit - Customer Deposits	652,485
Investments - Reserve Bond Investment	14,192,164
Total Restricted Assets	<u>14,844,649</u>
CAPITAL ASSETS	
Construction in Process	2,212,178
Buildings and Land	850,864
Furniture, Fixtures and Equipment	3,316,707
Electric System	39,641,702
Water System	28,825,575
Sewer and Wastewater System	59,198,745
Sub-Total	<u>134,045,771</u>
Less Accumulated Depreciation	<u>(43,656,805)</u>
Total Capital Assets	<u>90,388,966</u>
Total Non-Current Assets	<u>105,233,615</u>
Total Assets	<u>119,987,076</u>
DEFERRED OUTFLOW OF RESOURCES	
Deferred Pension Outflow	403,759
Deferred Charges	967,767
Total Deferred Outflow of Resources	<u>1,371,526</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	2,140,640
Other Current Liabilities	124,802
Bonds Payable, Current	4,055,010
Total Current Liabilities	<u>6,320,452</u>
NON-CURRENT LIABILITIES	
Accrued Vacation Pay	87,054
OPEB Obligation	541,953
Net Pension Liability	4,497,581
Payable from Restricted Assets	
Customer Deposits	680,128
Accrued Interest Payable	233,620
Bonds Payable, Non-Current	56,171,554
Total Non-Current Liabilities	<u>62,211,890</u>
Total Liabilities	<u>68,532,342</u>
DEFERRED INFLOW OF RESOURCES	
Deferred Revenue	143,314
Deferred Pension Inflow	(4,693)
Deferred Gain on Bond Refunding	230,239
Total Deferred Inflow of Resources	<u>368,860</u>
NET POSITION	
Net Investment in Capital Assets	30,899,930
Restricted for Debt Service	14,192,164
Unrestricted	7,365,306
Total Net Position	<u>\$ 52,457,400</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, 2016

OPERATING REVENUES	
Charges for Services:	
Electric Charges	\$ 22,249,603
Water Charges	4,218,322
Sewer Charges	<u>2,483,053</u>
Total Operating Revenues	<u>28,950,978</u>
OPERATING EXPENSES	
Personnel Services	3,180,624
Maintenance, Operations, and Contractual Services	14,284,092
Materials and Supplies	533,001
Depreciation & Amortization	<u>3,962,571</u>
Total Operating Expenses	<u>21,960,288</u>
Operating Income	<u>6,990,690</u>
NON-OPERATING REVENUE (EXPENSE)	
Interest Income	20,083
Interest Expense	(1,319,587)
Loss on Disposal of Capital Assets	(10,957)
Other Revenue (Expense)	<u>767,736</u>
Total Non-Operating Revenue (Expense)	<u>(542,725)</u>
Income (Loss) before Contributions and Transfers	6,447,965
OPERATING TRANSFERS and CONTRIBUTIONS	
Transfers to Other Funds	<u>(2,066,000)</u>
Change in Net Position	<u>4,381,965</u>
NET POSITION, Beginning of Year	<u>48,075,435</u>
NET POSITION, End of Year	<u>\$ 52,457,400</u>

CITY of CAMDEN, SOUTH CAROLINA

STATEMENT of CASH FLOWS - PROPRIETARY FUND  
For the Year Ended June 30, 2016

CASH FLOWS from OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 29,105,463
Cash Payments to Suppliers for Goods and Services	(14,369,609)
Cash Payments to Employees for Services	(4,045,942)
Net Cash Provided by Operating Activities	<u>10,689,912</u>
CASH FLOWS from NON-CAPITAL FINANCING ACTIVITIES:	
Other Non-Operating Revenue	767,736
Reclassification of Restricted Cash	(13,197,590)
Operating Transfers Out	(2,066,000)
Net Cash Used in Non-Capital Financing Activities	<u>(14,495,854)</u>
CASH FLOWS from CAPITAL and RELATED FINANCING ACTIVITIES:	
Purchase of Assets	(3,924,085)
Proceeds from Debt Issued	13,080,000
Principal Paid on Revenue Bond Maturities	(3,589,419)
Interest Paid on Debt Service	(1,319,587)
Net Cash Provided by Capital and Related Financing Activities	<u>4,246,909</u>
CASH FLOWS from INVESTING ACTIVITIES:	
Interest and Dividends on Investments	<u>20,083</u>
Net Cash Provided by Investing Activities	<u>20,083</u>
Net Increase in Cash and Cash Equivalents	461,050
Cash and Cash Equivalents at Beginning of Year	<u>7,312,545</u>
Cash and Cash Equivalents at End of Year	<u>\$ 7,773,595</u>
RECONCILIATION of OPERATING INCOME to NET CASH PROVIDED by OPERATING ACTIVITIES:	
Operating Income	\$ 6,990,690
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Amortization	85,215
Depreciation	3,877,356
Bad Debt Expense	13,090
Changes in Assets and Liabilities:	
Accounts Receivable	72,798
Miscellaneous Accounts Receivable	48,194
Inventory	5,722
Deferred Pension Outflow	(51,542)
Accounts Payable	(707,979)
Interest Payable	26,783
Other Liabilities	578,524
Customer Deposits	33,493
Deferred Inflows	(282,432)
Net Cash Provided by Operating Activities	<u>\$ 10,689,912</u>

CITY of CAMDEN, SOUTH CAROLINA

NOTES to FINANCIAL STATEMENTS

June 30, 2016

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 position is reported in three parts—net investment in capital assets, restricted net position; and unrestricted net position. 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 prepaids are similarly reported in government-wide and fund financial statements.

H. Allowance for Uncollectible Accounts

Allowance for uncollectible accounts receivable in the proprietary fund at June 30, 2016 is \$448,198.

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, 2016 was \$85,215 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, 2016 was \$397,853. City Council increased its tax millage specifically for capital. The balance unspent at June 30, 2016 was \$278,379. 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, 2016 was \$1,176,792. City Council passed an ordinance restricting \$270,281 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, 2015	<u>\$ 40,439,952</u>
Maximum Amount that can be Transferred during the Year Ended June 30, 2016	<u>\$ 8,087,990</u>
Amount Transferred during the Year Ended June 30, 2016	<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, 2016, the liability for accrued vacation is \$249,361. The amount applicable to the Proprietary Fund is \$87,054 and the amount applicable to the General Fund is \$162,307. 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.

NOTE 2 DEPOSITS and INVESTMENTS

Deposits are shown at carrying value at June 30, 2016 as follows:

	Category			Bank Balance	Total Carrying Amount
	1	2	3		
Checking Accounts	\$ 545,720	\$ 10,622,305	\$ -	\$ 11,168,025	\$ 11,219,523
Savings Accounts	77,026	-	-	77,026	77,662
Certificates of Deposit	401,428	2,247,394	-	2,648,822	2,648,822
	<u>\$ 1,024,174</u>	<u>\$ 12,869,699</u>	<u>\$ -</u>	<u>\$ 13,893,873</u>	<u>\$ 13,946,007</u>

Custodial Risk-Deposits - Deposits in financial institutions, reported as components of cash, cash equivalents and investments, had a bank balance of \$13,893,873 at June 30, 2016, 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, 2016 as follows:

	Category			Fair Value
	1	2	3	
U.S. Government Securities	\$ -	\$ 14,531,704	\$ -	\$ 14,531,704
	<u>\$ -</u>	<u>\$ 14,531,704</u>	<u>\$ -</u>	
S.C. Local Government Investment Pool (Fair value substantially equivalent to the value of the pool shares)				<u>\$ 6,219,435</u>
Total				<u>\$ 20,751,139</u>

The City's investments are categorized to indicate the level of risk assumed by the City at June 30, 2016. 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 as of June 30, 2016 is as follows:

Petty Cash and Other	\$ 1,250
Carrying Amount of Deposits	13,946,007
Carrying Amount of Investments	20,751,139
Total	<u>\$ 34,698,396</u>
Cash and Cash Equivalents	\$ 10,816,579
Certificates of Deposit	1,996,337
Cash and Cash Equivalents - Local Option Sales Tax	481,856
Certificates of Deposit - Restricted for Customer Deposits	652,485
Investments	6,219,435
Investments - Restricted for Debt Service	14,531,704
Total	<u>\$ 34,698,396</u>

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows:

	Primary Government				Ending Balance
	Beginning Balance	Increases	Decreases	Tranfers	
GOVERNMENTAL ACTIVITIES:					
Capital Assets not Being Depreciated:					
Land	\$1,611,298	\$ 117,268	\$ (234,641)	\$ -	\$ 1,493,925
Historical Collections	700,000	-	-	-	700,000
Construction in Progress	172,613	6,961	-	(172,613)	6,961
Total Capital Assets not Being Depreciated	<u>2,483,911</u>	<u>124,229</u>	<u>(234,641)</u>	<u>(172,613)</u>	<u>2,200,886</u>
Other Capital Assets:					
Building and Improvements	10,418,561	2,071,308	-	128,393	12,618,262
Equipment	1,494,591	-	-	-	1,494,591
Automotive Equipment	4,580,114	395,625	(259,972)	-	4,715,767
Streets, Sidewalks, Etc.	6,310,516	60,780	-	44,220	6,415,516
Total Other Capital Assets at Historical Cost	<u>22,803,782</u>	<u>2,527,713</u>	<u>(259,972)</u>	<u>172,613</u>	<u>25,244,136</u>
Less Accumulated Depreciation for:					
Buildings and Improvements	(7,076,589)	(142,042)	-	-	(7,218,631)
Equipment	(1,249,243)	(90,011)	-	-	(1,339,254)
Automotive Equipment	(3,959,969)	(250,467)	205,057	-	(4,005,379)
Streets, Sidewalks, Etc.	(1,889,309)	(107,284)	-	-	(1,996,593)
Total Accumulated Depreciation	<u>(14,175,110)</u>	<u>(589,804)</u>	<u>205,057</u>	<u>-</u>	<u>(14,559,857)</u>
Other Capital Assets, Net	<u>8,628,672</u>	<u>1,937,909</u>	<u>(54,915)</u>	<u>172,613</u>	<u>10,684,279</u>
Governmental Activities Capital Assets, Net	<u>\$11,112,583</u>	<u>\$ 2,062,138</u>	<u>\$ (289,556)</u>	<u>\$ -</u>	<u>\$ 12,885,165</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	\$372,986	\$ 128,930	\$ -	\$ -	\$ 501,916
Construction in Progress	269,466	1,944,992	-	(2,280)	2,212,178
Total Capital Assets not Being Depreciated	<u>\$642,452</u>	<u>2,073,922</u>	<u>-</u>	<u>(2,280)</u>	<u>2,714,094</u>
<b>Other Capital Assets:</b>					
Electric System	38,552,224	719,576	(10,488)	-	39,261,312
Water System	28,395,217	-	-	-	28,395,217
Sewer System	19,608,304	255,267	-	-	19,863,571
Electric Instruments	996,393	18,312	(243,932)	-	770,773
Water Instruments	448,783	5,778	(24,203)	-	430,358
Sewer Instruments	228,370	74,472	-	-	302,842
Automotive Equipment	2,596,769	776,758	(564,918)	2,280	2,810,889
Office Machines	126,775	-	(11,340)	-	115,435
Buildings	348,947	-	-	-	348,947
Wastewater Treatment Plant	39,032,332	-	-	-	39,032,332
Total Other Capital Assets at Historical Cost	<u>130,334,114</u>	<u>1,850,163</u>	<u>(854,881)</u>	<u>2,280</u>	<u>131,331,676</u>
Less Accumulated Depreciation	<u>(40,623,375)</u>	<u>(3,877,355)</u>	<u>843,926</u>	<u>-</u>	<u>(43,656,804)</u>
Other Capital Assets, Net	<u>89,710,739</u>	<u>(2,027,192)</u>	<u>(10,955)</u>	<u>2,280</u>	<u>87,674,872</u>
Business-Type Activities Capital Assets, Net	<u>\$90,353,191</u>	<u>\$ 46,730</u>	<u>\$ (10,955)</u>	<u>\$ -</u>	<u>\$ 90,388,966</u>

Depreciation expense was charged to functions as follows:

<b>GOVERNMENT ACTIVITIES:</b>	
General Government	\$ 139,035
Public Safety	178,388
Highways and Streets	112,638
Sanitation	57,684
Culture and Recreation	102,059
Total Governmental Activities Depreciation Expense	<u>\$ 589,804</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>	
Electric Department	\$ 1,226,840
Water Department	825,864
Sewer Department	1,824,651
Total Business-Type Activities Depreciation Expense	<u>\$ 3,877,355</u>

Insurance recoveries for the year ended June 30, 2016, amounted to \$90,264 for the general fund and \$710 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, 2016 was as follows:

	Balance 6/30/2015	Issued	Retired	Balance 6/30/2016	Due Within One Year
Combined Public Utility System Refunding Revenue Bond, Series 2013A	\$3,500,000	\$ -	\$ 360,000	\$ 3,140,000	\$ 365,000
Combined Public Utility Revenue Bond 2007	432,329	-	138,824	\$ 293,505	144,044
Combined Public Utility System Improvement Revenue Bond Series 2010, Reissue	2,488,194	-	132,901	2,355,293	137,008
Combined Public Utility System Refunding Revenue Bond, Series 2012A	1,914,586	-	256,704	\$ 1,657,882	262,113
Combined Public Utility System Refunding Revenue Bond, Series 2014A	9,555,000	-	975,000	8,580,000	995,000
State Revolving Fund Loan, Series 2012B	32,845,874	-	1,335,990	31,509,884	1,436,845
Combined Public Utility System Refunding Revenue Bond, Series 2015 Issue	-	6,000,000	390,000	5,610,000	340,000
Combined Public Utility System Refunding Revenue Bond, Series 2016 Issue	-	7,080,000	-	7,080,000	375,000
Total Revenue and Lease Obligations Payable	<u>\$50,735,983</u>	<u>13,080,000</u>	<u>3,589,419</u>	<u>60,226,564</u>	<u>4,055,010</u>
Compensated Absences	82,915	4,139	-	87,054	-
Total Proprietary Fund Long-Term Debt	<u>\$50,818,898</u>	<u>\$ 13,084,139</u>	<u>\$ 3,589,419</u>	<u>\$ 60,313,619</u>	<u>\$ 4,055,010</u>

Long-Term Debt at June 30, 2016 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.	\$ 3,140,000
Revenue Bond, Series 2012A dated February 29, 2012, payable \$297,044 each March 1, 2013 through 2022. Interest at 2.107% payable March 1.	1,657,882
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%.	293,505
Improvement Revenue Bonds, Series 2010 dated February 3, 2010, reissued December 1, 2014 payable in annual installments of \$209,787 through 2030 Interest at 3.09%.	2,355,293
State Revolving Fund Loan, Series 2012B payable \$560,220 quarterly beginning September 2014 through June 2034 at 2.25% interest.	31,509,884
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.	8,580,000
Refunding Revenue Bond, Series 2015 dated July 29, 2015, payable \$390,000 to \$465,000 each March 1, 2016 through 2030. Interest at 2.40%, payable each March 1.	5,610,000
Refunding Revenue Bond, Series 2016 dated January 15, 2016, payable \$375,000 to \$555,000 each March 1, 2017 through 2031. Interest at 2.40%, payable each March 1.	7,080,000
Total	<u>\$ 60,226,564</u>

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

The annual requirements to amortize all bonds outstanding as of June 30, 2016 follows:

Year Ending	Series 2012B		Series 2013A		Series 2012A	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 1,436,845	\$ 696,906	\$ 365,000	\$ 58,718	\$ 262,113	\$ 34,932
2018	1,469,447	664,303	375,000	51,892	267,635	29,409
2019	1,502,790	630,960	380,000	44,880	273,275	23,770
2020	1,536,889	596,861	390,000	37,774	279,032	18,012
2021	1,571,762	561,988	1,630,000	76,670	575,827	18,263
2022-2026	8,410,235	2,258,516	-	-	-	-
2027-2031	9,408,695	1,260,057	-	-	-	-
2032-2037	6,173,222	228,029	-	-	-	-
Totals	<u>\$ 31,509,885</u>	<u>\$ 6,897,620</u>	<u>\$ 3,140,000</u>	<u>\$ 269,934</u>	<u>\$ 1,657,882</u>	<u>\$ 124,386</u>

Year Ending	Series 2010		Series 2007		Series 2014A	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 137,008	\$ 72,779	\$ 144,044	\$ 11,036	\$ 995,000	\$ 187,902
2018	141,242	68,545	149,461	5,620	1,010,000	166,112
2019	145,606	64,181	-	-	1,035,000	143,993
2020	150,106	59,681	-	-	1,065,000	121,326
2021	823,032	225,900	-	-	4,475,000	247,361
2022-2026	958,299	90,636	-	-	-	-
2027-2031	-	-	-	-	-	-
2032-2037	-	-	-	-	-	-
Totals	<u>\$ 2,355,293</u>	<u>\$ 581,722</u>	<u>\$ 293,505</u>	<u>\$ 16,656</u>	<u>\$ 8,580,000</u>	<u>\$ 866,694</u>

Year Ending	Series 2015		Series 2016	
	Principal	Interest	Principal	Interest
2017	\$ 340,000	\$ 130,560	\$ 375,000	\$ 191,632
2018	350,000	122,280	410,000	160,920
2019	360,000	113,760	420,000	151,080
2020	365,000	105,060	430,000	141,000
2021	375,000	96,180	440,000	130,680
2022-2026	2,020,000	339,360	2,355,000	490,200
2027-2031	1,800,000	87,600	2,650,000	193,920
2032-2037	-	-	-	-
Totals	<u>\$ 5,610,000</u>	<u>\$ 994,800</u>	<u>\$ 7,080,000</u>	<u>\$ 1,459,432</u>

Year Ending	Total	
	Principal	Interest
2017	\$ 4,055,010	\$ 1,384,465
2018	4,172,785	1,269,081
2019	4,116,671	1,172,624
2020	4,216,027	1,079,714
2021	9,890,621	1,357,042
2022-2026	13,743,534	3,178,712
2027-2031	13,858,695	1,541,577
2032-2037	6,173,222	228,029
Totals	<u>\$ 60,226,565</u>	<u>\$ 11,211,244</u>

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

NOTE 5 CHANGES in GOVERNMENTAL FUND DEBT

A summary of the Governmental Fund Debt at June 30, 2016 is as follows:

Lease Obligation Payable, September 1, Annually at 3.87% Interest	\$ 98,467
Lease Obligation Payable, May 12, Annually at 2.25% Interest	253,903
Lease Obligation Payable, May 15, Annually at 1.13% Interest	60,408
Lease Obligation Payable, July 1, Annually at 1.52% Interest	130,000
Lease Obligation Payable, July 1, Annually at 1.62% Interest	132,000
Lease Obligation Payable, July 1, Annually at 2.15% Interest	475,000
Bond Obligation Payable Quarterly at 0.00% Interest	500,000
Bond Obligation Payable, Semiannually at 3.18% Interest	<u>3,285,000</u>
Total Lease and Bond Obligations	4,934,778
Liability for Compensated Absences	<u>162,307</u>
Total Long-Term Debt	<u><u>\$ 5,097,085</u></u>

The following is a summary of the changes at June 30, 2016 in General Fund Debt:

	Payable 6/30/2015	Additions	Reductions	Balance 6/30/2016	Due Within One Year
Bond Obligations	\$ 4,073,000	\$ -	\$288,000	\$ 3,785,000	\$ 290,000
Capital Leases	715,391	737,000	302,613	1,149,778.00	326,737
Total Bond & Lease Obligations	<u>4,788,391</u>	<u>737,000</u>	<u>590,613</u>	<u>4,934,778</u>	<u>616,737</u>
Compensated Absences	177,521	-	15,214	162,307	-
Total Governmental Activities					
Long-Term Debt	<u><u>\$ 4,965,912</u></u>	<u><u>\$ 737,000</u></u>	<u><u>\$605,827</u></u>	<u><u>\$ 5,097,085</u></u>	<u><u>\$ 616,737</u></u>

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

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 616,737	\$ 119,534
2018	457,634	115,227
2019	466,754	105,874
2020	432,721	96,268
2021	441,294	87,049
2022-2026	1,429,638	304,687
2027-2031	1,090,000	87,991
Totals	<u><u>\$ 4,934,778</u></u>	<u><u>\$ 916,630</u></u>

NOTE 5 CHANGES in GOVERNMENTAL FUND DEBT (Continued)

The City entered into agreements to lease various equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The following schedule presents future minimum lease payments as of June 30, 2016.

<u>Year Ended June 30,</u>	<u>Total</u>
2017	\$ 341,808
2018	178,440
2019	178,440
2020	134,225
2021	134,225
2022-2026	<u>262,772</u>
	<u>1,229,910</u>
Less: Interest	(80,131)
Present Value of Minimum Lease Payments	<u>\$ 1,149,779</u>

The value of leased equipment less accumulated depreciation under capital leases at June 30, 2016 totals \$914,784. Amortization of leased equipment under capital leases is included with depreciation expense.

NOTE 6 POST-EMPLOYMENT 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, 2014, the valuation date, one hundred eight (108) retirees and one hundred four (104) 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, 2014, 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, 2016, 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, 2014.

NOTE 6 POST-EMPLOYMENT BENEFITS (Continued)

Annual Required Contribution (ARC)	\$ 964,700
Interest on Net OPEB Obligation	82,300
Adjustment to ARC	<u>(87,000)</u>
Annual OPEB cost	960,000
Contributions Made	<u>578,696</u>
Change in Net OPEB Obligation	<u>381,304</u>
Net OPEB Obligation, Beginning of Year	<u>2,478,387</u>
Net OPEB Obligation, End of Year	<u><u>\$ 2,859,691</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>
2014	\$ 916,255	63.69%	\$ 2,133,841
2015	922,100	62.63%	2,478,387
2016	960,000	60.28%	2,859,691

*Funded Status and Funding Progress:* The funding status of the plan as of June 30, 2016, based on an actuarial valuation as of July 1, 2014, was as follows:

Actuarially Accrued Liability (AAL)	\$ 17,465,900
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 17,465,900</u>
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll (Active Plan Members)	\$ 3,733,200
UAAL as a Percentage of Covered Payroll	468%

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, 2014, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.50% investment rate of return and an annual health care cost trend rate of 7.20% initially, reduced by decrements to an ultimate rate of 4.60% 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, 2014 was twenty four 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, 2016.

## NOTE 7 RETIREMENT PLAN

The Governmental Accounting Standards Board (GASB) issued Statement No. 68 entitled Accounting and Financial Reporting for Pension Plans in June 2012. The disclosure requirements applicable to employers participating in the South Carolina Retirement System are prescribed in paragraphs 48 through 82 of GASB 68. The following information is provided in order to meet the current disclosure requirements.

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the Budget and Control Board, which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the Systems and serves as a co-trustee of the Systems in conducting that review. PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the South Carolina Retirement Systems' Pension Trust Funds. The CAFR is publicly available on the Retirement Benefits' link on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

### Plan Descriptions

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions.

The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and fireman of the state and its political subdivisions.

### Membership

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

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

## NOTE 7 RETIREMENT PLAN (Continued)

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

### Benefits

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

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

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

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

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

NOTE 7 RETIREMENT PLAN (Continued)

Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the SCRS and PORS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS and 5 percent for PORS. An increase in the contribution rates adopted by the board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

The following provides a summary of the City of Camden, South Carolina's retirement plan contributions at June 30, 2016: (includes group life insurance)

<u>Retirement System</u>	<u>Covered Salaries</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>	<u>Total Contributions</u>
SCRS	\$ 4,382,387	\$ 339,958	\$ 484,692	\$ 824,650
PORS	\$ 2,425,800	\$ 197,652	\$ 328,453	\$ 526,105
		<u>Contribution Rates</u>		
		<u>Employee</u>	<u>Employer</u>	<u>Total</u>
SCRS		8.16%	10.91%	19.07%
PORS		8.74%	13.34%	22.08%

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the City reported a liability of \$12,764,021 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. The City's proportion was .045% for the SCRS and .19% for the PORS.



NOTE 7 RETIREMENT PLAN (Continued)

For the year ended June 30, 2016, the City recognized pension expense of \$1,031,567. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ -	\$ 15,408
Liability Experience	471,273	-
City Contributions Subsequent to the Measurement Date	806,030	-
Total	<u>\$ 1,277,303</u>	<u>\$ 15,408</u>

The \$806,030 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ended June 30,

2017	\$ 89,178
2018	89,178
2019	32,969
2020	244,540

Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2010, and the next experience study, performed on data through June 30, 2015, is currently underway.

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2013, valuations for SCRS and PORS.

	SCRS	PORS
Actuarial cost method	Entry Age	Entry Age
Actuarial assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	3.5% to 12.5%	4.0% to 10.0%
Includes inflation at	2.75%	2.75%
Benefit adjustments	Lesser of 1% or \$500	Lesser of 1% or \$500

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from Year 2000.

NOTE 7 RETIREMENT PLAN (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the fourth quarter 2013. The actuarial long-term expected rates of return represent assumptions developed using an arithmetic building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economics forecasts. Long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the Investment Commission for the fiscal year 2015. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation which is summarized in the following table. For actuarial purposes, the 7.50% assumed annual investment rate of return set in the statute and used in the calculation of the total pension liability includes a 4.75% real rate of return and a 2.75% inflation component.

The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Expected Arithmetic Real Rate of Return</b>	<b>Long Term Expected Portfolio Real Rate of Return</b>
Short Term	5.0%		
Cash	2.0%	1.90%	0.04%
Short Duration	3.0%	2.00%	0.06%
Domestic Fixed Income	13.0%		
Core Fixed Income	7.0%	2.70%	0.19%
Mixed Credit	6.0%	3.80%	0.23%
Global Fixed Income	9.0%		
Global Fixed Income	3.0%	2.80%	0.08%
Emerging Markets Debt	6.0%	5.10%	0.31%
Global Public Equity	31.0%	7.10%	2.20%
Global Tactical Asset Allocation	10.0%	4.90%	0.49%
Alternatives	32.0%		
Hedge Funds (Low Beta)	8.0%	4.30%	0.34%
Private Debt	7.0%	9.90%	0.69%
Private Equity	9.0%	9.90%	0.89%
Real Estate (Broad Market)	5.0%	6.00%	0.30%
Commodities	3.0%	5.90%	0.18%
Total Expected Real Return	100.0%		6.00%
Inflation for Actuarial Purposes			2.75%
Total Expected Nominal Return			8.75%

NOTE 7 RETIREMENT PLAN (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The following table presents the sensitivity of the net pension liability to changes in the discount rate.

	Discount	City's Proportionate Share of Net Pension Liability (in Millions)
	Rate	
1% Decrease	6.50%	\$ 16,513
Current Discount Rate	7.50%	\$ 12,764
1% Increase	8.50%	\$ 9,538

Pension Plan Fiduciary Net Position

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

NOTE 8 COMPONENTS of RESTRICTED ASSETS

General Fund

Restricted Assets at June 30, 2016 were as follows:

Cash	Local Option Sales Tax
	<u>\$ 481,856</u>

Special Revenue Fund

U.S. Government Securities	Revenue Bond Sinking and Revenue Fund
Total	<u>\$ 339,540</u>
	<u>\$ 339,540</u>

NOTE 8 COMPONENTS of RESTRICTED ASSETS (Continued)

Proprietary Fund

Restricted Assets at June 30, 2016 were as follows:

	Revenue Bond Sinking and Revenue Fund	Customer Deposits	Total
Cash and Certificates of Deposits	\$ -	\$ 652,485	\$ 652,485
U.S. Government Securities	14,192,164	-	14,192,164
Total	<u>\$ 14,192,164</u>	<u>\$ 652,485</u>	<u>\$ 14,844,649</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, 2016, 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 2016 were as follows:

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

NOTE 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, 2016 were \$1,319,587 and none 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.

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 \$9,815,659 exceeded appropriations of \$9,286,711 by \$528,948 for the year ended June 30, 2016. This is due to expenditures for capital outlay and grants, which are typically not included in the budget. For the year ended June 30, 2016, revenue for the general fund, including capital financing of \$737,000 exceeded the budget of \$7,220,711 by \$451,018.

#### NOTE 14 SUBSEQUENT EVENTS

The City evaluated all events or transactions that occurred after June 30, 2016, through the date the City issued these financial statements on October 19, 2016. During this period, the City did not have any material subsequent events that required recognition in the City's disclosures to the June 30, 2016, 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, 2016

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ 2,656,387	\$ 2,656,387	\$ 2,637,378	\$ (19,009)
Licenses and Permits	1,833,600	1,833,600	1,863,541	29,941
Intergovernmental Revenues	636,384	636,384	694,855	58,471
Charge for Services	1,729,040	1,729,040	1,734,360	5,320
Fines and Forfeits	220,000	220,000	192,739	(27,261)
Miscellaneous	145,300	145,300	548,856	403,556
Total Revenues	7,220,711	7,220,711	7,671,729	451,018
<b>EXPENDITURES</b>				
General Government	2,149,443	2,149,443	2,004,288	145,155
Public Safety	4,317,473	4,317,473	4,661,296	(343,823)
Highways and Streets	811,611	811,611	854,960	(43,349)
Sanitation	1,147,857	1,147,857	1,478,392	(330,535)
Culture and Recreation	277,575	277,575	266,103	11,472
Non-Departmental	582,752	582,752	550,620	32,132
Total Expenditures	9,286,711	9,286,711	9,815,659	(528,948)
<b>EXCESS (DEFICIENCY) of REVENUES OVER EXPENDITURES</b>	<b>(2,066,000)</b>	<b>(2,066,000)</b>	<b>(2,143,930)</b>	<b>(77,930)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital Financing	-	-	737,000	737,000
Transfer In	2,066,000	2,066,000	2,066,000	-
Total Other Financing Sources (Uses)	2,066,000	2,066,000	2,803,000	737,000
<b>EXCESS (DEFICIENCY) of REVENUES and OTHER SOURCES OVER EXPENDITURES and OTHER USES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 659,070</b>	<b>\$ 659,070</b>
<b>FUND BALANCE, Beginning of Year</b>			<b>4,162,839</b>	
<b>FUND BALANCE, End of Year</b>			<b>\$ 4,821,909</b>	

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, 2016

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 750,000	\$ 750,000	\$ 872,589	\$ 122,589
Licenses and Permits	\$ 9,000	\$ 9,000	\$ 15,000	\$ 6,000
Intergovernmental Revenues	\$ 31,000	\$ 31,000	\$ 66,556	\$ 35,556
Miscellaneous	\$ 30,000	\$ 30,000	\$ 79,208	\$ 49,208
Total Revenues	<u>\$ 820,000</u>	<u>\$ 820,000</u>	<u>\$ 1,033,353</u>	<u>\$ 213,353</u>
<b>EXPENDITURES</b>				
Culture and Recreation	\$ 820,000	\$ 820,000	\$ 3,526,599	\$ (2,706,599)
Total Expenditures	<u>\$ 820,000</u>	<u>\$ 820,000</u>	<u>\$ 3,526,599</u>	<u>\$ (2,706,599)</u>
<b>EXCESS (DEFICIENCY) of REVENUES OVER EXPENDITURES</b>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,493,246)</u>	<u>\$ (2,493,246)</u>
<b>FUND BALANCE, Beginning of Year</b>			<u>\$ 3,670,038</u>	
<b>FUND BALANCE, End of Year</b>			<u>\$ 1,176,792</u>	



CITY of CAMDEN, SOUTH CAROLINA  
Camden, South Carolina

SCHEDULE of FUNDING PROGRESS FOR RETIREE HEALTH PLAN

Year Ended June 30, 2016

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, 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%
July 1, 2014	-	\$ 17,465,900	\$ 17,465,900	0%	\$ 3,733,200	468%

The July 1, 2010, 2012 and 2014 actuarial calculation used the projected unit credit actuarial cost method.

CITY of CAMDEN, SOUTH CAROLINA  
Camden, South Carolina

SCHEDULE of the CITY'S CONTRIBUTIONS  
South Carolina Retirement System  
Year Ended June 30, 2016

	2016	2015
Statutorily Required Contributions	\$ 775,534	\$ 716,089
Contributions in Relation to Statutorily Required Contributions	775,534	716,089
Contribution Deficiency (Excess)	\$ -	\$ -
Reporting Unit's Covered-Employee Payroll	\$ 6,808,187	\$ 6,615,666
Contributions as a Percentage of Covered Employee Payroll	11.4%	10.8%

Until a full 10 year trend is compiled, the City will present information for those years for which information is available.

CITY of CAMDEN, SOUTH CAROLINA  
Camden, South Carolina

SCHEDULE of the CITY'S PROPORTIONATE  
SHARE of the NET PENSION LIABILITY  
South Carolina Retirement System  
Year Ended June 30, 2016

	<u>2016</u>	<u>2015</u>
Reporting Unit's Proportion of SCRS Net Pension Liability (%)	0.0454%	0.0448%
Reporting Unit's Proportion of PORS Net Pension Liability (%)	0.1903%	0.1873%
Reporting Unit's Proportionate Share of Net Pension Liability	<u>\$ 12,764,021</u>	<u>\$ 11,302,929</u>
Reporting Unit's Covered Employee Payroll	<u>\$ 6,808,187</u>	<u>\$ 6,615,666</u>
Reporting Unit's Proportionate Share of Net Pension Liability as a Percentage of its Covered Employee Payroll (%)	187.5%	170.9%

Until a full 10 year trend is compiled, the City will present information for those years for which information is available.

SUPPLEMENTAL INFORMATION (OPTIONAL)

GENERAL FUND

CITY of CAMDEN, SOUTH CAROLINA  
GENERAL FUND

BALANCE SHEET  
June 30, 2016

ASSETS

Assets:

Cash	\$ 1,384,181
Restricted Cash	481,856
Certificates of Deposit	1,353,434
Investments	3,482,167
Receivables (Net of Allowance for Uncollectibles)	
Taxes	344,008
Miscellaneous	298,284
Inventory	48,766
	48,766
Total Assets	\$ 7,392,696

LIABILITIES, DEFERRED INFLOW OF RESOURCES, and FUND BALANCE

Liabilities:

Accounts Payable	\$ 185,463
Accrued Liabilities	166,211
	166,211
Total Liabilities	351,674

Deferred Inflow of Resources:

Deferred Revenues	
Local Option Sales Tax	481,856
Business Licenses	1,594,982
Franchise Fees	129,505
Other	12,770
	12,770
Total Deferred Inflow of Resources	2,219,113

Fund Balance

Nonspendable	48,766
Committed	270,281
Unassigned	4,502,862
	4,502,862
Total Fund Balance	4,821,909
Total Liabilities, Deferred Inflow of Resources, and Fund Balance	\$ 7,392,696

CITY of CAMDEN, SOUTH CAROLINA  
GENERAL FUND

STATEMENT of REVENUES COMPARED to BUDGET (GAAP BASIS)  
For the Year Ended June 30, 2016

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>LOCAL SOURCES</b>			
Property Taxes	\$ 1,270,262	\$ 1,103,778	\$ (166,484)
Vehicle Taxes	110,000	168,566	58,566
Local Option Sales Tax	1,201,125	1,293,110	91,985
Penalties and Delinquent Taxes	75,000	71,924	(3,076)
Fines and Forfeitures	220,000	192,739	(27,261)
Business Licenses	1,609,300	1,596,348	(12,952)
Franchise Fees	224,300	267,193	42,893
Fire Service	579,040	563,228	(15,812)
Sanitation	1,150,000	1,171,132	21,132
Archives	7,500	4,093	(3,407)
Sale/Use Equipment	3,000	273,655	270,655
Interest	12,000	22,498	10,498
Miscellaneous	122,800	248,610	125,810
Sub-Total	<u>6,584,327</u>	<u>6,976,874</u>	<u>392,547</u>
<b>STATE and LOCAL GOVERNMENT SOURCES</b>			
Local Government Fund	148,000	149,679	1,679
Merchant's Inventory Tax	48,000	48,495	495
Grants and Donations	78,960	131,666	52,706
Accommodations	27,500	28,240	740
Kershaw County School Resource Officer	188,924	188,965	41
Kershaw County Road Maintenance Fee	145,000	147,810	2,810
Sub-Total	<u>636,384</u>	<u>694,855</u>	<u>58,471</u>
Total Revenues	<u>\$ 7,220,711</u>	<u>\$ 7,671,729</u>	<u>\$ 451,018</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, 2016

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>GENERAL GOVERNMENT</b>			
Legislature	\$ 151,400	\$ 150,849	\$ 551
Court	190,006	166,814	23,192
Legal	50,000	29,621	20,379
Administration	317,902	330,321	(12,419)
Finance	863,215	810,121	53,094
Zoning/Code Enforcement	190,032	177,882	12,150
Garage Services	170,439	200,401	(29,962)
Downtown Development	101,791	21,109	80,682
Planning	114,658	117,170	(2,512)
Sub-Total	<u>2,149,443</u>	<u>2,004,288</u>	<u>145,155</u>
<b>PUBLIC SAFETY</b>			
Police Department	2,533,744	2,651,271	(117,527)
Fire Department			
Administration	354,855	348,540	6,315
Fire Fighting	1,428,874	1,661,485	(232,611)
Sub-Total	<u>4,317,473</u>	<u>4,661,296</u>	<u>(343,823)</u>
<b>HIGHWAYS and STREETS</b>			
Streets Maintenance	357,436	421,287	(63,851)
Park Maintenance	454,175	433,673	20,502
Sub-Total	<u>811,611</u>	<u>854,960</u>	<u>(43,349)</u>
<b>SANITATION</b>			
Administration	34,998	22,100	12,898
Trash Collection	1,112,859	1,456,292	(343,433)
Sub-Total	<u>1,147,857</u>	<u>1,478,392</u>	<u>(330,535)</u>
<b>CULTURE and RECREATION</b>			
Community Promotion	45,000	45,000	-
Archives	232,575	221,103	11,472
Sub-Total	<u>277,575</u>	<u>266,103</u>	<u>11,472</u>
<b>NON-DEPARTMENTAL</b>			
Other Non-Departmental	582,752	550,620	32,132
Sub-Total	<u>582,752</u>	<u>550,620</u>	<u>32,132</u>
Totals	<u>\$ 9,286,711</u>	<u>\$ 9,815,659</u>	<u>\$ (528,948)</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.

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

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

CITY of CAMDEN, SOUTH CAROLINA  
SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET  
June 30, 2016

	Local Tax Fund	Drug Fund	Police Department Recreation Fund	Fireman's Fund	Total
<b>ASSETS</b>					
Cash	\$ 859,077	\$ 26,957	\$ 796	\$ 59,317	\$ 946,147
Restricted Investments	339,540	-	-	-	339,540
Accounts Receivable	44,358	-	-	-	44,358
Total Assets	<u>\$ 1,242,975</u>	<u>\$ 26,957</u>	<u>\$ 796</u>	<u>\$ 59,317</u>	<u>\$ 1,330,045</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ 41,463	\$ -	\$ -	\$ -	\$ 41,463
Accrued Salaries	4,421	-	-	-	4,421
Total Liabilities	<u>45,884</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,884</u>
<b>DEFERRED INFLOW OF RESOURCES</b>					
Deferred Revenue	20,299	-	-	-	20,299
Total Deferred Inflow of Resources	<u>20,299</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,299</u>
<b>FUND BALANCES</b>					
Restricted	339,540	26,957	-	59,317	425,814
Committed	21,730	-	-	-	21,730
Assigned	815,522	-	796	-	816,318
Total Fund Balances	<u>1,176,792</u>	<u>26,957</u>	<u>796</u>	<u>59,317</u>	<u>1,263,862</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	<u>\$ 1,242,975</u>	<u>\$ 26,957</u>	<u>\$ 796</u>	<u>\$ 59,317</u>	<u>\$ 1,330,045</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, 2016

	Local Tax Fund	Drug Fund	Police Department Recreation Fund	Fireman's Fund	CDBG Grants	Victim's Assistance	Total
<b>REVENUES</b>							
State	36,556	5,079	-	47,233	-	-	88,868
Local	996,797	-	-	-	-	-	996,797
Interest	-	-	5	172	-	-	177
Miscellaneous	-	-	11,927	40,454	-	15,472	67,853
Total Revenues	<u>1,033,353</u>	<u>5,079</u>	<u>11,932</u>	<u>87,859</u>	<u>-</u>	<u>15,472</u>	<u>1,153,695</u>
<b>EXPENDITURES</b>							
Public Safety	-	-	-	-	-	15,472	15,472
Culture and Recreation	3,526,599	-	-	-	-	-	3,526,599
Non-Departmental	-	-	13,198	84,200	16	-	97,414
Total Expenditures	<u>3,526,599</u>	<u>-</u>	<u>13,198</u>	<u>84,200</u>	<u>16</u>	<u>15,472</u>	<u>3,639,485</u>
<b>EXCESS (DEFICIENCY) of REVENUES over EXPENDITURES</b>	<u>(2,493,246)</u>	<u>5,079</u>	<u>(1,266)</u>	<u>3,659</u>	<u>(16)</u>	<u>-</u>	<u>(2,485,790)</u>
<b>FUND BALANCE, Beginning of Year</b>	<u>3,670,038</u>	<u>21,878</u>	<u>2,062</u>	<u>55,658</u>	<u>16</u>	<u>-</u>	<u>3,749,652</u>
<b>FUND BALANCE, End of Year</b>	<u>\$ 1,176,792</u>	<u>\$ 26,957</u>	<u>\$ 796</u>	<u>\$ 59,317</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,263,862</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, 2016

<b>COURT FINES</b>	
Court Fines Collected	\$ 75,378
Court Fines Retained by City	<u>(75,378)</u>
Court Fines Remitted to the State Treasurer	<u><u>\$ -</u></u>
<b>COURT ASSESSMENTS</b>	
Court Assessments and Surcharges Collected	\$ 129,398
Court Assessments and Surcharges Retained by City	<u>(15,472)</u>
Court Assessments Remitted to the State Treasurer	<u><u>\$ 113,927</u></u>
<b>VICTIMS SERVICES</b>	
Court Assessments and Surcharges Allocated to Victim Services	<u>\$ 15,472</u>
Funds Allocated to Victim Services	
Victim Services Expenditures	<u>15,472</u>
Funds Available for Carry-forward	-
Funds Unused for Prior Year	<u>-</u>
Total	<u><u>\$ -</u></u>

## CAPITAL PROJECT FUNDS

## Capital Project Funds

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

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

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

CITY of CAMDEN, SOUTH CAROLINA  
CAPITAL PROJECT FUNDS

BALANCE SHEET  
June 30, 2016

ASSETS	
Cash and Cash Equivalents	\$ 712,656
Total Assets	<u>\$ 712,656</u>
LIABILITIES	
Accounts Payable	\$ 36,424
Total Liabilities	<u>36,424</u>
FUND BALANCE	
Committed For:	
Roads	397,853
Project Improvement	<u>278,379</u>
Total Fund Balance	<u>676,232</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balance	<u>\$ 712,656</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, 2016

	Road Fund	Project Improvement Fund	Total Capital Projects
<b>REVENUES</b>			
Road Revenue	\$ 365,208	\$ -	\$ 365,208
Capital Revenue	-	494,105	494,105
Total Revenues	365,208	494,105	859,313
<b>EXPENDITURES</b>			
Highways and Streets	7,570	-	7,570
Non-Departmental	-	429,283	429,283
Total Expenditures	7,570	429,283	436,853
Excess (Deficiency) of Revenues Over Expenditures	357,638	64,822	422,460
FUND BALANCE, Beginning of Year	40,215	213,557	253,772
FUND BALANCE, End of Year	\$ 397,853	\$ 278,379	\$ 676,232

PROPRIETARY FUNDS

CITY of CAMDEN, SOUTH CAROLINA  
STATEMENT of NET POSITION  
June 30, 2016

ASSETS	
CURRENT ASSETS	
Cash	\$ 7,773,595
Certificates of Deposit	642,903
Investments	2,737,268
Water and Lights Accounts Receivable, Net	2,510,783
Miscellaneous Receivables	94,842
Inventories	994,070
Total Current Assets	<u>14,753,461</u>
NON-CURRENT ASSETS	
RESTRICTED ASSETS	
Certificates of Deposit - Customer Deposits	652,485
Investments - Reserve Bond Funds	14,192,164
Total Restricted Assets	<u>14,844,649</u>
CAPITAL ASSETS	
Construction in Process	2,212,178
Buildings and Land	850,864
Furniture, Fixtures and Equipment	3,316,707
Electric System	39,641,702
Water System	28,825,575
Sewer and Wastewater System	59,198,745
Sub-Total	<u>134,045,771</u>
Less Accumulated Depreciation	(43,656,805)
Total Capital Assets	<u>90,388,966</u>
Total Non-Current Assets	<u>105,233,615</u>
Total Assets	<u>119,987,076</u>
DEFERRED OUTFLOW OF RESOURCES	
Deferred Pension Outflow	403,759
Deferred Charges	967,767
Total Deferred Outflow of Resources	<u>1,371,526</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	2,140,640
Other Current Liabilities	124,802
Bonds Payable, Current	4,055,010
Total Current Liabilities	<u>6,320,452</u>
NON-CURRENT LIABILITIES	
Accrued Vacation Pay	87,054
OPEB Obligation	541,953
Net Pension Liability	4,497,581
Payable from Restricted Assets	
Customer Deposits	680,128
Accrued Interest Payable	233,620
Bonds Payable, Non-Current	56,171,554
Total Non-Current Liabilities	<u>62,211,890</u>
Total Liabilities	<u>68,532,342</u>
DEFERRED INFLOW OF RESOURCES	
Deferred Revenue	143,314
Deferred Pension Inflow	(4,693)
Deferred Gain on Bond Refunding	230,239
Total Deferred Inflow of Resources	<u>368,860</u>
NET POSITION	
Net Investment in Capital Assets	30,899,930
Restricted for Debt Service	14,192,164
Unrestricted	7,365,306
Total Net Position	<u>\$ 52,457,400</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, 2016

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>OPERATING REVENUES</b>			
Electric Division	\$ 23,343,346	\$ 22,249,603	\$ (1,093,743)
Less: Direct Cost	<u>18,724,678</u>	<u>15,948,346</u>	<u>2,776,332</u>
Income from Electric Division	<u>4,618,668</u>	<u>6,301,257</u>	<u>1,682,589</u>
 Water Division	 4,295,000	 4,218,322	 (76,678)
Less: Direct Cost	<u>2,560,409</u>	<u>2,743,199</u>	<u>(182,790)</u>
Income from Water Division	<u>1,734,591</u>	<u>1,475,123</u>	<u>(259,468)</u>
 Sewer Division	 2,541,500	 2,483,053	 (58,447)
Less: Direct Cost	<u>1,893,885</u>	<u>3,268,743</u>	<u>(1,374,858)</u>
Income from Sewer Division	<u>647,615</u>	<u>(785,690)</u>	<u>(1,433,305)</u>
 Operating Income	 <u>7,000,874</u>	 <u>6,990,690</u>	 <u>(10,184)</u>
<b>NON-OPERATING REVENUE (EXPENSE)</b>			
Interest Income	20,000	20,083	83
Interest Expense	(5,527,874)	(1,319,587)	4,208,287
Loss on Disposal of Capital Assets	-	(10,957)	(10,957)
Other Revenue (Expenses)	<u>573,000</u>	<u>767,736</u>	<u>194,736</u>
Total Non-Operating Revenues (Expense)	<u>(4,934,874)</u>	<u>(542,725)</u>	<u>4,392,149</u>
Income (Loss) before Contributions and Transfers	<u>2,066,000</u>	<u>6,447,965</u>	<u>4,381,965</u>
 Transfers Out	 <u>(2,066,000)</u>	 <u>(2,066,000)</u>	 <u>-</u>
Net Transfers	<u>(2,066,000)</u>	<u>(2,066,000)</u>	<u>-</u>
 Change in Net Position	 <u>\$ -</u>	 <u>\$ 4,381,965</u>	 <u>\$ 4,381,965</u>
 NET POSITION, Beginning of Year		 48,075,435	
 NET POSITION, End of Year		 <u>\$ 52,457,400</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, 2016

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Reconnections/Penalties	\$ 375,000	\$ 411,169	\$ 36,169
Setoff Debt Collections	6,500	10,866	4,366
Pole Rental	70,000	72,116	2,116
Handling and Return Fees	8,000	7,599	(401)
Use of Labor and Equipment	10,000	-	(10,000)
Miscellaneous	43,500	205,561	162,061
Septic Tank Hauler Fees	60,000	60,425	425
Total	<u>\$ 573,000</u>	<u>\$ 767,736</u>	<u>\$ 194,736</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 the City of Camden, South Carolina, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Camden, South Carolina's basic financial statements, and have issued our report thereon dated October 19, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 the City of Camden, South Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 the 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

October 19, 2016