

CITY of CAMDEN  
Camden, South Carolina

FINANCIAL STATEMENTS and  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2018

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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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Camden, South Carolina, as of June 30, 2018, 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 – 9 and 42 – 48 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 supplementary schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2018, on our consideration of the City of Camden, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Camden, South Carolina's internal control over financial reporting and compliance.

*Cantey, Tiller, Pierce & Green, LLP*

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

November 30, 2018

**CITY OF CAMDEN, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the City of Camden's financial performance and statistics summarizes the City's annual report for the fiscal year ended June 30, 2018. **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 2016 was flat in a recessed general economy, however, the City saw the opening of several new retail outlets and restaurants in 2017 and 2018. 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 2018, the local option sales tax credit reduced the primary residential property tax by approximately 68%. In 2018, the City completed the construction of a tournament quality tennis complex. The hiring of a Tennis Pro Manager and the scheduling of tournaments in 2018 has resulted in the utilization of this facility to its full potential. The City of Camden was approved during Fiscal Year 2017 as a member of MASC's Main Street Program along with the hiring of a Main Street Coordinator. This program continues to concentrate on the improvement and growth of our downtown area in 2018, and is in its second year of a three year program.

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.

During the 2018 fiscal year successful emphasis was placed not only on increased visitation and events but also on the economic development of The City of Camden.

The five year property re-appraisal will occur 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:

2014	\$637,072,000
2015	\$651,358,000
2016	\$697,903,998
2017	\$728,134,693
2018	\$776,831,073

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 2017 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 45%. The retail rate charged to City customers since 2009 has increased by 28%. Electric projects during 2018 included the completion of the electric underground electric utilities to Fair Street, Chesnut Street and Little Street and the project known as Blackhawk, Kendall Mill Village area. Electric line upgrades along Walnut Street were completed in 2018 along with Hwy 521 to Boykin Road. Upgrades also included the electric services to the Carolina Tech Campus. These projects were funded in part 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 along with budgeted funds. 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 began in June 2017. Purchases of equipment included service vehicles to replace old and worn existing vehicles.

During 2018, the City completed several water line and sewer line rehabilitation projects. This included the upgrade completion of the Kirkwood lift station and manhole rehab work. Work was completed on the rehab and renovation in 2018 of the area known as the Kendall Mill Village and surrounding areas. Re-paving of this area was also completed during the 2018 fiscal year. The SCDOT bypass project in progress during 2018 is expected to continue into the 2018/2019 fiscal year. Fiscal year 2018 saw the completion of the Carbon Based Treatment Upgrade to the water plant. This upgrade allowed staff to discontinue the use of liquid chloride and address the taste and odor issues when treatment is required during the hot summer months.

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. During 2017 the City of Camden addressed re-claiming the lagoon portion of the site and developing it into an environmental educational center and canoe launch. Fiscal year 2018 saw the beginning of the engineering of this project. Continued funding to include budgeted funds and grant funding for this project is underway.

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 10 and 11 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 12 through 15 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 16 through 18 of the audited financial statements. The proprietary fund statements report the business like operations in more detail than the government-wide statements. A detailed cash flow statement is provided about the City's proprietary fund, the most financially significant fund, on page 18.

### **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 18 and a supplemental statement of revenues and expenses on page 59 of the audited financial statements. Page 60 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 \$47,655,832 at the end of fiscal year 2017 to \$49,054,885 at year-end 2018. This \$1,399,053 or 2.9% 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 note 7 of 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 6/30/18**

	Governmental Activities		Proprietary Fund Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 7,897,193	\$ 7,201,885	\$ 4,952,864	\$ 6,869,588	\$ 12,850,057	\$ 14,071,473
Receivables	750,570	1,218,932	3,038,302	9,656,449	3,788,872	10,875,381
Non-Current assets	851,611	2,715,994	8,903,281	10,978,089	9,754,892	13,694,083
Other assets	70,167	67,981	1,048,117	970,486	1,118,284	1,038,467
Capital assets	15,952,032	14,180,947	106,480,721	98,360,685	122,432,753	112,541,632
<b>Assets</b>	<b>25,521,573</b>	<b>25,385,739</b>	<b>124,423,285</b>	<b>126,835,297</b>	<b>149,944,858</b>	<b>152,221,036</b>
Deferred Outflow	2,543,741	1,821,457	1,732,735	1,653,186	4,276,476	3,474,643
<b>Total assets/outflow</b>	<b>\$ 28,065,314</b>	<b>\$ 27,207,196</b>	<b>\$ 126,156,020</b>	<b>\$ 128,488,483</b>	<b>\$ 154,221,334</b>	<b>\$ 155,695,679</b>
Current liabilities	\$ 1,390,881	\$ 1,182,400	\$ 8,158,926	\$ 7,679,666	\$ 9,549,807	\$ 8,862,066
Long term liabilities	29,541,321	29,031,304	62,440,490	66,550,213	91,981,811	95,581,517
<b>Liabilities</b>	<b>30,932,202</b>	<b>30,213,704</b>	<b>70,599,416</b>	<b>74,229,879</b>	<b>101,531,618</b>	<b>104,443,583</b>
Deferred Inflow	2,399,533	2,328,069	1,235,298	1,268,195	3,634,831	3,596,264
<b>Total liabilities/inflow</b>	<b>\$ 33,331,735</b>	<b>\$ 32,541,773</b>	<b>\$ 71,834,714</b>	<b>\$ 75,498,074</b>	<b>\$ 105,166,449</b>	<b>\$ 108,039,847</b>
<b>Net position:</b>						
Investment in capital assets	\$ 10,147,818	\$ 7,892,999	\$ 49,035,055	\$ 36,276,875	\$ 59,182,873	\$ 44,169,874
Restricted for debt service	323,101	386,917	8,247,391	10,323,804	8,570,492	10,710,721
Restricted for special purposes	119,749	112,824	-	-	119,749	112,824
Unrestricted	(15,857,089)	(13,727,317)	(2,961,140)	6,389,730	(18,818,229)	(7,337,587)
<b>Total net position</b>	<b>\$ (5,266,421)</b>	<b>\$ (5,334,577)</b>	<b>\$ 54,321,306</b>	<b>\$ 52,990,409</b>	<b>\$ 49,054,885</b>	<b>\$ 47,655,832</b>

**Governmental Fund Budgetary Highlights**

The General Fund budget for the fiscal year 2018 was \$10,043,041. This was an increase of \$489,784 from the previous year. During the year, certain variances developed as follows: Property tax collections were \$169,110 less than budgeted. Business licenses fees were \$209,433 more than budgeted. Grants in the amount of \$179,457 were received from Federal, State and local agencies. The total expenditures, including all account variances, were \$218,546 more than the cash-operating budget which includes the purchase of Three (3) Police Units, a Sanitation Unit and a Fire Dept. Unit. A grant match in the amount of \$90,000 for the NIP grant is also included in expenditures. The expense overage was partially offset by a total revenue gain of \$451,018. Revenue gains include grant money to cover expenditures, insurance reimbursements and other small variances from budget.

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

The net position of the City governmental fund had increased by \$68,156 to a balance of \$(5,266,421) in 2018 from \$(5,334,577) in 2017.

The deficit fund balance is a net result of the reporting requirements of GASB entries for fiscal year 2017. The GASB 45, 68, 34 and 75 requirements can be analyzed in greater detail upon review of the Note 7 beginning on page 34 and the Statements of Revenues, Expenditures and Changes in Fund Balance on page 14, 15, 38 and 39 of the audited financial statements.

The City's capital outlay in 2018 was \$2,413,219 and recorded \$642,133 as depreciation expense. The difference is an increase to net position in the amount of \$1,771,086. The primary additions to capital assets were police vehicles purchases in the amount of \$112,161, the purchase of a Sanitation Unit in the amount of \$131,982, the purchase of a Fire Vehicle in the amount of \$35,949 and the completion of construction of the Camden Tennis Complex in the amount of \$2,095,487. The total finished cost of the Camden Tennis Complex was \$3,159,374.

The purchase of Police Units, a Street Department Vehicle and a Fire Department Vehicle resulted in an increase in debt of \$276,000.

The net amount in compensated absences, increased by \$3,004 from \$177,602 to \$180,606 in 2018. This change decreased net position by \$3,004. Also, the decrease in OPEB liability increased the net position in the amount of \$55,393 and the current year increase of GASB 68 of \$267,898 decreased the net position.



**Summary:**

	<b>Contribution to Net Position</b>	
	<u>2018</u>	<u>2017</u>
Fund Balance Improvement (Decline)	\$ (1,971,154)	\$ 1,658,664
Net Capital Asset Investment	1,771,086	1,295,782
Net (Increase) Decrease in Debt	483,734	(1,353,170)
OPEB Obligations (GASB 45)	55,393	54,759
Prior Period OPEB Obligation	-	(11,486,975)
GASB 68 Implementation	(267,898)	(307,692)
Increase in Compensated Absences	(3,004)	(15,295)
Net Change	<u>\$ 68,157</u>	<u>\$ (10,153,927)</u>

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

The net position of the City proprietary fund had increased by 1.02%, from \$52,990,409 in 2017 to \$54,321,306 in 2018. This can be analyzed in greater detail on the Statements of Revenues, Expenditures and Changes in Fund Balance on page 14, 15, 38 and 39 of the audited financial statements.

A \$3,257,110 contribution to operating income was recorded by the electric division. This gain was \$2,347,123 less than the business plan had anticipated. Electric revenues were less than budget by \$2,105,605. Operating costs of the electric division were \$241,518 more than budgeted. The capital expenditures in the amount of \$12,315,958, asset disposal in the amount of \$66,735 and depreciation in the amount of \$4,195,922 resulted in a net asset gain of \$8,120,036. Purchased power was \$420,676 more than budget and other operating and maintenance costs were \$179,158 less than the budgeted amount.

A \$1,056,347 contribution to operating income was recorded by the water division. This was \$258,624 less than budgeted. The water division revenues were less than budget by \$113,910. Budgeted capital expenditures in the amount of \$1,002,304 and depreciation in the amount of \$848,569 resulted in a net decrease of direct cost in the amount of \$153,735.

A (\$1,031,843) contribution to operating income was recorded by the sewer division. This was \$1,236,191 less than budgeted. Sewer division revenue was less than budget by \$41,151. Budgeted capital expenditures in the amount of \$922,000 and depreciation in the amount of \$1,914,767 resulted in a net increase of direct cost in the amount of \$992,767.

Other operating income totaled \$1,409,002. This was \$313,002 greater than the budgeted plan. The primary reason for higher other operating income was due to CDBG grant reimbursements.

The combined non-operating revenue and expense effect was a net \$115,283 increase to income. The largest impact on non-operating expense was the \$1,424,745 interest expense from debt service. The interest expense was reduced by the combined effect of \$113,026 interest income earned on investments and \$1,409,002 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:**

	<u>2018</u>	<u>2017</u>
Electric Department	\$ 3,257,110	\$ 4,632,063
Water Department	1,056,347	1,330,810
Sewer Department	(1,031,843)	(670,358)
Other Operating Income	1,540,028	1,441,765
Non-operating Rev. (Exp.)	(1,424,745)	(1,449,290)
Transfers In	-	-
Transfers Out	(2,066,000)	(2,066,000)
Prior Period OPEB	-	(2,685,981)
Net Change	<u>\$ 1,330,897</u>	<u>\$ 533,009</u>

**City-wide Summary:**

	<u>2018</u>	<u>2017</u>
Governmental Fund	\$ 68,156	\$ (10,153,927)
Proprietary Fund	\$ 1,330,897	\$ 533,009
Total City of Camden	\$ 1,399,053	\$ (9,620,918)

**Summary of Revenues and Expenses  
Changes in Net Position as of 06/30/18**

	Governmental Activity		Proprietary Activity		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenues:</b>						
Taxes	\$ 4,843,852	\$ 4,554,166	\$ -	\$ -	\$ 4,843,852	\$ 4,554,166
Licenses and Permits	2,201,275	2,029,158	-	-	2,201,275	2,029,158
Intergovernmental	854,162	998,019	-	-	854,162	998,019
Charge for Services	1,769,908	1,779,781	-	-	1,769,908	1,779,781
Fines	180,204	230,301	-	-	180,204	230,301
Miscellaneous	358,566	356,438	-	-	358,566	356,438
Electric Revenue	-	-	22,530,465	21,780,563	22,530,465	21,780,563
Water Revenue	-	-	4,241,090	4,133,055	4,241,090	4,133,055
Sewer Revenue	-	-	2,530,349	2,623,363	2,530,349	2,623,363
Other Operating	-	-	1,409,002	1,397,309	1,409,002	1,397,309
Interest Income	-	-	131,026	44,456	131,026	44,456
<b>Total Revenue</b>	<b>10,207,967</b>	<b>9,947,863</b>	<b>30,841,932</b>	<b>29,978,746</b>	<b>41,049,899</b>	<b>39,926,609</b>
<b>Expenses:</b>						
General Government	2,425,924	2,112,212	-	-	2,425,924	2,112,212
Public Safety	4,930,200	4,905,189	-	-	4,930,200	4,905,189
Highways and Streets	1,418,016	1,068,373	-	-	1,418,016	1,068,373
Sanitation	1,298,430	1,041,422	-	-	1,298,430	1,041,422
Culture and Recreation	3,220,244	2,146,764	-	-	3,220,244	2,146,764
Non-Departmental	1,228,307	1,114,239	-	-	1,228,307	1,114,239
Electric Cost	-	-	19,273,355	17,148,500	19,273,355	17,148,500
Water Cost	-	-	3,184,743	2,802,245	3,184,743	2,802,245
Sewer Cost	-	-	3,562,192	3,293,721	3,562,192	3,293,721
Loss on Disposal of Assets	-	-	-	-	-	-
Interest Expense	-	-	1,424,745	1,449,290	1,424,745	1,449,290
<b>Total Expense</b>	<b>14,521,121</b>	<b>12,388,199</b>	<b>27,445,035</b>	<b>24,693,756</b>	<b>41,966,156</b>	<b>37,081,955</b>
Income before Transfers	(4,313,154)	(2,440,336)	3,396,897	5,284,990	(916,257)	2,844,654
Transfers In/ (Out)	2,066,000	2,066,000	(2,066,000)	(2,066,000)	-	-
Fund Bal Changes pg 16	2,039,310	(325,616)	-	-	2,039,310	(325,616)
Capital Financing	276,000	2,033,000	-	-	276,000	2,033,000
Change in Net Position	68,156	1,333,048	1,330,897	3,218,990	1,399,053	4,552,038
Beginning Net Position	(5,334,577)	4,819,350	52,990,409	52,457,400	47,655,832	57,276,750
Prior Period Adjustment	-	(11,486,975)	-	(2,685,981)	-	(14,172,956)
Ending Net Position	\$ (5,266,421)	\$ (5,334,577)	\$ 54,321,306	\$ 52,990,409	\$ 49,054,885	\$ 47,655,832

**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 \$368,289 as of June 30, 2018. Additionally, the utility fund customer deposits are maintained as a restricted reserve. This amount was \$696,368 as of June 30, 2018. 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, 2018, the road paving reserve balance was \$681,218. City Council also restricted funds for capital projects. The capital projects fund balance was \$313,219 as of June 30, 2018. 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 2018.

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 \$528,061 as of June 30, 2018. This balance is a result of the H-Tax bond issue in the amount of \$1,845,000 with the balance of this bond amount being \$1,741,000 at June 30, 2018.

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 \$528,510 as of June 30, 2018.

**Capital Assets**  
**Summary of Capital Assets**  
As of 06/30/18  
(Net of Depreciation)

	Governmental Activity		Proprietary Activity		Total	
	2018	2017	2018	2017	2018	2017
Land and Improvements	\$ 2,257,628	\$ 2,235,379	\$ 501,916	\$ 501,916	\$ 2,759,544	\$ 2,737,295
Buildings and Improvements	8,357,929	5,774,292	97,965	104,639	8,455,894	5,878,931
Equipment	19,321	76,892	-	-	19,321	76,892
Streets, Sidewalks, Etc.	4,204,356	4,311,639	-	-	4,204,356	4,311,639
Automotive Equipment	1,112,798	1,014,943	748,762	915,243	1,861,560	1,930,186
Electric System	-	-	28,563,494	25,813,842	28,563,494	25,813,842
Water System	-	-	22,071,468	15,533,615	22,071,468	15,533,615
Sewer System	-	-	17,499,716	12,551,215	17,499,716	12,551,215
Electric Instruments	-	-	272,726	298,620	272,726	298,620
Water Instruments	-	-	72,504	58,943	72,504	58,943
Sewer Instruments	-	-	387,026	456,449	387,026	456,449
Office Machines	-	-	7,193	11,461	7,193	11,461
Wastewater Treatment Plant	-	-	33,649,351	34,951,324	33,649,351	34,951,324
Total	15,952,032	13,413,145	103,872,121	91,197,267	119,824,153	104,610,412
Construction in Progress	-	767,802	2,608,600	7,163,418	2,608,600	7,931,220
Total	\$ 15,952,032	\$ 14,180,947	\$ 106,480,721	\$ 98,360,685	\$ 122,432,753	\$ 112,541,632

Please refer to page 27 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 is \$2,970,559 as of June 30, 2018. Other general fund liquid investments totaled \$5,778,245 at year-end. As of June 30, 2018, the general fund unrestricted operating cash is \$2,877,626. The excess unrestricted cash excludes the deferred revenue already received for the upcoming fiscal year. Based on cash needs for the fiscal year 2018/2019 this balance will support the City for 135 days. The proprietary fund operating cash and investment balance of \$14,145,741 allows 155 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 \$8,247,391 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, 2018, the governmental fund had an \$864,214 balance of capital lease/bond debt. A lease balance of \$155,724 is obligated for three more years for the purchase of an additional fire truck. A lease balance in the amount of \$202,266 is obligated for four more years for the purchase of three police units, fire unit and sanitation truck. A lease balance of \$43,562 is obligated for two years for the purchase of a sanitation truck. A lease balance of \$382,623 is obligated for eight years for the purchase of a sanitation truck and a fire truck. A lease balance of \$79,638 is obligated for three years for the purchase of a sanitation truck. The annual amount of principal paid for all general fund debt was \$238,078 for fiscal year 2018.

**Proprietary Fund Long Term Debt**

The proprietary fund currently has a balance, as of June 30, 2018, of \$58,341,789 committed to long term debt. This debt is comprised of 10 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. Series 2015 and 2016 was issued for major electric underground

projects and repairs in the total amount of \$13,080,000. SRF Funding in the amount of \$12,325,986 for water and sewer renovations to include the area of Kendall Mill Village and the SCDOT Bypass.

The debt balance for the construction of a new wastewater treatment plant was \$28,603,592 at June 30, 2018. 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 \$5,921,320. While the debt coverage ratio for the proprietary fund has been steady for the past four years (see the following chart) this did decrease as expected with the addition of new debt issues.

	2015	2016	2017	2018
Net Income	\$ 4,024,699	\$ 6,447,965	\$ 5,284,990	\$ 3,396,897
Depreciation	3,805,090	3,877,356	3,938,576	4,195,922
Loss on Disposal of Capital Assets	985,139	10,957	-	-
Interest Expense on Bonds	1,288,227	1,319,587	1,449,290	1,424,745
Net Available for Debt From Operations	<u>10,103,155</u>	<u>11,655,865</u>	<u>10,672,856</u>	<u>9,017,564</u>
Total Debt Service Requirement	<u>\$ 4,298,234</u>	<u>\$ 5,439,475</u>	<u>\$ 5,918,345</u>	<u>\$ 5,921,320</u>
* Coverage Ratio	2.35	2.14	1.80	1.52

#### Summary of Outstanding Debt

	Governmental Activity		Proprietary Activity		Total City	
	2018	2017	2018	2017	2018	2017
Bond Obligations	\$ 4,940,000	\$ 5,340,000	\$ 58,256,079	\$ 60,226,564	\$ 63,196,079	\$ 65,566,564
Short Term Obligations	864,214	947,948	-	-	864,214	947,948
Total	<u>\$ 5,804,214</u>	<u>\$ 6,287,948</u>	<u>\$ 58,256,079</u>	<u>\$ 60,226,564</u>	<u>\$ 64,060,293</u>	<u>\$ 66,514,512</u>

Please refer to pages 29 through 32 (Note # 4 and # 5) of the audited financial statements for a detailed presentation of the City-wide debt.

\*Calculation of debt service was determined using financial information prior to transfers. Prior years' coverage has been restated to reflect debt service calculation prior to transfers.

#### 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 Lytleton Street, P.O. Box 7002, Camden, South Carolina 29021.

CITY of CAMDEN, SOUTH CAROLINA

STATEMENT of NET POSITION  
June 30, 2018

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,970,559	\$ 1,502,838	\$ 4,473,397
Certificates of Deposit	1,359,467	645,801	2,005,268
Investments	3,567,167	2,804,225	6,371,392
Receivable:			
Accounts Receivable, Net	-	2,985,028	2,985,028
Taxes, Net	255,874	-	255,874
Miscellaneous	494,696	53,274	547,970
Inventory	70,167	1,048,117	1,118,284
Restricted Assets:			
Cash	528,510	-	528,510
Certificates of Deposit	-	655,890	655,890
Investments	323,101	8,247,391	8,570,492
Capital Assets:			
Land, Historical Collections and Construction in Progress	2,257,628	3,110,517	5,368,145
Other Capital Assets, Net of Accumulated Depreciation	13,694,404	103,370,204	117,064,608
Total Capital Assets, Net of Depreciation	<u>15,952,032</u>	<u>106,480,721</u>	<u>122,432,753</u>
Total Assets	<u>25,521,573</u>	<u>124,423,285</u>	<u>149,944,858</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pension Liability	2,543,741	744,707	3,288,448
Deferred Charges-OPEB	-	988,028	988,028
Total Deferred Outflow of Resources	<u>2,543,741</u>	<u>1,732,735</u>	<u>4,276,476</u>
<b>LIABILITIES</b>			
Accounts Payable	362,836	2,588,694	2,951,530
Accrued Liabilities	381,967	46,701	428,668
Notes and Lease Obligations Payable, Current	238,078	-	238,078
Bonds Payable, Current	408,000	4,638,660	5,046,660
Liabilities Payable from Restricted Assets			
Customer Deposits	-	696,368	696,368
Accrued Interest Payable	-	188,503	188,503
Compensated Absences, Non-Current	180,606	85,707	266,313
OPEB Obligation	13,694,560	3,211,719	16,906,279
Net Pension Liability	10,508,019	5,525,645	16,033,664
Notes and Lease Obligations Payable, Non-Current	626,136	-	626,136
Bonds Payable, Non-Current	4,532,000	53,617,419	58,149,419
Total Liabilities	<u>30,932,202</u>	<u>70,599,416</u>	<u>101,531,618</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned Revenue	2,375,225	1,058,526	3,433,751
Deferred Inflows Related to Pension Liability	24,308	(843)	23,465
Deferred Gain on Bond Refunding	-	177,615	177,615
Total Deferred Inflow of Resources	<u>2,399,533</u>	<u>1,235,298</u>	<u>3,634,831</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	10,147,818	49,035,055	59,182,873
Restricted for:			
Law Enforcement	47,672	-	47,672
Special Purposes	72,077	-	72,077
Debt Service	323,101	8,247,391	8,570,492
Unrestricted	(15,857,089)	(2,961,140)	(18,818,229)
Total Net Position	<u>\$ (5,266,421)</u>	<u>\$ 54,321,306</u>	<u>\$ 49,054,885</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, 2018

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	\$ 3,543,452	\$ 1,909,360	\$ -	\$ -	\$ (1,634,092)	\$ -	\$ (1,634,092)
Public Safety							
Police	3,059,794	317,363	95,951	-	(2,646,480)	-	(2,646,480)
Fire	1,958,157	621,712	153,697	-	(1,182,748)	-	(1,182,748)
Highways and Streets	1,525,982	-	311,640	-	(1,214,342)	-	(1,214,342)
Sanitation	1,238,042	1,148,196	50,502	-	(39,344)	-	(39,344)
Culture and Recreation	880,383	3,226	-	-	(877,157)	-	(877,157)
Total Governmental Activities	<u>12,205,810</u>	<u>3,999,857</u>	<u>611,790</u>	<u>-</u>	<u>(7,594,163)</u>	<u>-</u>	<u>(7,594,163)</u>
Business-Type Activities:							
Electric Charges	19,273,355	22,530,465	-	-	-	3,257,110	3,257,110
Water Charges	3,184,743	4,241,090	-	-	-	1,056,347	1,056,347
Sewer Charges	3,562,192	2,530,349	-	-	-	(1,031,843)	(1,031,843)
Total Business-Type Activities	<u>26,020,290</u>	<u>29,301,904</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,281,614</u>	<u>3,281,614</u>
Total Primary Government	<u>\$ 38,226,100</u>	<u>\$ 33,301,761</u>	<u>\$ 611,790</u>	<u>\$ -</u>	<u>(7,594,163)</u>	<u>3,281,614</u>	<u>(4,312,549)</u>
					<u>Primary Government</u>		
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					3,688,711	-	3,688,711
Franchise Taxes					291,915	-	291,915
Public Service Taxes					1,260,354	-	1,260,354
Unrestricted Investment Earnings					55,893	131,026	186,919
Transfers - Internal Activities					2,066,000	(2,066,000)	-
Miscellaneous					299,447	(15,743)	283,704
Total General Revenues, Special Items and Transfers					<u>7,662,320</u>	<u>(1,950,717)</u>	<u>5,711,603</u>
Change in Net Position					<u>68,157</u>	<u>1,330,897</u>	<u>1,399,054</u>
Net Position, Beginning of Year					<u>(5,334,578)</u>	<u>52,990,409</u>	<u>47,655,831</u>
Net Position, End of Year					<u>\$ (5,266,421)</u>	<u>\$ 54,321,306</u>	<u>\$ 49,054,885</u>

The Accompanying Notes are an Integral Part of These Financial Statements

CITY of CAMDEN, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2018

	General	Special Revenue	Capital Project Funds	Total Governmental Funds
<b>ASSETS</b>				
Assets				
Cash	\$ 1,520,159	\$ 435,910	\$ 1,014,490	\$ 2,970,559
Restricted Cash	528,510	-	-	528,510
Certificates of Deposit	1,359,467	-	-	1,359,467
Investments	3,567,167	-	-	3,567,167
Restricted Investments	-	323,101	-	323,101
Receivables (Net)				
Taxes	181,363	74,511	-	255,874
Miscellaneous	494,696	-	-	494,696
Inventory	70,167	-	-	70,167
Total Assets	<u>\$ 7,721,529</u>	<u>\$ 833,522</u>	<u>\$ 1,014,490</u>	<u>\$ 9,569,541</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES and FUND BALANCE</b>				
Liabilities				
Accounts Payable	\$ 251,183	\$ 102,266	\$ 9,387	\$ 362,836
Accrued Liabilities	381,012	955	-	381,967
Total Liabilities	<u>632,195</u>	<u>103,221</u>	<u>9,387</u>	<u>744,803</u>
Deferred Inflows of Resources				
Unearned Revenue	2,283,587	80,972	10,666	2,375,225
Total Deferred Inflows of Resources	<u>2,283,587</u>	<u>80,972</u>	<u>10,666</u>	<u>2,375,225</u>
<b>FUND BALANCE</b>				
Fund Balance				
Nonspendable	70,167	-	-	70,167
Restricted	-	632,522	-	632,522
Committed	270,281	15,288	994,437	1,280,006
Assigned	-	1,519	-	1,519
Unassigned	4,465,299	-	-	4,465,299
Total Fund Balance	<u>4,805,747</u>	<u>649,329</u>	<u>994,437</u>	<u>6,449,513</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 7,721,529</u>	<u>\$ 833,522</u>	<u>\$ 1,014,490</u>	<u>\$ 9,569,541</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, 2018

Total Fund Balance for Governmental Funds		\$ 6,449,513
Total Net Position reported for governmental activities in the statement of net position is different because:		
Capital assets of \$31,677,491 net of accumulated depreciation of \$15,725,459 are not financial resources and, therefore, are not reported in the funds. (See Note 3 for additional detail).		15,952,032
OPEB Obligation (See Note 6 for additional detail).		(13,694,560)
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		2,543,741
Deferred inflows-pension		(24,308)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Compensated Absences	\$ (180,606)	
Net Pension Liability	(10,508,019)	
Governmental Leases and Bonds Payable	<u>(5,804,214)</u>	<u>(16,492,839)</u>
Total Net Position of Governmental Activities		<u>\$ (5,266,421)</u>



CITY of CAMDEN, SOUTH CAROLINA

STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCE  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2018

	General	Special Revenue	Capital Project Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 2,754,375	\$ 1,104,637	\$ 984,840	\$ 4,843,852
Licenses and Permits	2,201,275	-	-	2,201,275
Intergovernmental Revenues	746,287	107,875	-	854,162
Charges for Services	1,769,908	-	-	1,769,908
Fines and Forfeits	167,386	12,818	-	180,204
Miscellaneous Revenues	323,654	34,912	-	358,566
Total Revenues	<u>7,962,885</u>	<u>1,260,242</u>	<u>984,840</u>	<u>10,207,967</u>
<b>EXPENDITURES</b>				
Current:				
General Government	2,425,924	-	-	2,425,924
Public Safety	4,917,382	12,818	-	4,930,200
Highways and Streets	929,053	-	488,963	1,418,016
Sanitation	1,298,430	-	-	1,298,430
Culture and Recreation	352,825	2,867,419	-	3,220,244
Non-Departmental	613,973	86,032	528,302	1,228,307
Total Expenditures	<u>10,537,587</u>	<u>2,966,269</u>	<u>1,017,265</u>	<u>14,521,121</u>
EXCESS (DEFICIENCY) of REVENUES OVER (UNDER) EXPENDITURES	<u>(2,574,702)</u>	<u>(1,706,027)</u>	<u>(32,425)</u>	<u>(4,313,154)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	2,066,000	-	-	2,066,000
Capital Financing	276,000	-	-	276,000
Total Other Financing Sources (Uses)	<u>2,342,000</u>	<u>-</u>	<u>-</u>	<u>2,342,000</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(232,702)	(1,706,027)	(32,425)	(1,971,154)
FUND BALANCE, Beginning of Year	<u>5,038,449</u>	<u>2,355,356</u>	<u>1,026,862</u>	<u>8,420,667</u>
FUND BALANCE, End of Year	<u>\$ 4,805,747</u>	<u>\$ 649,329</u>	<u>\$ 994,437</u>	<u>\$ 6,449,513</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, 2018

Net Changes in Fund Balances - Total Governmental Funds	\$ (1,971,154)
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 \$2,413,219 exceeded depreciation of \$642,133 in the current period.	1,771,086
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 financing proceeds of \$276,000 exceeded repayments of \$759,734. Also see Note 5 for additional detail.	483,734
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 increase in compensated absences.	(3,004)
Net increase in net pension liability expenses.	(267,898)
Net decrease in OPEB Obligation.	<u>55,393</u>
Changes in Net Position of Governmental Activities	<u>\$ 68,157</u>

CITY of CAMDEN, SOUTH CAROLINA

STATEMENT of NET POSITION - PROPRIETARY FUND  
June 30, 2018

ASSETS	
CURRENT ASSETS	
Cash	\$ 1,502,838
Certificates of Deposit	645,801
Investments	2,804,225
Water and Lights Accounts Receivable, Net	2,985,028
Miscellaneous Receivables	53,274
Inventories	1,048,117
Total Current Assets	<u>9,039,283</u>
NON-CURRENT ASSETS	
RESTRICTED ASSETS	
Certificates of Deposit - Customer Deposits	655,890
Investments - Reserve Bond Investment	8,247,391
Total Restricted Assets	<u>8,903,281</u>
CAPITAL ASSETS	
Construction in Process	2,608,601
Buildings and Land	850,864
Furniture, Fixtures and Equipment	2,908,315
Electric System	49,484,984
Water System	36,833,016
Sewer and Wastewater System	65,371,253
Sub-Total	<u>158,057,033</u>
Less Accumulated Depreciation	(51,576,312)
Total Capital Assets	<u>106,480,721</u>
Total Non-Current Assets	<u>115,384,002</u>
Total Assets	<u>124,423,285</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pension Liability	744,707
Deferred Charges-OPEB	988,028
Total Deferred Outflows of Resources	<u>1,732,735</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	2,588,694
Other Current Liabilities	46,701
Bonds Payable, Current	4,638,660
Total Current Liabilities	<u>7,274,055</u>
NON-CURRENT LIABILITIES	
Accrued Vacation Pay	85,707
OPEB Obligation	3,211,719
Net Pension Liability	5,525,645
Payable from Restricted Assets	
Customer Deposits	696,368
Accrued Interest Payable	188,503
Bonds Payable, Non-Current	53,617,419
Total Non-Current Liabilities	<u>63,325,361</u>
Total Liabilities	<u>70,599,416</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Revenue	1,058,526
Deferred Inflows Related to Pension Liability	(843)
Deferred Gain on Bond Refunding	177,615
Total Deferred Inflows of Resources	<u>1,235,298</u>
NET POSITION	
Net Investment in Capital Assets	49,035,055
Restricted for Debt Service	8,247,391
Unrestricted	(2,961,140)
Total Net Position	<u>\$ 54,321,306</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, 2018

OPERATING REVENUES	
Charges for Services:	
Electric Charges	\$ 22,530,465
Water Charges	4,241,090
Sewer Charges	2,530,349
Total Operating Revenues	<u>29,301,904</u>
OPERATING EXPENSES	
Personnel Services	3,738,491
Maintenance, Operations, and Contractual Services	17,446,505
Materials and Supplies	639,372
Depreciation & Amortization	4,195,922
Total Operating Expenses	<u>26,020,290</u>
Operating Income	<u>3,281,614</u>
NON-OPERATING REVENUE (EXPENSE)	
Interest Income	131,026
Interest Expense	(1,424,745)
Other Revenue (Expense)	1,409,002
Total Non-Operating Revenue (Expense)	<u>115,283</u>
Income (Loss) before Contributions and Transfers	3,396,897
OPERATING TRANSFERS and CONTRIBUTIONS	
Transfers to Other Funds	<u>(2,066,000)</u>
Change in Net Position	1,330,897
NET POSITION, Beginning of Year	<u>52,990,409</u>
NET POSITION, End of Year	<u>\$ 54,321,306</u>

CITY of CAMDEN, SOUTH CAROLINA

STATEMENT of CASH FLOWS - PROPRIETARY FUND  
For the Year Ended June 30, 2018

CASH FLOWS from OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 35,864,371
Cash Payments to Suppliers for Goods and Services	(16,526,542)
Cash Payments to Employees for Services	(4,582,645)
Net Cash Provided by Operating Activities	<u>14,755,184</u>
CASH FLOWS from NON-CAPITAL FINANCING ACTIVITIES:	
Other Non-Operating Revenue	1,409,002
Reclassification of Restricted Cash	2,031,756
Operating Transfers Out	(2,066,000)
Net Cash Provided by Non-Capital Financing Activities	<u>1,374,758</u>
CASH FLOWS from CAPITAL and RELATED FINANCING ACTIVITIES:	
Purchase of Assets	(12,315,958)
Principal Paid on Revenue Bond Maturities	(4,480,040)
Interest Paid on Debt Service	(1,424,745)
Net Cash Used in Capital and Related Financing Activities	<u>(18,220,743)</u>
CASH FLOWS from INVESTING ACTIVITIES:	
Interest and Dividends on Investments	<u>131,026</u>
Net Cash Provided by Investing Activities	<u>131,026</u>
Net Decrease in Cash and Cash Equivalents	(1,959,775)
Cash and Cash Equivalents at Beginning of Year	<u>3,462,613</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,502,838</u>
RECONCILIATION of OPERATING INCOME to NET CASH PROVIDED by OPERATING ACTIVITIES:	
Operating Income	\$ 3,281,614
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Amortization	85,215
Depreciation	4,110,707
Bad Debt Expense	93,013
Changes in Assets and Liabilities:	
Accounts Receivable	(612,593)
Miscellaneous Accounts Receivable	7,137,727
Inventory	(77,631)
Deferred Pension Outflow	52,242
Deferred Charges	(131,791)
Accounts Payable	381,602
Interest Payable	(22,933)
Other Liabilities	453,576
Customer Deposits	37,333
Deferred Gain	(26,312)
Deferred Inflows	(6,585)
Net Cash Provided by Operating Activities	<u>\$ 14,755,184</u>

CITY of CAMDEN, SOUTH CAROLINA

NOTES to FINANCIAL STATEMENTS

June 30, 2018

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 investments 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 Statute permits 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 Prepaids

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

Prepaid record payments to vendors benefit future reporting periods and are also reported on the consumption basis. Both inventories and prepaid 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, 2018 is \$368,289.

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, 2018 was \$85,218 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, 2018 was \$681,218. City Council increased its tax millage specifically for capital. The balance unspent at June 30, 2018 was \$313,219. 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, 2018 was \$528,061. City Council passed an ordinance committing \$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, 2018	<u>\$ 59,182,873</u>
Maximum Amount that can be Transferred during the Year Ended June 30, 2018	<u>\$ 11,836,575</u>
Amount Transferred during the Year Ended June 30, 2018	<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 collectability 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, 2018, the liability for accrued vacation is \$266,313. The amount applicable to the Proprietary Fund is \$85,707 and the amount applicable to the General Fund is \$180,606. Compensated absences are reported as accrued in the government-wide and proprietary financial statements. Governmental funds report out only matured compensated absences payable to currently terminating employees and are included in the 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, 2018 as follows:

	Category			Bank Balance	Total Carrying Amount
	1	2	3		
Checking Accounts	\$ 325,362	\$ 6,243,661	\$ -	\$ 6,569,023	\$ 4,891,377
Savings Accounts	109,079	-	-	109,079	109,079
Certificates of Deposit	402,571	2,258,588	-	2,661,159	2,661,159
	<u>\$ 837,012</u>	<u>\$ 8,502,249</u>	<u>\$ -</u>	<u>\$ 9,339,261</u>	<u>\$ 7,661,615</u>

Custodial Risk-Deposits - Deposits in financial institutions, reported as components of cash, cash equivalents and investments, had a bank balance of \$9,339,261 at June 30, 2018, 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, 2018 as follows:

	Category			Fair Value
	1	2	3	
U.S. Government Securities	\$ -	\$ 8,570,492	\$ -	\$ 8,570,492
	<u>\$ -</u>	<u>\$ 8,570,492</u>	<u>\$ -</u>	
S.C. Local Government Investment Pool (Fair value substantially equivalent to the value of the pool shares)				<u>\$ 6,371,392</u>
Total				<u>\$ 14,941,884</u>

The City's investments are categorized to indicate the level of risk assumed by the City at June 30, 2018. 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, 2018 is as follows:

Petty Cash and Other	\$ 1,450
Carrying Amount of Deposits	7,661,615
Carrying Amount of Investments	14,941,884
Total	<u>\$ 22,604,949</u>
Cash and Cash Equivalents	\$ 4,473,397
Certificates of Deposit	2,005,268
Cash and Cash Equivalents - Local Option Sales Tax	528,510
Certificates of Deposit - Restricted for Customer Deposits	655,890
Investments	6,371,392
Investments - Restricted for Debt Service	8,570,492
Total	<u>\$ 22,604,949</u>

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, was as follows:

	Primary Government				Ending Balance
	Beginning Balance	Increases	Decreases	Transfers	
GOVERNMENTAL ACTIVITIES:					
Capital Assets not Being Depreciated:					
Land	\$1,535,378	\$ 22,250	\$ -	\$ -	\$ 1,557,628
Historical Collections	700,000	-	-	-	700,000
Construction in Progress	767,802	-	-	(767,802)	-
Total Capital Assets not Being Depreciated	<u>3,003,180</u>	<u>22,250</u>	<u>-</u>	<u>(767,802)</u>	<u>2,257,628</u>
Other Capital Assets:					
Building and Improvements	13,219,558	2,095,487	-	767,802	16,082,847
Equipment	1,502,798	-	-	-	1,502,798
Automotive Equipment	5,234,582	295,482	(111,362)	-	5,418,702
Streets, Sidewalks, Etc.	6,415,516	-	-	-	6,415,516
Total Other Capital Assets at Historical Cost	<u>26,372,454</u>	<u>2,390,969</u>	<u>(111,362)</u>	<u>767,802</u>	<u>29,419,863</u>
Less Accumulated Depreciation for:					
Buildings and Improvements	(7,445,267)	(279,651)	-	-	(7,724,918)
Equipment	(1,470,952)	(12,525)	-	-	(1,483,477)
Automotive Equipment	(4,174,593)	(242,673)	111,362	-	(4,305,904)
Streets, Sidewalks, Etc.	(2,103,876)	(107,284)	-	-	(2,211,160)
Total Accumulated Depreciation	<u>(15,194,688)</u>	<u>(642,133)</u>	<u>111,362</u>	<u>-</u>	<u>(15,725,459)</u>
Other Capital Assets, Net	<u>11,177,766</u>	<u>1,748,836</u>	<u>-</u>	<u>767,802</u>	<u>13,694,404</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,180,946</u>	<u>\$ 1,771,086</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,952,032</u>

NOTE 3 CAPITAL ASSETS (Continued)

	Primary Government				Ending Balance
	Beginning Balance	Increases	Decreases	Transfers	
<b>BUSINESS-TYPE ACTIVITIES:</b>					
Capital Assts not Being Depreciated:					
Land and Improvements	\$501,916	\$ -	\$ -	\$ -	\$ 501,916
Construction in Progress	7,163,418	1,954,947	-	(6,509,764)	2,608,601
Total Capital Assets not Being Depreciated	<u>\$7,665,334</u>	<u>1,954,947</u>	<u>-</u>	<u>(6,509,764)</u>	<u>3,110,517</u>
Other Capital Assets:					
Electric System	44,779,379	3,870,607	-	64,225	48,714,211
Water System	29,002,675	3,825,244	-	3,537,247	36,365,166
Sewer System	20,152,380	2,583,575	-	2,908,292	25,644,247
Electric Instruments	770,773	-	-	-	770,773
Water Instruments	430,358	37,492	-	-	467,850
Sewer Instruments	694,674	-	-	-	694,674
Automotive Equipment	2,809,664	44,093	(66,735)	-	2,787,022
Office Machines	121,293	-	-	-	121,293
Buildings	348,948	-	-	-	348,948
Wastewater Treatment Plant	39,032,332	-	-	-	39,032,332
Total Other Capital Assets at Historical Cost	<u>138,142,476</u>	<u>10,361,011</u>	<u>(66,735)</u>	<u>6,509,764</u>	<u>154,946,516</u>
Less Accumulated Depreciation	<u>(47,447,125)</u>	<u>(4,195,922)</u>	<u>66,735</u>	<u>-</u>	<u>(51,576,312)</u>
Other Capital Assets, Net	<u>90,695,351</u>	<u>6,165,089</u>	<u>-</u>	<u>6,509,764</u>	<u>103,370,204</u>
Business-Type Activities Capital Assets, Net	<u>\$98,360,685</u>	<u>\$ 8,120,036</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,480,721</u>

Depreciation expense was charged to functions as follows:

<b>GOVERNMENT ACTIVITIES:</b>	
General Government	\$ 141,728
Public Safety	157,219
Highways and Streets	107,966
Sanitation	79,594
Culture and Recreation	155,626
Total Governmental Activities Depreciation Expense	<u>\$ 642,133</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>	
Electric Department	\$ 1,432,586
Water Department	848,569
Sewer Department	1,914,767
Total Business-Type Activities Depreciation Expense	<u>\$ 4,195,922</u>

Insurance recoveries for the year ended June 30, 2018, amounted to \$7,968 for the general fund and \$1,840 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, 2018 was as follows:

	Balance 6/30/2017	Issued	Retired	Balance 6/30/2018	Due Within One Year
Combined Public Utility System Refunding Revenue Bond, Series 2013A	\$2,775,000	\$ -	\$ 375,000	\$ 2,400,000	\$ 380,000
Combined Public Utility Revenue Bond 2007	149,461	-	149,461	-	-
Combined Public Utility System Improvement Revenue Bond Series 2010, Reissue	2,218,285	-	141,242	2,077,043	145,606
Combined Public Utility System Refunding Revenue Bond, Series 2012A	1,395,769	-	267,635	\$ 1,128,134	273,275
Combined Public Utility System Refunding Revenue Bond, Series 2014A	7,585,000	-	1,010,000	6,575,000	1,035,000
State Revolving Fund Loan, Series 2012B	30,073,039	-	1,469,447	28,603,592	1,502,790
State Revolving Fund Loan, Sewer Rehab	3,289,035	-	142,934	3,146,101	263,399
State Revolving Fund Loan, Water Rehab	3,275,530	-	164,321	3,111,209	258,590
Combined Public Utility System Refunding Revenue Bond, Series 2015 Issue	5,270,000	-	350,000	4,920,000	360,000
Combined Public Utility System Refunding Revenue Bond, Series 2016 Issue	6,705,000	-	410,000	6,295,000	420,000
Total Revenue and Lease Obligations Payable	<u>\$62,736,119</u>	<u>-</u>	<u>4,480,040</u>	<u>58,256,079</u>	<u>4,638,660</u>
Compensated Absences	88,588	-	2,881	85,707	
Total Proprietary Fund Long-Term Debt	<u><u>\$62,824,707</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,482,921</u></u>	<u><u>\$ 58,341,786</u></u>	<u><u>\$ 4,638,660</u></u>

Long-Term Debt at June 30, 2018 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.	\$ 2,400,000
Revenue Bond, Series 2012A dated February 29, 2012, payable \$297,044 each March 1, 2013 through 2022. Interest at 2.107% payable March 1.	1,128,134
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%.	2,077,043
State Revolving Fund Loan, Series 2012B payable \$560,220 quarterly beginning September 2014 through June 2034 at 2.25% interest.	28,603,592
State Revolving Fund Loan, Sewer Rehab payable \$79,332 quarterly beginning November 2017 through August 2047 at 1.80% interest.	3,146,101
State Revolving Fund Loan, Water Rehab payable \$78,094 quarterly beginning November 2017 through May 2037 at 1.80% interest.	3,111,209
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.	6,575,000
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.	4,920,000
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.	6,295,000
Total	<u><u>\$ 58,256,079</u></u>



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

The annual requirements to amortize all bonds outstanding as of June 30, 2018 follow:

COMBINED PUBLIC UTILITY SYSTEM IMPROVEMENT REVENUE BONDS

Year Ending	Series 2012B		Series 2013A		Series 2012A	
	Principal	Interest	Principal	Interest	Principal	Interest
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	400,000	15,240	284,912	12,133
2022	1,607,426	526,324	405,000	26,740	290,915	6,130
2023	1,643,900	489,851	410,000	15,426	-	-
2024-2028	6,957,168	1,872,521	415,000	23,190	-	-
2029-2033	11,679,578	828,236	-	-	-	-
2034	2,104,079	29,672	-	-	-	-
Totals	<u>\$ 28,603,592</u>	<u>\$ 5,536,413</u>	<u>\$ 2,400,000</u>	<u>\$ 163,250</u>	<u>\$ 1,128,134</u>	<u>\$ 60,045</u>

  

Year Ending	Series 2010		Series 2014A		Series 2015	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 145,606	\$ 64,181	\$ 1,035,000	\$ 143,993	\$ 360,000	\$ 118,080
2020	150,106	59,681	1,065,000	121,326	365,000	109,440
2021	154,743	55,043	1,085,000	98,002	375,000	100,680
2022	159,525	50,261	1,110,000	74,240	385,000	91,680
2023	164,454	45,332	1,130,000	49,932	395,000	82,440
2024-2028	901,711	147,222	1,150,000	25,186	2,120,000	265,440
2029-2033	400,898	36,980	-	-	920,000	33,240
2034	-	-	-	-	-	-
Totals	<u>\$ 2,077,043</u>	<u>\$ 458,700</u>	<u>\$ 6,575,000</u>	<u>\$ 512,679</u>	<u>\$ 4,920,000</u>	<u>\$ 801,000</u>

  

Year Ending	Series 2016A		Series 2016B		Series 2016C	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 420,000	\$ 151,080	\$ 263,399	\$ 51,932	\$ 258,590	\$ 53,784
2020	430,000	141,000	268,272	49,158	263,276	29,098
2021	440,000	130,680	273,031	44,297	268,047	44,327
2022	450,000	120,120	277,979	39,350	272,905	39,469
2023	460,000	109,320	285,570	31,760	277,850	34,524
2024-2028	2,465,000	375,840	1,181,741	87,577	1,466,629	95,242
2029-2033	1,630,000	78,840	596,109	9,833	303,912	2,911
2034	-	-	-	-	-	-
Totals	<u>\$ 6,295,000</u>	<u>\$ 1,106,880</u>	<u>\$ 3,146,101</u>	<u>\$ 313,907</u>	<u>\$ 3,111,209</u>	<u>\$ 299,355</u>

  

Year Ending	Total	
	Principal	Interest
2019	\$ 4,638,660	\$ 1,282,660
2020	4,747,575	1,162,350
2021	4,852,495	1,062,390
2022	4,958,750	974,314
2023	4,766,774	858,585
2024-2028	16,657,249	2,892,218
2029-2033	15,530,497	990,040
2034	2,104,079	29,672
Totals	<u>\$ 58,256,079</u>	<u>\$ 9,252,229</u>

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

The City has complied with all significant bond covenants. A portion of the Series 1997 Bond was advance refunded through the issuance of the Series 2004 Bond. The advance refunding extinguished \$15,100,000 of the 1997 Bond. Because of this advance refunding, the City incurred a loss on retirement of debt of \$1,916,000. The City is amortizing this loss over twenty years. A portion of the Series 2004 Bond was advance refunded through the issuance of the Series 2013A Bond. The advance refunding extinguished \$3,695,000 of the 2004 Bond. Because of this advance refunding, the City incurred a loss on retirement of debt of \$157,251. The City is amortizing this loss over ten years. The remaining portion of the Series 2004 Bond was refunded through the issuance of the Series 2014 A Bond. Because of this refunding, the City incurred a gain on retirement of debt of \$309,179. The City is amortizing this gain over ten years.

NOTE 5 CHANGES in GOVERNMENTAL FUND DEBT

A summary of the Governmental Fund Debt at June 30, 2018 is as follows:

Lease Obligation Payable, May 12, Annually at 2.25% Interest	\$ 155,724
Lease Obligation Payable, July 1, Annually at 1.52% Interest	43,562
Lease Obligation Payable, July 1, Annually at 1.62% Interest	79,639
Lease Obligation Payable, July 1, Annually at 2.15% Interest	382,623
Lease Obligation Payable, May 25, Annually at 2.92% Interest	202,666
Bond Obligation Payable Quarterly at 0.00% Interest	300,000
Bond Obligation Payable, Semiannually at 3.18% Interest	2,899,000
Bond Obligation Payable, Semiannually at 2.49% Interest	<u>1,741,000</u>
Total Lease and Bond Obligations	5,804,214
Liability for Compensated Absences	<u>180,606</u>
Total Long-Term Debt	<u><u>\$ 5,984,820</u></u>

The following is a summary of the changes at June 30, 2018 in General Fund Debt:

	Payable 6/30/2017	Additions	Reductions	Balance 6/30/2018	Due Within One Year
Bond Obligations	\$ 5,340,000	\$ -	\$ 400,000	\$ 4,940,000	\$ 408,000
Capital Leases	947,948	276,000	359,734	864,214	238,078
Total Bond & Lease Obligations	<u>6,287,948</u>	<u>276,000</u>	<u>759,734</u>	<u>5,804,214</u>	<u>646,078</u>
Compensated Absences	177,602	3,004	-	180,606	-
Total Governmental Activities Long-Term Debt	<u>\$ 6,465,550</u>	<u>\$ 279,004</u>	<u>\$ 759,734</u>	<u>\$ 5,984,820</u>	<u>\$ 646,078</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>
2019	\$ 646,078	\$ 155,162
2020	614,054	140,756
2021	580,318	126,706
2022	411,252	113,660
2023	393,267	101,929
2024-2028	2,037,245	270,707
2029-2033	1,122,000	62,218
Totals	<u>\$ 5,804,214</u>	<u>\$ 971,138</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, 2018.

<u>Year Ended June 30,</u>	<u>Total</u>
2017	\$ 257,700
2018	211,334
2019	163,883
2020	81,372
2021	52,554
2022-2026	157,790
	<u>924,633</u>
Less: Interest	<u>(60,419)</u>
Present Value of Minimum Lease Payments	<u>\$ 864,214</u>

The value of leased equipment less accumulated depreciation under capital leases at June 30, 2018 totals \$938,678. 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This standard has substantially revised the accounting requirements previously mandated under GASB Statement 45. The most notable change is that the Annual Required Contribution (ARC) has been eliminated and the Net OPEB Liability will be an item on the employer's financial statement rather than a footnote entry.

GASB 75 governs the specifics of accounting for public OPEB plan obligations for participating employers. GASB 75 requires a liability for OPEB obligations, known as the Net OPEB Liability (Total OPEB Liability for unfunded plans), to be recognized on the balance sheets of participating employers. Changes in the Net (or Total) OPEB Liability will be immediately recognized as OPEB expense on the income statement or reported as deferred inflows or outflows of resources, depending on the nature of the change.

*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, 2016, the valuation date, one hundred seven (107) retirees and one hundred eleven (111) 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, 2016, the valuation date, the City pays 100% of the premium cost.

NOTE 6 POST-EMPLOYMENT BENEFITS (Continued)

**Total OPEB Liability**

<b>Total OPEB Liability</b>	<u>June 30, 2017</u>	<u>June 30, 2018</u>
Total OPEB Liability	\$ 16,969,463	\$ 16,906,279
Covered Payroll		\$ 4,573,013
Total OPEB Liability as a % of Covered Payroll		369.70%

The Total OPEB Liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and projected to the measurement date. There have been no significant changes between the valuation date and the fiscal year end. Any significant changes during this period must be reflected as prescribed by GASB 75.

<b>Discount Rate</b>	<u>June 30, 2017</u>	<u>June 30, 2018</u>
Discount Rate:	3.50%	3.50%
20 Year Tax-Exempt Municipal Bond Yield	3.50%	3.50%

The discount rate was based on the Bond Buyer 20-Year Bond GO Index as of June 30, 2018.

**Other Key Actuarial Assumptions**

The demographic assumptions used are predominantly consistent with those used in the July 1, 2016 actuarial valuations of the South Carolina Retirement System.

**Other Key Actuarial Assumptions**

Valuation Date	July 1, 2016	July 1, 2016
Measurement Date	June 30, 2017	June 30, 2017
Inflation	2.30%	2.30%
Salary Increases, Including Inflation	3.95%-6.20%	3.95%-6.20%
Actuarial Cost Method	Entry Age Normal	Entry Age Normal

**Changes in Total OPEB Liability**

<b>Changes in Total OPEB Liability</b>	<u>Increase or (Decrease)</u>
Balance as of June 30, 2017	\$ 16,969,463
Changes during Year:	
Service Cost	54,538
Interest on Total OPEB Liability	585,844
Implicit Rate Subsidy Fulfillment	<u>(703,566)</u>
Balance as of June 30, 2018	<u>\$ 16,906,279</u>

NOTE 6 POST-EMPLOYMENT EMPLOYEE BENEFITS (Continued)

**Sensitivity Analysis**

The following presents the City's Total OPEB Liability calculated using the discount rate of 3.50%. It also presents what the City's Total OPEB Liability would be if it were calculated using a discount rate one percentage point lower (2.50%) and one percentage point higher (4.50%) than the current rate.

	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b>2.50%</b>	<b>3.50%</b>	<b>4.50%</b>
Total OPEB Liability	\$19,698,380	\$ 16,906,279	\$ 14,799,516

The following presents the City's Total OPEB Liability calculated using the current healthcare trend rates. It also presents what the City's Total OPEB Liability would be if it were calculated using healthcare trend rates that are one percentage point lower or one percentage point higher than the current rates.

	<b>1% Decrease in</b>	<b>Current</b>	<b>1% Increase in</b>
	<b>Trend Rate</b>	<b>Trend Rate</b>	<b>Trend Rate</b>
Total OPEB Liability	\$14,702,627	\$ 16,906,279	\$ 19,785,248

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 or Police Officer 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.

Description of the Entity

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 State Fiscal Accountability Authority (SFAA), 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. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the 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.

## NOTE 7 RETIREMENT PLAN (Continued)

### 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.

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 requirements 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, 2018: (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	\$ 4,843,539	\$ 435,918	\$ 656,784	\$ 1,092,702
PORS	\$ 2,766,495	\$ 269,733	\$ 449,279	\$ 719,012
		<u>Contribution Rates</u>		
		<u>Employee</u>	<u>Employer</u>	<u>Total</u>
SCRS		9.00%	13.56%	22.56%
PORS		9.75%	16.04%	25.79%

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

At June 30, 2018, the City reported a liability of \$16,033,664 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2017, 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.

For the year ended June 30, 2018, the City recognized pension expense of \$1,413,119. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ -	\$ 23,465
Liability Experience	2,182,386	-
City Contributions Subsequent to the Measurement Date	1,106,062	-
Total	\$ 3,288,448	\$ 23,465



NOTE 7 RETIREMENT PLAN (Continued)

The \$1,106,062 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, 2018. 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,

2019	\$ 668,369
2020	889,072
2021	636,234
2022	(34,754)

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. An experience report on the Systems was most recently issued as of July 1, 2015.

The June 30, 2017, total pension liability, net pension liability, and sensitivity information were determined by the Systems consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on the July 1, 2016, actuarial valuations, as adopted by the PEBA Board and SFAA which utilized membership data as of July 1, 2015. The total pension liability was rolled-forward from the valuation date to the Systems' fiscal year ended June 30, 2018, using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS.

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2017, 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	2.25%	2.25%
Benefit adjustments	Lesser of 1% or \$500	Lesser of 1% or \$500

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Assumptions used in the July 1, 2017, valuations for SCRS and PORS are as follows.

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Males multiplied by 92%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Males multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Males multiplied by 111%

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 assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted beginning January 1, 2016. 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 7.25% assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00% real rate of return and a 2.25% inflation component.

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

Asset Class	Target Asset Allocation	Expected	Long Term Expected Portfolio Real Rate of
<b>Global Equity</b>	<b>45.0%</b>		
Global Public Equity	31.0%	6.72%	2.08%
Private Equity	9.0%	9.60%	0.86%
Equity Options Strategies	5.0%	5.91%	0.30%
<b>Real Assets</b>	<b>8.0%</b>		
Real Estate (Private)	5.0%	4.32%	0.22%
Real Estate (REITs)	2.0%	6.33%	0.13%
Infrastructure	1.0%	6.26%	0.06%
<b>Opportunistic</b>	<b>17.0%</b>		
GTAA/Risk Parity	10.0%	4.16%	0.42%
Hedge Funds (non-PA)	4.0%	3.82%	0.15%
Other Opportunistic Strategies	3.0%	4.16%	0.12%
<b>Diversified Credit</b>	<b>18.0%</b>		
Mixed Credit	6.0%	3.92%	0.24%
Emerging Markets Debt	5.0%	5.01%	0.25%
Private Debt	7.0%	4.37%	0.31%
<b>Conservative Fixed Income</b>	<b>12.0%</b>		
Core Fixed Income	10.0%	1.60%	0.16%
Cash and Short Duration (Net)	2.0%	0.92%	0.02%
Total Expected Real Return	100%		5.31%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.56%

NOTE 7 RETIREMENT PLAN (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. 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	6.25%	\$ 21,001
Current Discount Rate	7.25%	\$ 16,034
1% Increase	8.25%	\$ 12,672

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, 2018 were as follows:

Cash	Local Option Sales Tax
	<u>\$ 528,510</u>

Special Revenue Fund

U.S. Government Securities	Revenue Bond Sinking and Revenue Fund
Total	<u>\$ 323,101</u>
	<u>\$ 323,101</u>

NOTE 8 COMPONENTS of RESTRICTED ASSETS (Continued)

Proprietary Fund

Restricted Assets at June 30, 2018 were as follows:

	Revenue Bond Sinking and Revenue Fund	Customer Deposits	Total
Cash and Certificates of Deposits	\$ -	\$ 655,890	\$ 655,890
U.S. Government Securities	8,247,391	-	8,247,391
Total	<u>\$ 8,247,391</u>	<u>\$ 655,890</u>	<u>\$ 8,903,281</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, 2018, 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 2018 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. Interests 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, 2018 were \$1,424,745 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 \$10,261,587 exceeded appropriations of \$10,043,041 by \$218,546 for the year ended June 30, 2018. This is due to expenditures for capital outlay and grants, which are typically not included in the budget. For the year ended June 30, 2018, revenue for the general fund was under the budget of \$7,977,041 by \$14,156.

#### NOTE 14 SUBSEQUENT EVENTS

The City evaluated all events or transactions that occurred after June 30, 2018, through the date the City issued these financial statements on November 30, 2018. During this period, the City did not have any material subsequent events that required recognition in the City's disclosures to the June 30, 2018, 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, 2018

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 2,923,485	\$ 2,923,485	\$ 2,754,375	\$ (169,110)
Licenses and Permits	1,991,842	1,991,842	2,201,275	209,433
Intergovernmental Revenues	846,414	846,414	746,287	(100,127)
Charge for Services	1,827,000	1,827,000	1,769,908	(57,092)
Fines and Forfeits	220,000	220,000	167,386	(52,614)
Miscellaneous	168,300	168,300	323,654	155,354
Total Revenues	<u>7,977,041</u>	<u>7,977,041</u>	<u>7,962,885</u>	<u>(14,156)</u>
<b>EXPENDITURES</b>				
General Government	2,417,608	2,417,608	2,425,924	(8,316)
Public Safety	4,665,326	4,665,326	4,917,382	(252,056)
Highways and Streets	900,805	900,805	929,053	(28,248)
Sanitation	1,104,705	1,104,705	1,298,430	(193,725)
Culture and Recreation	361,789	361,789	352,825	8,964
Non-Departmental	592,808	592,808	613,973	(21,165)
Total Expenditures	<u>10,043,041</u>	<u>10,043,041</u>	<u>10,537,587</u>	<u>(494,546)</u>
<b>EXCESS (DEFICIENCY) of REVENUES OVER EXPENDITURES</b>	<u>(2,066,000)</u>	<u>(2,066,000)</u>	<u>(2,574,702)</u>	<u>(508,702)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital Financing	-	-	276,000	276,000
Transfer In	2,066,000	2,066,000	2,066,000	-
Total Other Financing Sources (Uses)	<u>2,066,000</u>	<u>2,066,000</u>	<u>2,342,000</u>	<u>276,000</u>
<b>EXCESS (DEFICIENCY) of REVENUES and OTHER SOURCES OVER EXPENDITURES and OTHER USES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(232,702)</u>	<u>\$ (232,702)</u>
<b>FUND BALANCE, Beginning of Year</b>			<u>5,038,449</u>	
<b>FUND BALANCE, End of Year</b>			<u>\$ 4,805,747</u>	

CITY of CAMDEN, SOUTH CAROLINA  
LOCAL TAX FUND

STATEMENT of REVENUES, EXPENDITURES and CHANGES in  
FUND BALANCE - BUDGET (GAAP BASIS) and ACTUAL – LOCAL TAX FUND  
For the Year Ended June 30, 2018

	<u>Original</u>	<u>Revised</u>	<u>Actual</u>	<u>Variance</u>
	<u>Budget</u>	<u>Budget</u>		<u>Favorable</u>
				<u>(Unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 891,000	\$ 891,000	\$ 979,944	\$ 88,944
Licenses and Permits	\$ 9,000	\$ 9,000	\$ 5,600	\$ (3,400)
Intergovernmental Revenues	\$ 30,000	\$ 30,000	\$ 50,875	\$ 20,875
Miscellaneous	\$ 40,000	\$ 40,000	\$ 118,720	\$ 78,720
Total Revenues	<u>\$ 970,000</u>	<u>\$ 970,000</u>	<u>\$ 1,155,139</u>	<u>\$ 185,139</u>
<b>EXPENDITURES</b>				
Culture and Recreation	\$ 970,000	\$ 970,000	\$ 2,867,419	\$ (1,897,419)
Total Expenditures	<u>\$ 970,000</u>	<u>\$ 970,000</u>	<u>\$ 2,867,419</u>	<u>\$ (1,897,419)</u>
<b>EXCESS (DEFICIENCY) of REVENUES</b>				
OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	(1,712,280)	<u>\$ (1,712,280)</u>
<b>FUND BALANCE, Beginning of Year</b>			<u>\$ 2,240,341</u>	
<b>FUND BALANCE, End of Year</b>			<u>\$ 528,061</u>	



CITY of CAMDEN, SOUTH CAROLINA  
Camden, South Carolina

SCHEDULE of CHANGES in TOTAL OPEB LIABILITY AND RELATED RATIOS  
Years Ended June 30,

<b>Total OPEB Liability</b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Service Cost	\$ 54,538	\$ 54,538
Interest on Total OPEB Liability	585,844	585,844
Implicit Rate Subsidy Fulfillment	<u>(703,566)</u>	<u>(703,566)</u>
Net Change in Total OPEB Liability	-63,184	-63,184
Total OPEB Liability, Beginning of Year	<u>16,969,463</u>	<u>17,032,647</u>
Total OPEB Liability, End of Year	<u><u>\$ 16,906,279</u></u>	<u><u>\$ 16,969,463</u></u>
 Covered Payroll	 \$ 4,687,338	 \$ 4,573,013
Total OPEB Liability as a % of Covered Payroll	360.68%	371.08%

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

NOTES to REQUIRED SUPPLEMENTARY INFORMATION - OPEB  
Year Ended June 30, 2018

NOTE 1 CHANGE OF BENEFIT TERMS

No changes were made to the benefit terms during the year ended June 30, 2017 (the measurement date).

NOTE 2 CHANGES IN ASSUMPTIONS

No changes were made to the actuarial assumptions utilized during the fiscal year ended June 30, 2017 (the measurement year).

NOTE 3 PLAN ASSETS

There are no plan assets accumulated in a trust to fund the OPEB liability.

CITY of CAMDEN, SOUTH CAROLINA  
Camden, South Carolina

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily Required Contributions	\$ 1,106,062	\$ 913,556	\$ 775,534	\$ 716,089
Contributions in Relation to Statutorily Required Contributions	<u>1,106,062</u>	<u>913,556</u>	<u>775,534</u>	<u>716,089</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's Covered-Employee Payroll	<u>\$ 7,610,034</u>	<u>\$ 7,423,787</u>	<u>\$ 6,808,187</u>	<u>\$ 6,615,666</u>
Contributions as a Percentage of Covered Employee Payroll	14.5%	12.3%	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  
Years Ended June 30,

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Reporting Unit's Proportion of SCRS Net Pension Liability (%)	0.0469%	0.0453%	0.0454%	0.0448%
Reporting Unit's Proportion of PORS Net Pension Liability (%)	0.2000%	0.1903%	0.1903%	0.1873%
Reporting Unit's Proportionate Share of Net Pension Liability	<u>\$ 16,033,664</u>	<u>\$ 14,496,705</u>	<u>\$ 12,764,021</u>	<u>\$ 11,302,929</u>
Reporting Unit's Covered Employee Payroll	<u>\$ 7,610,034</u>	<u>\$ 7,423,787</u>	<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 (%)	210.7%	195.3%	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.

CITY of CAMDEN, SOUTH CAROLINA  
Camden, South Carolina

NOTES to REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY  
Year Ended June 30, 2018

**Note 1 Valuation Date** – Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported.

**Note 2 Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Pay
Remaining Amortization Period	25 Years, Open
Asset Valuation Method	5-Year Smoothing Market
Inflation	2.25%
Salary Increases	3.5% - 12.5% (SCRS), 4%-10% (PORS)
Investment Return	7.55%
Mortality	2016 PRSC, Projected at Scale AA from Year 2016

**Note 3 Changes in Benefits** – No changes were made to the benefit terms during the fiscal year ended June 30, 2017 (the measurement year).

**Note 4 Changes in Assumptions** – No changes were made to the actual assumptions utilized during the fiscal year ended June 30, 2017 (the measurement year).

SUPPLEMENTAL INFORMATION (OPTIONAL)

GENERAL FUND

CITY of CAMDEN, SOUTH CAROLINA  
GENERAL FUND

BALANCE SHEET  
June 30, 2018

ASSETS

Assets:

Cash	\$	1,520,159
Restricted Cash		528,510
Certificates of Deposit		1,359,467
Investments		3,567,167
Receivables (Net of Allowance for Uncollectibles)		
Taxes		181,363
Miscellaneous		494,696
Inventory		70,167
		70,167
Total Assets	\$	7,721,529

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, and FUND BALANCE

Liabilities:

Accounts Payable	\$	251,183
Accrued Liabilities		381,012
		381,012
Total Liabilities		632,195

Deferred Inflows of Resources:

Deferred Revenues		
Local Option Sales Tax		528,510
Business Licenses		1,726,739
Other		28,338
		28,338
Total Deferred Inflows of Resources		2,283,587

Fund Balance

Nonspendable		70,167
Committed		270,281
Unassigned		4,465,299
		4,465,299
Total Fund Balance		4,805,747
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$	7,721,529



CITY of CAMDEN, SOUTH CAROLINA  
GENERAL FUND

STATEMENT of REVENUES COMPARED to BUDGET (GAAP BASIS)  
For the Year Ended June 30, 2018

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>LOCAL SOURCES</b>			
Property Taxes	\$ 1,240,118	\$ 980,604	\$ (259,514)
Vehicle Taxes	160,000	164,795	4,795
Local Option Sales Tax	1,448,367	1,561,900	113,533
Penalties and Delinquent Taxes	75,000	47,076	(27,924)
Fines and Forfeitures	220,000	167,386	(52,614)
Business Licenses	1,656,242	1,909,360	253,118
Franchise Fees	335,600	291,915	(43,685)
Fire Service	637,000	621,712	(15,288)
Sanitation	1,190,000	1,148,196	(41,804)
Archives	7,500	3,226	(4,274)
Sale/Use Equipment	3,000	5,036	2,036
Interest	12,000	55,689	43,689
Miscellaneous	145,800	259,703	113,903
Sub-Total	<u>7,130,627</u>	<u>7,216,598</u>	<u>85,971</u>
<b>STATE and LOCAL GOVERNMENT SOURCES</b>			
Local Government Fund	148,000	155,717	7,717
Merchant's Inventory Tax	48,000	48,495	495
Grants and Donations	276,517	179,457	(97,060)
Accommodations	27,500	28,441	941
Kershaw County School Resource Officer	188,924	149,977	(38,947)
Kershaw County Road Maintenance Fee	157,473	184,200	26,727
Sub-Total	<u>846,414</u>	<u>746,287</u>	<u>(100,127)</u>
Total Revenues	<u>\$ 7,977,041</u>	<u>\$ 7,962,885</u>	<u>\$ (14,156)</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, 2018

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>GENERAL GOVERNMENT</b>			
Legislature	\$ 188,013	\$ 166,816	\$ 21,197
Court	217,573	191,421	26,152
Legal	40,000	23,258	16,742
Administration	363,484	362,755	729
Finance	913,397	913,974	(577)
Zoning/Code Enforcement	215,340	285,674	(70,334)
Garage Services	179,489	167,868	11,621
Downtown Development	176,856	185,157	(8,301)
Planning	123,456	129,001	(5,545)
Sub-Total	<u>2,417,608</u>	<u>2,425,924</u>	<u>(8,316)</u>
<b>PUBLIC SAFETY</b>			
Police Department	2,820,543	3,003,602	(183,059)
Fire Department			
Administration	459,277	459,343	(66)
Fire Fighting	1,385,506	1,454,437	(68,931)
Sub-Total	<u>4,665,326</u>	<u>4,917,382</u>	<u>(252,056)</u>
<b>HIGHWAYS and STREETS</b>			
Streets Maintenance	390,793	396,023	(5,230)
Park Maintenance	510,012	533,030	(23,018)
Sub-Total	<u>900,805</u>	<u>929,053</u>	<u>(28,248)</u>
<b>SANITATION</b>			
Administration	20,838	23,728	(2,890)
Trash Collection	1,083,867	1,274,702	(190,835)
Sub-Total	<u>1,104,705</u>	<u>1,298,430</u>	<u>(193,725)</u>
<b>CULTURE and RECREATION</b>			
Community Promotion	101,000	101,000	-
Archives	260,789	251,825	8,964
Sub-Total	<u>361,789</u>	<u>352,825</u>	<u>8,964</u>
<b>NON-DEPARTMENTAL</b>			
Other Non-Departmental	592,808	613,973	(21,165)
Sub-Total	<u>592,808</u>	<u>613,973</u>	<u>(21,165)</u>
<b>Totals</b>	<u><u>\$ 10,043,041</u></u>	<u><u>\$ 10,537,587</u></u>	<u><u>\$ (494,546)</u></u>

The Accompanying Notes are an Integral Part of These Financial Statements

SPECIAL REVENUE FUNDS

## Special Revenue Funds

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

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

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

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

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

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

CITY of CAMDEN, SOUTH CAROLINA  
SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET  
June 30, 2018

	Local Tax Fund	Drug Fund	Police Department Recreation Fund	Fireman's Fund	Total
<b>ASSETS</b>					
Cash	\$ 314,642	\$ 47,672	\$ 1,519	\$ 72,077	\$ 435,910
Restricted Investments	323,101	-	-	-	323,101
Accounts Receivable	74,511	-	-	-	74,511
Total Assets	<u>\$ 712,254</u>	<u>\$ 47,672</u>	<u>\$ 1,519</u>	<u>\$ 72,077</u>	<u>\$ 833,522</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ 102,266	\$ -	\$ -	\$ -	\$ 102,266
Accrued Salaries	955	-	-	-	955
Total Liabilities	<u>103,221</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,221</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unearned Revenue	80,972	-	-	-	80,972
Total Deferred Inflow of Resources	<u>80,972</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,972</u>
<b>FUND BALANCES</b>					
Restricted	512,773	47,672	-	72,077	632,522
Committed	15,288	-	-	-	15,288
Assigned	-	-	1,519	-	1,519
Total Fund Balances	<u>528,061</u>	<u>47,672</u>	<u>1,519</u>	<u>72,077</u>	<u>649,329</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	<u>\$ 712,254</u>	<u>\$ 47,672</u>	<u>\$ 1,519</u>	<u>\$ 72,077</u>	<u>\$ 833,522</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, 2018

	Local Tax Fund	Drug Fund	Police Department Recreation Fund	Fireman's Fund	Victim's Assistance	Total
<b>REVENUES</b>						
State	\$ 50,502	\$ 6,010	\$ -	\$ 51,363	\$ -	\$ 107,875
Local	1,104,637	-	-	-	-	1,104,637
Interest	-	21	3	180	-	204
Miscellaneous	-	-	5,031	29,677	12,818	47,526
Total Revenues	<u>1,155,139</u>	<u>6,031</u>	<u>5,034</u>	<u>81,220</u>	<u>12,818</u>	<u>1,260,242</u>
<b>EXPENDITURES</b>						
Public Safety	-	-	-	-	12,818	12,818
Culture and Recreation	2,867,419	-	-	-	-	2,867,419
Non-Departmental	-	-	5,706	80,326	-	86,032
Total Expenditures	<u>2,867,419</u>	<u>-</u>	<u>5,706</u>	<u>80,326</u>	<u>12,818</u>	<u>2,966,269</u>
<b>EXCESS (DEFICIENCY) of REVENUES over EXPENDITURES</b>	(1,712,280)	6,031	(672)	894	-	(1,706,027)
FUND BALANCE, Beginning of Year	<u>2,240,341</u>	<u>41,641</u>	<u>2,191</u>	<u>71,183</u>	<u>-</u>	<u>2,355,356</u>
FUND BALANCE, End of Year	<u>\$ 528,061</u>	<u>\$ 47,672</u>	<u>\$ 1,519</u>	<u>\$ 72,077</u>	<u>\$ -</u>	<u>\$ 649,329</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, 2018

COURT FINES	
Court Fines Collected	\$ 65,320
Court Fines Retained by City	<u>(65,320)</u>
Court Fines Remitted to the State Treasurer	<u>\$ -</u>
COURT ASSESSMENTS	
Court Assessments and Surcharges Collected	\$ 114,882
Court Assessments and Surcharges Retained by City	<u>(12,818)</u>
Court Assessments Remitted to the State Treasurer	<u>\$ 102,064</u>
VICTIMS SERVICES	
Court Assessments and Surcharges Allocated to Victim Services	\$ 12,818
Funds Allocated to Victim Services	
Victim Services Expenditures	<u>(12,818)</u>
Funds Available for Carry-forward	-
Funds Unused for Prior Year	<u>-</u>
Total	<u>\$ -</u>

## CAPITAL PROJECT FUNDS



## Capital Project Funds

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

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

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

CITY of CAMDEN, SOUTH CAROLINA  
CAPITAL PROJECT FUNDS

BALANCE SHEET  
June 30, 2018

ASSETS

Cash and Cash Equivalents	<u>\$ 1,014,490</u>
Total Assets	<u><u>\$ 1,014,490</u></u>

LIABILITIES

Accounts Payable	<u>\$ 9,387</u>
Total Liabilities	<u>9,387</u>

DEFERRED INFLOWS OF RESOURCES

Unearned Revenue	<u>10,666</u>
Total Deferred Inflows of Resources	<u>10,666</u>

FUND BALANCE

Committed For:	
Roads	681,218
Project Improvement	<u>313,219</u>
Total Fund Balance	<u>994,437</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u><u>\$ 1,014,490</u></u>

CITY of CAMDEN, SOUTH CAROLINA  
CAPITAL PROJECT FUNDS

COMBINING STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCE  
For the Year Ended June 30, 2018

	Road Fund	Project Improvement Fund	Total Capital Projects
<b>REVENUES</b>			
Road Revenue	\$ 312,630	\$ -	\$ 312,630
Capital Revenue	-	544,770	544,770
Grant Revenue	127,440	-	127,440
Total Revenues	440,070	544,770	984,840
<b>EXPENDITURES</b>			
Highways and Streets	488,963	-	488,963
Non-Departmental	-	528,302	528,302
Total Expenditures	488,963	528,302	1,017,265
Excess (Deficiency) of Revenues Over Expenditures	(48,893)	16,468	(32,425)
FUND BALANCE, Beginning of Year	730,111	296,751	1,026,862
FUND BALANCE, End of Year	\$ 681,218	\$ 313,219	\$ 994,437

## PROPRIETARY FUNDS

CITY of CAMDEN, SOUTH CAROLINA  
STATEMENT of NET POSITION  
June 30, 2018

ASSETS	
CURRENT ASSETS	
Cash	\$ 1,502,838
Certificates of Deposit	645,801
Investments	2,804,225
Water and Lights Accounts Receivable, Net	2,985,028
Miscellaneous Receivables	53,274
Inventories	1,048,117
Total Current Assets	<u>9,039,283</u>
NON-CURRENT ASSETS	
RESTRICTED ASSETS	
Certificates of Deposit - Customer Deposits	655,890
Investments - Reserve Bond Funds	8,247,391
Total Restricted Assets	<u>8,903,281</u>
CAPITAL ASSETS	
Construction in Process	2,608,601
Buildings and Land	850,864
Furniture, Fixtures and Equipment	2,908,315
Electric System	49,484,984
Water System	36,833,016
Sewer and Wastewater System	65,371,253
Sub-Total	<u>158,057,033</u>
Less Accumulated Depreciation	<u>(51,576,312)</u>
Total Capital Assets	<u>106,480,721</u>
Total Non-Current Assets	<u>115,384,002</u>
Total Assets	<u>124,423,285</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pension Liability	744,707
Deferred Charges-OPEB	988,028
Total Deferred Outflows of Resources	<u>1,732,735</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	2,588,694
Other Current Liabilities	46,701
Bonds Payable, Current	4,638,660
Total Current Liabilities	<u>7,274,055</u>
NON-CURRENT LIABILITIES	
Accrued Vacation Pay	85,707
OPEB Obligation	3,211,719
Net Pension Liability	5,525,645
Payable from Restricted Assets	
Customer Deposits	696,368
Accrued Interest Payable	188,503
Bonds Payable, Non-Current	53,617,419
Total Non-Current Liabilities	<u>63,325,361</u>
Total Liabilities	<u>70,599,416</u>
DEFERRED INFLOWS OF RESOURCES	
Unearned Revenue	1,058,526
Deferred Inflows Related to Pension Liability	(843)
Deferred Gain on Bond Refunding	177,615
Total Deferred Inflows of Resources	<u>1,235,298</u>
NET POSITION	
Net Investment in Capital Assets	49,035,055
Restricted for Debt Service	8,247,391
Unrestricted	(2,961,140)
Total Net Position	<u>\$ 54,321,306</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, 2018

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>OPERATING REVENUES</b>			
Electric Division	\$ 24,636,070	\$ 22,530,465	\$ (2,105,605)
Less: Direct Cost	<u>19,031,837</u>	<u>19,273,355</u>	<u>(241,518)</u>
Income from Electric Division	<u>5,604,233</u>	<u>3,257,110</u>	<u>(2,347,123)</u>
Water Division	4,355,000	4,241,090	(113,910)
Less: Direct Cost	<u>3,040,029</u>	<u>3,184,743</u>	<u>(144,714)</u>
Income from Water Division	<u>1,314,971</u>	<u>1,056,347</u>	<u>(258,624)</u>
Sewer Division	2,571,500	2,530,349	(41,151)
Less: Direct Cost	<u>2,367,152</u>	<u>3,562,192</u>	<u>(1,195,040)</u>
Income from Sewer Division	<u>204,348</u>	<u>(1,031,843)</u>	<u>(1,236,191)</u>
Operating Income	<u>7,123,552</u>	<u>3,281,614</u>	<u>(3,841,938)</u>
 <b>NON-OPERATING REVENUE (EXPENSE)</b>			
Interest Income	20,000	131,026	111,026
Interest Expense	(6,153,552)	(1,424,745)	4,728,807
Other Revenue (Expenses)	<u>1,076,000</u>	<u>1,409,002</u>	<u>333,002</u>
Total Non-Operating Revenues (Expense)	<u>(5,057,552)</u>	<u>115,283</u>	<u>5,172,835</u>
Income (Loss) before Contributions and Transfers	<u>2,066,000</u>	<u>3,396,897</u>	<u>1,330,897</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	-	1,330,897	<u>\$ 1,330,897</u>
NET POSITION, Beginning of Year		52,990,409	
NET POSITION, End of Year		<u>\$ 54,321,306</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, 2018

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Reconnections/Penalties	\$ 385,000	\$ 416,988	\$ 31,988
Setoff Debt Collections	4,000	14,682	10,682
Pole Rental	70,000	73,604	3,604
Handling and Return Fees	8,000	9,859	1,859
Use of Labor and Equipment	10,000	27,270	17,270
Miscellaneous	59,000	82,369	23,369
Septic Tank Hauler Fees	60,000	45,250	(14,750)
Grant Income	500,000	738,980	238,980
Total	<u>\$ 1,096,000</u>	<u>\$ 1,409,002</u>	<u>\$ 313,002</u>

# CANTEY, TILLER, PIERCE & GREEN, LLP

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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, 2018, 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 November 30, 2018.

### 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

November 30, 2018

# CANTEY, TILLER, PIERCE & GREEN, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT on COMPLIANCE for EACH MAJOR PROGRAM and on INTERNAL CONTROL over COMPLIANCE REQUIRED by the UNIFORM GUIDANCE

To the City Council  
City of Camden  
Camden, South Carolina

### Report on Compliance for Each Major Federal Program

We have audited City of Camden's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Camden's major federal programs for the year ended June 30, 2018. City of Camden's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

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

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Camden's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Camden's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Camden's compliance.

## Opinion on Each Major Federal Program

In our opinion, City of Camden, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

## Report on Internal Control Over Compliance

Management of City of Camden is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Camden's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Camden's internal control over compliance.

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

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

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

*Cantey, Tiller, Pierce & Green, LLP*

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

November 30, 2018

CITY OF CAMDEN  
Camden, South Carolina

SCHEDULE of EXPENDITURES of FEDERAL AWARDS  
For the Year Ended June 30, 2018

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Contract Number	Federal Expenditures
<b>Other Programs</b>			
Department of Homeland Security			
Staffing for Adequate Fire and Emergency Response (SAFER)			
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	2015-FF-00212	\$ 78,938
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	2016-FF-00471	10,820
Total Staffing for Adequate Fire and Emergency Response (SAFER)			<u>89,758</u>
Assistance to Firefighters Grant (ARRA)			
Assistance to Firefighters Grant (ARRA)	97.115	2016-FP-00731	4,406
Total Assistance to Firefighters Grant (ARRA)			<u>4,406</u>
<i>Total Department of Homeland Security</i>			<u>94,164</u>
United States Department of Justice			
Public Safety Partnership and Community Policing Grants			
Public Safety Partnership and Community Policing Grants	16.710	2016UMWX0223	77,123
Total Public Safety Partnership and Community Policing Grants			<u>77,123</u>
<i>Total United States Department of Justice</i>			<u>77,123</u>
Department of Housing and Urban Development			
Community Development Block Grants/Entitlement Grants			
Community Development Block Grants/Entitlement Grants	14.218	4-CI-15-006	738,981
Total Community Development Block Grants/Entitlement Grants			<u>738,981</u>
<i>Total Department of Housing and Urban Development</i>			<u>738,981</u>
<b>Total Other Programs</b>			<u>910,268</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 910,268</u>

CITY OF CAMDEN  
Camden, South Carolina

NOTES to SCHEDULE of EXPENDITURES of FEDERAL AWARDS  
June 30, 2018

NOTE A – BASIS OF PRESENTATION

The accompanying scheduled of expenditures of federal awards includes the federal grant activity of City of Camden under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of City of Camden, it is not intended to and does not present the financial position and changes in net position of City of Camden.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
2. Pass-through entity identifying numbers are presented where available. Encumbrance accounting is not employed in governmental funds.
3. The Organization has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

CITY OF CAMDEN  
Camden, South Carolina

SCHEDULE of FINDINGS and QUESTIONED COSTS  
June 30, 2018

A. SUMMARY of AUDIT RESULTS:

1. The Auditor's Report expresses an unmodified opinion on the financial statements of City of Camden.
2. No significant deficiencies were reported during the audit of the financial statements that would have been reported in the 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*.
3. There were no instances of noncompliance material to the financial statements of City of Camden.
4. There were no significant deficiencies in internal control during the audit of major federal award programs.
5. The Auditor's Report on compliance for the major federal award program for City of Camden expresses an unqualified opinion on all major federal programs.
6. There were no audit findings disclosed that are required to be reported in accordance with the Uniform Guidance.
7. The major program tested was:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.218	Community Development Block Grant

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Auditee considered low risk?  Yes  No

B. FEDERAL AWARDS FINDINGS and QUESTIONED COSTS

There were no findings or questioned costs as defined by the Uniform Guidance.