

CITY of CAMDEN  
Camden, South Carolina

FINANCIAL STATEMENTS and  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2020

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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, 2020, 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, 2020, 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 43 – 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Camden, South Carolina's basic financial statements.

The 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 supplementary schedules 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 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 January 19, 2021, 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

January 19, 2021

**CITY OF CAMDEN, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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, 2020. **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 Fiscal Year 2020 remained steady with the City seeing the opening of several new retail outlets and restaurants in Fiscal Year 2020, including the development, and opening of numerous businesses at the shopping complex known as "River Oaks". Fiscal year 2020 included the annexation and private sale of a shopping center complex formally known as the Bi-Lo Center. The renovation and leasing of this complex will be known as "Camden Square" and currently has several tenants committed to occupy this retail space. We expect to see this project completed during the fiscal year ending 2022. Fiscal year 2020 also saw the opening of an assisted living facility, The Colonial at Old Camden, as well as a Hampton Inn. The retail sales portion of the increase in private sector businesses 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 2020, the local option sales tax credit reduced the primary residential property tax by approximately 70%. 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. In 2020, the City successfully completed the three-year boot camp program and continues to use the tools learned during the boot camp to improve and grow the downtown community. This ongoing program has been an asset to the community in dealing with the COVID-19 pandemic.

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. Council's desire to focus on tourism allows our tourism department to continue to promote Camden in a positive light as a destination for the wide variety of resources the City and County have to offer.

During the 2020 fiscal year successful emphasis was placed not only on increased visitation and events but also on the Economic Development of The City of Camden. This was impacted by the unexpected outbreak of the global pandemic COVID 19 which changed not only the City of Camden tourism and events, but also across state and federal levels.

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:

2016	\$697,903,998
2017	\$728,134,693
2018	\$739,631,073
2019	\$751,728,490
2020	\$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 2020 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 calendar year 2020 with Duke Energy Progress. Beginning January 1, 2021, the City will be provided with wholesale electric from Carolina Power Partners. This new purchase power contract will expire on December 31, 2040. Electric projects during Fiscal year 2020 included the upgrade of the single-phase line to a three-phase electric on Hermitage Pond Road, electric upgrades to McRae Road, completion of the SCDOT bypass and completion of Kirkwood Area underground. The intersections of Campbell Street and Mill Street along with York Street underground were also completed. Work was started on Phase 1 of Broad Street underground and all phases of Broad Street are expected to be completed by the 2022 fiscal year. These projects were funded in part by the issue of one (1) Combined Public Utility Bonds, Series 2018 in the amount of \$6,758,000 along with budgeted funds. Bond Series are for a 15-year term at 3.52%. The debt service for the 2018 Series will begin November 2019. Purchases of equipment included service vehicles to replace old and worn existing vehicles.

During Fiscal year 2020, the City completed several water line and sewer line rehabilitation projects. This includes the upgrade of the lift stations Erhenclou, Ancrum Road and Exxon. Work was completed on the area known as the Kirkwood Community and surrounding areas. The SCDOT bypass project was completed in fiscal year 2020. These projects were funded by two (2) loans from the South Carolina Revolving fund totaling approximately \$4,000,000.

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 for this project with actual construction beginning fiscal year 2020. Construction was completed during the 2019/2020 fiscal year. The City of Camden was awarded the 2020 Municipal Association of South Carolina Achievement Award in the public works category. This Camden River Front Environmental Park serves as an access point to the Wateree River as well as a recreational site.

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 49, 50 and 51 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 \$50,117,813 at the end of fiscal year 2019 to \$60,649,910 at year-end 2020. This \$10,532,097 or 21% increase in net position is a result of current year activities and a prior period adjustment of \$8,526,821 decreasing the OPEB liability due to previous liability being calculated by the actuary on the incorrect employee group. This City-wide improvement has enhanced the unrestricted fund allocation, cash position and the capital assets for both major individual funds.

**NET POSITION as of 6/30/20**

	Governmental Activities		Proprietary Fund Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 9,185,879	\$ 9,290,107	\$ 1,519,317	\$ 6,006,279	\$ 10,705,196	\$ 15,296,386
Receivables	1,248,326	1,019,106	7,020,955	3,228,098	8,269,281	4,247,204
Non-Current assets	1,009,158	1,057,904	2,242,282	8,337,781	3,251,440	9,395,685
Other assets	92,934	81,652	1,110,501	1,132,400	1,203,435	1,214,052
Capital assets	20,072,335	17,059,839	115,616,489	111,665,119	135,688,824	128,724,958
<b>Assets</b>	<b>31,608,632</b>	<b>28,508,608</b>	<b>127,509,544</b>	<b>130,369,677</b>	<b>159,118,176</b>	<b>158,878,285</b>
Deferred Outflow	3,442,720	2,420,084	1,635,234	1,609,641	5,077,954	4,029,725
Total assets/outflow	<u>\$ 35,051,352</u>	<u>\$ 30,928,692</u>	<u>\$ 129,144,778</u>	<u>\$ 131,979,318</u>	<u>\$ 164,196,130</u>	<u>\$ 162,908,010</u>
Current liabilities	\$ 1,481,830	\$ 1,533,986	\$ 8,263,127	\$ 8,841,812	\$ 9,744,957	\$ 10,375,798
Long term liabilities	23,616,447	29,012,181	64,268,313	67,336,485	87,884,760	96,348,666
<b>Liabilities</b>	<b>25,098,277</b>	<b>30,546,167</b>	<b>72,531,440</b>	<b>76,178,297</b>	<b>97,629,717</b>	<b>106,724,464</b>
Deferred Inflow	4,518,453	4,636,647	1,398,050	1,429,086	5,916,503	6,065,733
Total liabilities/inflow	<u>\$ 29,616,730</u>	<u>\$ 35,182,814</u>	<u>\$ 73,929,490</u>	<u>\$ 77,607,383</u>	<u>\$ 103,546,220</u>	<u>\$ 112,790,197</u>
Net position:						
Investment in capital assets	\$ 15,285,873	\$ 11,901,627	\$ 53,577,475	\$ 48,696,887	\$ 68,863,348	\$ 60,598,514
Restricted for debt service	309,073	324,057	1,695,192	7,680,166	2,004,265	8,004,223
Restricted for special purposes	154,770	128,692	-	-	154,770	128,692
Unrestricted	(10,315,094)	(16,608,498)	(57,379)	(2,005,118)	(10,372,473)	(18,613,616)
Total net position	<u>\$ 5,434,622</u>	<u>\$ (4,254,122)</u>	<u>\$ 55,215,288</u>	<u>\$ 54,371,935</u>	<u>\$ 60,649,910</u>	<u>\$ 50,117,813</u>

**Governmental Fund Budgetary Highlights**

The General Fund budget for the fiscal year 2020 was \$10,800,191. This was an increase of \$426,320 from the previous year. During the year, certain variances developed as follows: Property tax collections were \$222,168 less than budgeted. Business licenses fees were \$188,347 more than budgeted. Grants in the amount of \$298,704 were received from Federal, State, and local agencies. The total expenditures, including all account variances, were \$73,159 less than the cash-operating budget which includes the purchase of four Police/Fire Units, a Sanitation Unit and other improvements including Scott Park trail, on-going construction of the Visitor's Center and the Wateree Splash pad. The expense favorable budget combined with the income shortage of \$6,110 resulted in a net actual gain on budget of \$67,049. Other 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 \$9,688,744 to a balance of \$5,434,622 in 2020 from \$(4,254,122) in 2019.

The increase in fund balance is a net result of a prior period adjustment of \$6,320,844 where it was noted that the liability calculation by the actuary had been including the incorrect employee group. The reporting requirements of GASB entries. The GASB 45, 68, 34 and 75 requirements can be analyzed in greater detail upon review of the Note 6 beginning on page 32 and the Statements of Revenues, Expenditures and Changes in Fund Balance on pages 14 and 15, and the required supplementary information at page 45 of the audited financial statements.

The City's capital outlay in 2020 was \$3,793,642 and recorded \$781,146 as depreciation expense. The difference is an increase to net position in the amount of \$3,012,946. The primary additions to capital assets were three police vehicles and one fire vehicle purchases in the amount of \$114,450, the purchase of a Loader in the amount of \$204,584, construction in progress of the Visitor's Center for \$2,862,467 and other improvements including Scott Park, River Road, Rectory Square and other amounting to \$612,041.

Additional debt this year was \$305,500 and repayments of debt in the amount of \$677,250 increasing net position.

The net amount in compensated absences, increased by \$34,354 from \$167,774 in 2019 to \$202,128 in 2020. This change decreased net position. Also, the decrease in net OPEB liability increased the net position in the amount of \$331,431 and the current year increase of GASB 68 of \$684,735 decreased the net position.

**Summary:**

	<b>Contribution to Net Position</b>	
	<u>2020</u>	<u>2019</u>
Fund Balance Improvement (Decline)	\$ 371,312	\$ (90,897)
Net Capital Asset Investment	3,012,496	1,107,807
Net (Increase) Decrease in Debt	371,750	646,002
OPEB Obligations (GASB 45)	331,431	55,395
GASB 68 Implementation	(684,735)	(718,840)
(Increase) Decrease in Compensated Absences	(34,354)	12,832
Net Change	<u>\$ 3,367,900</u>	<u>\$ 1,012,299</u>

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

The net position of the City proprietary fund had increased by \$843,353 or 1.5%, from \$54,371,935 in 2019 to \$55,215,288 in 2020. This can be analyzed in greater detail on the Statements of Revenues, Expenses and Changes in Net Position on page 17 of the audited financial statements.

A \$1,980,729 contribution to operating income was recorded by the electric division. This gain was \$3,123,668 less than the business plan had anticipated. Electric revenues were less than budget by \$4,411,182. It should be noted that the City suspended penalties and service fees for a period of three (3) months as requested by the State of South Carolina during the COVID19 pandemic resulting in lower revenue. Operating costs of the electric division were \$1,287,514 less than budgeted. The budgeted capital expenditures in the amount of \$ 1,815,661 and depreciation in the amount of \$1,682,134 resulted in a net asset gain of \$133,527. Purchased power was \$1,124,919 less than budget and other operating and maintenance costs were \$162,594 less than the budgeted amount.

A \$824,677 contribution to operating income was recorded by the water division. This was \$1,222,182 less than budgeted. The water division revenues were less than budget by \$401,967. Budgeted capital expenditures in the amount of \$374,546, and depreciation in the amount of \$1,123,054 resulted in a net decrease of direct cost in the amount of \$748,508.

A (\$1,402,027) contribution to operating income was recorded by the sewer division. This was \$2,050,339 less than budgeted. Sewer division revenue was less than budget by \$396,148. Budgeted capital expenditures in the amount of \$621,500 and depreciation in the amount of \$2,124,433 resulted in a net increase of direct cost in the amount of \$ 1,502,933.

Other operating income totaled \$931,825. This was \$149,825 greater than the budgeted plan. The primary reason for higher other operating income was due to grant income of \$100,000.

The combined non-operating revenue and expense effect was a net \$700,003 decrease to income. The largest impact on non-operating expense was the \$1,631,828 interest expense from debt service. The interest expense was reduced by the combined effect of \$124,379 interest income earned on investments and \$807,446 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:**

<b>Division</b>	<b>Contribution to Net Position</b>	
	<u>2020</u>	<u>2019</u>
Electric Department	\$ 1,980,729	\$ 2,975,823
Water Department	824,677	347,138
Sewer Department	(1,402,027)	(1,091,272)
Other Operating Income	931,825	1,442,200
Non-operating Rev. (Exp.)	(1,631,828)	(1,557,260)
Transfers Out	(2,066,000)	(2,066,000)
Net Change	<u>\$ (1,362,624)</u>	<u>\$ 50,629</u>

**City-wide Summary:**

	<b>Change in Net Position</b>	
	<u>2020</u>	<u>2019</u>
Governmental Fund	\$ 3,367,901	\$ 1,012,298
Proprietary Fund	\$ (1,362,624)	\$ 50,629
Total City of Camden	\$ 2,005,277	\$ 1,062,927



**Summary of Revenues and Expenses  
Changes in Net Position as of 06/30/20**

	Governmental Activity		Proprietary Activity		Total	
	2020	2019	2020	2019	2020	2019
<b>Revenues:</b>						
Taxes	\$5,067,867	\$ 5,237,363	\$ -	\$ -	\$ 5,067,867	\$ 5,237,363
Licenses and Permits	2,501,347	2,337,428	-	-	2,501,347	2,337,428
Intergovernmental	866,005	1,078,777	-	-	866,005	1,078,777
Charge for Services	1,910,351	1,819,347	-	-	1,910,351	1,819,347
Fines	109,377	120,266	-	-	109,377	120,266
Miscellaneous	3,569,149	1,134,109	-	-	3,569,149	1,134,109
Electric Revenue	-	-	22,060,059	22,719,428	22,060,059	22,719,428
Water Revenue	-	-	4,253,033	4,184,518	4,253,033	4,184,518
Sewer Revenue	-	-	2,490,352	2,535,426	2,490,352	2,535,426
Other Operating	-	-	807,446	1,223,673	807,446	1,223,673
Interest Income	-	-	124,379	218,527	124,379	218,527
<b>Total Revenue</b>	<b>14,024,096</b>	<b>11,727,290</b>	<b>29,735,269</b>	<b>30,881,572</b>	<b>43,759,365</b>	<b>42,608,862</b>
<b>Expenses:</b>						
General Government	2,307,087	2,526,450	-	-	2,307,087	2,526,450
Public Safety	5,202,340	4,959,771	-	-	5,202,340	4,959,771
Highways and Streets	1,427,607	1,315,240	-	-	1,427,607	1,315,240
Sanitation	1,199,395	1,227,445	-	-	1,199,395	1,227,445
Culture and Recreation	4,459,925	2,582,859	-	-	4,459,925	2,582,859
Non-Departmental	1,427,929	1,272,422	-	-	1,427,929	1,272,422
Electric Cost	-	-	20,079,330	19,743,605	20,079,330	19,743,605
Water Cost	-	-	3,428,356	3,837,380	3,428,356	3,837,380
Sewer Cost	-	-	3,892,379	3,626,698	3,892,379	3,626,698
Loss on Disposal of Asset	-	-	-	-	-	-
Interest Expense	-	-	1,631,828	1,557,260	1,631,828	1,557,260
<b>Total Expense</b>	<b>16,024,283</b>	<b>13,884,187</b>	<b>29,031,893</b>	<b>28,764,943</b>	<b>45,056,176</b>	<b>42,649,130</b>
Income before Transfers	(2,000,187)	(2,156,897)	703,376	2,116,629	(1,296,811)	(40,268)
Transfers In/ (Out)	2,066,000	2,066,000	(2,066,000)	(2,066,000)	-	-
Fund Bal Changes pg 16	2,996,588	1,103,195	-	-	2,996,588	1,103,195
Capital Financing	305,500	-	-	-	305,500	-
Change in Net Position	3,367,901	1,012,298	(1,362,624)	50,629	2,005,277	1,062,927
Beginning Net Position	(4,254,123)	(5,266,421)	54,371,935	54,321,306	50,117,812	49,054,885
Prior Period Adjustment	6,320,844	-	2,205,977	-	8,526,821	-
Ending Net Position	<b>\$5,434,622</b>	<b>\$(4,254,123)</b>	<b>\$55,215,288</b>	<b>\$54,371,935</b>	<b>\$60,649,910</b>	<b>\$50,117,812</b>

**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 \$411,209 as of June 30, 2020. Additionally, the utility fund customer deposits are maintained as a restricted reserve. This amount was \$785,044 as of June 30, 2020. 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, 2020, the road paving reserve balance was \$643,006. City Council also restricted funds for capital projects. The capital projects fund balance was \$55,827 as of June 30, 2020. 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 2020.

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 \$635,297 as of June 30, 2020. 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 \$1,527,000 at June 30, 2020.

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 \$700,085 as of June 30, 2020.

**Capital Assets**  
**Summary of Capital Assets**  
As of 06/30/20  
(Net of Depreciation)

	Governmental Activity		Proprietary Activity		Total	
	2020	2019	2020	2019	2020	2019
Land and Improvements	\$ 5,788,048	\$ 2,796,846	\$ 501,916	\$ 501,916	\$ 6,289,964	\$ 3,298,762
Buildings and Improvements	8,709,139	8,853,769	104,921	116,980	8,814,060	8,970,749
Equipment	35,282	13,035	-	-	35,282	13,035
Streets, Sidewalks, Etc.	1,208,759	1,175,355	-	-	1,208,759	1,175,355
Automotive Equipment	4,331,107	4,220,834	1,016,527	1,075,854	5,347,634	5,296,688
Electric System	-	-	31,207,507	31,812,113	31,207,507	31,812,113
Water System	-	-	20,402,494	20,962,207	20,402,494	20,962,207
Sewer System	-	-	16,512,514	16,964,255	16,512,514	16,964,255
Electric Instruments	-	-	236,956	253,934	236,956	253,934
Water Instruments	-	-	127,666	146,100	127,666	146,100
Sewer Instruments	-	-	367,975	449,752	367,975	449,752
Office Machines	-	-	2,150	3,995	2,150	3,995
Wastewater Treatment Plant	-	-	31,047,518	32,347,531	31,047,518	32,347,531
Total	20,072,335	17,059,839	101,528,144	104,634,637	121,600,479	121,694,476
Construction in Progress	-	-	14,088,345	7,030,482	14,088,345	7,030,482
Total	<u>\$ 20,072,335</u>	<u>\$ 17,059,839</u>	<u>\$ 115,616,489</u>	<u>\$ 111,665,119</u>	<u>\$ 135,688,824</u>	<u>\$ 128,724,958</u>

Please refer to 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 \$1,682,747 as of June 30, 2020. Other general fund liquid investments totaled \$5,797,274 at year-end. As of June 30, 2020, the general fund unrestricted operating cash is \$3,850,943. The excess unrestricted cash excludes the deferred revenue already received for the upcoming fiscal year. Based on cash needs for the fiscal year 2020/2021 this balance will support the City for 131 days. The proprietary fund operating cash, investment balances and reimbursement balances from SRF is \$7,808,325 which allows 92 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 \$1,695,192 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 \$4,115,000 outstanding in revenue bond debt. The amount of principal paid on the bonds was \$417,000 for fiscal year 2020. At June 30, 2020, the governmental fund had a \$671,462 balance of capital lease/bond debt. The annual amount of principal paid for all general fund debt was \$677,250 for fiscal year 2020.

**Proprietary Fund Long Term Debt**

The proprietary fund currently has a balance, as of June 30, 2020, of \$62,560,661 committed to long term debt. This debt is comprised of seven 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. In 2018, Revenue Bond Series 2018 was issued for various projects in communities in the City in the amount of \$6,758,000. In 2019, SRF funded advances for loans for the communities of Kirkwood and Ehrenclou areas in the amount of 4,046,726.

The debt balance for the construction of a new wastewater treatment plant was \$25,563,913 at June 30, 2020. 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 payments that began September 2016. The debt amount for the upgrades and rehabilitation of several electric projects in beginning in 2015/2016 was \$13,080,000 with an interest rate of 2.4% with a 15-year term.

In September 2020, the City refinanced all proprietary debt at a lower interest rate with the exception of the Series 2012A bond, the Series 2013A bond and the Series 201B bond. After refinancing the debt, the amount needed to service the combined utility system debt annually for the next five years is approximately \$6,550,048. 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.

	2017	2018	2019	2020
Net Income	\$ 5,284,990	\$ 3,396,897	\$ 2,116,629	\$ 703,376
Depreciation	3,938,576	4,195,922	4,794,946	4,929,622
Loss on Disposal of Capital Assets	-	-	-	-
Interest Expense on Bonds	1,449,290	1,424,745	1,557,260	1,631,828
Net Available for Debt From Operations	<u>\$ 10,672,856</u>	<u>\$ 9,017,564</u>	<u>\$ 8,468,835</u>	<u>\$ 7,264,826</u>
Total Debt Service Requirement	<u>\$ 5,918,345</u>	<u>\$ 5,921,320</u>	<u>\$ 6,509,582</u>	<u>\$ 6,719,302</u>
Coverage Ratio	1.80	1.52	1.30	1.08

	Summary of Outstanding Debt					
	Governmental Activity		Proprietary Activity		Total City	
	2020	2019	2020	2019	2020	2019
Bond Obligations	\$4,115,000	\$4,532,000	\$ 62,560,661	\$ 63,601,409	\$ 66,675,661	\$ 68,133,409
Short Term Obligations	<u>671,462</u>	<u>626,212</u>	<u>-</u>	<u>-</u>	<u>671,462</u>	<u>626,212</u>
Total	<u>\$4,786,462</u>	<u>\$5,158,212</u>	<u>\$ 62,560,661</u>	<u>\$ 63,601,409</u>	<u>\$ 67,347,123</u>	<u>\$ 68,759,621</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 Lyttleton Street, P.O. Box 7002, Camden, South Carolina 29021.

CITY of CAMDEN, SOUTH CAROLINA

STATEMENT of NET POSITION  
June 30, 2020

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 4,088,690	\$ (2,180,944)	\$ 1,907,746
Certificates of Deposit	763,872	-	763,872
Investments	4,333,317	3,700,261	8,033,578
Receivable:			
Accounts Receivable, Net	-	2,795,364	2,795,364
Taxes, Net	801,196	-	801,196
Miscellaneous	447,130	4,225,591	4,672,721
Inventory	92,934	1,110,501	1,203,435
Restricted Assets:			
Cash	700,085	-	700,085
Certificates of Deposit	-	547,090	547,090
Investments	309,073	1,695,192	2,004,265
Capital Assets:			
Land, Historical Collections and Construction in Progress	5,788,048	14,590,262	20,378,310
Other Capital Assets, Net of Accumulated Depreciation	14,284,287	101,026,227	115,310,514
Total Capital Assets, Net of Depreciation	<u>20,072,335</u>	<u>115,616,489</u>	<u>135,688,824</u>
Total Assets	<u>31,608,632</u>	<u>127,509,544</u>	<u>159,118,176</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to OPEB	1,384,602	188,809	1,573,411
Deferred Outflows Related to Pension Liability	2,058,118	924,778	2,982,896
Deferred Charges-Bonds	-	521,647	521,647
Total Deferred Outflow of Resources	<u>3,442,720</u>	<u>1,635,234</u>	<u>5,077,954</u>
<b>LIABILITIES</b>			
Accounts Payable	667,384	1,941,874	2,609,258
Accrued Liabilities	175,475	60,782	236,257
Notes and Lease Obligations Payable, Current	212,971	-	212,971
Bonds Payable, Current	426,000	5,307,021	5,733,021
Liabilities Payable from Restricted Assets			
Customer Deposits	-	785,044	785,044
Accrued Interest Payable	-	168,406	168,406
Compensated Absences, Non-Current	202,128	100,054	302,182
OPEB Obligation	8,201,502	1,118,385	9,319,887
Net Pension Liability	11,065,326	5,796,234	16,861,560
Notes and Lease Obligations Payable, Non-Current	458,491	-	458,491
Bonds Payable, Non-Current	3,689,000	57,253,640	60,942,640
Total Liabilities	<u>25,098,277</u>	<u>72,531,440</u>	<u>97,629,717</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned Revenue	3,963,510	1,082,526	5,046,036
Deferred Inflows Related to OPEB	169,990	23,181	193,171
Deferred Inflows Related to Pension Liability	384,953	167,353	552,306
Deferred Gain on Bond Refunding	-	124,990	124,990
Total Deferred Inflow of Resources	<u>4,518,453</u>	<u>1,398,050</u>	<u>5,916,503</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	15,285,873	53,577,475	68,863,348
Restricted for:			
Law Enforcement	57,354	-	57,354
Special Purposes	97,416	-	97,416
Debt Service	309,073	1,695,192	2,004,265
Unrestricted	(10,315,094)	(57,379)	(10,372,473)
Total Net Position	<u>\$ 5,434,622</u>	<u>\$ 55,215,288</u>	<u>\$ 60,649,910</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, 2020

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	\$ 4,016,677	\$ 2,146,588	\$ -	\$ -	\$ (1,870,089)	\$ -	\$ (1,870,089)
Public Safety							
Police	3,309,259	109,377	222,314	-	(2,977,568)	-	(2,977,568)
Fire	2,129,680	651,798	251,243	-	(1,226,639)	-	(1,226,639)
Highways and Streets	1,050,332	-	192,223	-	(858,109)	-	(858,109)
Sanitation	1,269,731	1,258,553	65,342	-	54,164	-	54,164
Culture and Recreation	946,517	7,606	-	2,324,477	1,385,566	-	1,385,566
Total Governmental Activities	<u>12,722,196</u>	<u>4,173,922</u>	<u>731,122</u>	<u>2,324,477</u>	<u>(5,492,675)</u>	<u>-</u>	<u>(5,492,675)</u>
Business-Type Activities:							
Electric Charges	20,079,330	22,060,059	-	-	-	1,980,729	1,980,729
Water Charges	3,428,356	4,253,033	-	-	-	824,677	824,677
Sewer Charges	3,892,379	2,490,352	-	-	-	(1,402,027)	(1,402,027)
Total Business-Type Activities	<u>27,400,065</u>	<u>28,803,444</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,403,379</u>	<u>1,403,379</u>
Total Primary Government	<u>\$ 40,122,261</u>	<u>\$ 32,977,366</u>	<u>\$ 731,122</u>	<u>\$ 2,324,477</u>	<u>(5,492,675)</u>	<u>1,403,379</u>	<u>(4,089,296)</u>

	Primary Government			
General Revenues:				
Taxes:				
Property Taxes		5,067,867	-	5,067,867
Franchise Taxes		349,359	-	349,359
Intergovernmental Revenues		866,005	-	866,005
Unrestricted Investment Earnings		77,445	124,379	201,824
Transfers - Internal Activities		2,066,000	(2,066,000)	-
Miscellaneous		433,899	(824,382)	(390,483)
Total General Revenues, Special Items and Transfers		<u>8,860,575</u>	<u>(2,766,003)</u>	<u>6,094,572</u>
Change in Net Position		3,367,900	(1,362,624)	2,005,276
Net Position, Beginning of Year		(4,254,122)	54,371,935	50,117,813
Prior Period Adjustment Note 13		6,320,844	2,205,977	8,526,821
Net Position, End of Year		<u>\$ 5,434,622</u>	<u>\$ 55,215,288</u>	<u>\$ 60,649,910</u>

The Accompanying Notes are an Integral Part of These Financial Statements

CITY of CAMDEN, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2020

	General	Special Revenue	Capital Project Funds	Total Governmental Funds
<b>ASSETS</b>				
Assets				
Cash	\$ 1,682,747	\$ 1,643,818	\$ 762,125	\$ 4,088,690
Restricted Cash	700,085	-	-	700,085
Certificates of Deposit	763,872	-	-	763,872
Investments	4,333,317	-	-	4,333,317
Restricted Investments	-	309,073	-	309,073
Receivables (Net)				
Taxes	443,060	358,136	-	801,196
Miscellaneous	447,130	-	-	447,130
Inventory	92,934	-	-	92,934
Total Assets	<u>\$ 8,463,145</u>	<u>\$ 2,311,027</u>	<u>\$ 762,125</u>	<u>\$ 11,536,297</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES and FUND BALANCE</b>				
Liabilities				
Accounts Payable	\$ 299,838	\$ 320,960	\$ 46,586	\$ 667,384
Accrued Liabilities	172,326	3,149	-	175,475
Total Liabilities	<u>472,164</u>	<u>324,109</u>	<u>46,586</u>	<u>842,859</u>
Deferred Inflows of Resources				
Unearned Revenue	<u>2,756,667</u>	<u>1,190,137</u>	<u>16,706</u>	<u>3,963,510</u>
Total Deferred Inflows of Resources	<u>2,756,667</u>	<u>1,190,137</u>	<u>16,706</u>	<u>3,963,510</u>
<b>FUND BALANCE</b>				
Fund Balance				
Nonspendable	92,934	-	-	92,934
Restricted	-	790,085	-	790,085
Committed	270,281	-	698,833	969,114
Assigned	-	6,696	-	6,696
Unassigned	4,871,099	-	-	4,871,099
Total Fund Balance	<u>5,234,314</u>	<u>796,781</u>	<u>698,833</u>	<u>6,729,928</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 8,463,145</u>	<u>\$ 2,311,027</u>	<u>\$ 762,125</u>	<u>\$ 11,536,297</u>

CITY of CAMDEN, SOUTH CAROLINA

RECONCILIATION of the GOVERNMENTAL FUNDS BALANCE SHEET  
to the STATEMENT of NET POSITION  
June 30, 2020

Total Fund Balance for Governmental Funds	\$ 6,729,928
Total Net Position reported for governmental activities in the statement of net position is different because:	
Capital assets of \$37,052,623 net of accumulated depreciation of \$16,980,288 are not financial resources and, therefore, are not reported in the funds. (See Note 3 for additional detail).	20,072,335
Other postemployment benefits liability and deferred outflows and inflows related to City's other postemployment benefits plan are not recorded in the governmental funds but are recorded in the Statement of Net Position.	
Deferred outflows-OPEB	1,384,602
OPEB Liability	(8,201,502)
Deferred Inflows-OPEB	(169,990)
The City's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State retirement plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.	
Deferred outflows-pension	2,058,118
Net Pension Liability	(11,065,326)
Deferred inflows-pension	(384,953)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Compensated Absences	\$ (202,128)
Governmental Leases and Bonds Payable	<u>(4,786,462)</u> <u>(4,988,590)</u>
Total Net Position of Governmental Activities	<u>\$ 5,434,622</u>

CITY of CAMDEN, SOUTH CAROLINA

STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCE  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2020

	General	Special Revenue	Capital Project Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 3,061,337	\$ 1,061,704	\$ 944,826	\$ 5,067,867
Licenses and Permits	2,495,947	5,400	-	2,501,347
Intergovernmental Revenues	800,663	65,342	-	866,005
Charges for Services	1,910,351	-	-	1,910,351
Fines and Forfeits	101,784	7,593	-	109,377
Other Grants	-	2,955,599	100,000	3,055,599
Miscellaneous Revenues	357,999	155,551	-	513,550
Total Revenues	<u>8,728,081</u>	<u>4,251,189</u>	<u>1,044,826</u>	<u>14,024,096</u>
<b>EXPENDITURES</b>				
Current:				
General Government	2,307,087	-	-	2,307,087
Public Safety	5,194,747	7,593	-	5,202,340
Highways and Streets	1,021,122	-	406,485	1,427,607
Sanitation	1,199,395	-	-	1,199,395
Culture and Recreation	417,181	4,042,744	-	4,459,925
Non-Departmental	587,500	82,684	757,746	1,427,930
Total Expenditures	<u>10,727,032</u>	<u>4,133,021</u>	<u>1,164,231</u>	<u>16,024,284</u>
<b>EXCESS (DEFICIENCY) of REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,998,951)</u>	<u>118,168</u>	<u>(119,405)</u>	<u>(2,000,188)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	2,066,000	-	-	2,066,000
Capital Financing	305,500	-	-	305,500
Total Other Financing Sources (Uses)	<u>2,371,500</u>	<u>-</u>	<u>-</u>	<u>2,371,500</u>
<b>Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses</b>	372,549	118,168	(119,405)	371,312
<b>FUND BALANCE, Beginning of Year</b>	<u>4,861,765</u>	<u>678,613</u>	<u>818,238</u>	<u>6,358,616</u>
<b>FUND BALANCE, End of Year</b>	<u>\$ 5,234,314</u>	<u>\$ 796,781</u>	<u>\$ 698,833</u>	<u>\$ 6,729,928</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, 2020

Net Changes in Fund Balances - Total Governmental Funds	\$ 371,312
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 \$3,793,642 exceeded depreciation of \$781,146 in the current period.	3,012,496
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. There were no financing proceeds of \$305,500 and repayments of \$677,250. Also see Note 5 for additional detail.	371,750
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:	
Net increase in compensated absences.	(34,354)
Net increase in net pension liability expenses.	(684,735)
Net decrease in net OPEB Obligation adjusted for prior period change.	<u>331,431</u>
Changes in Net Position of Governmental Activities	<u>\$ 3,367,900</u>

CITY of CAMDEN, SOUTH CAROLINA

STATEMENT of NET POSITION - PROPRIETARY FUND  
June 30, 2020

ASSETS	
CURRENT ASSETS	
Cash	\$ (2,180,944)
Investments	3,700,261
Water and Lights Accounts Receivable, Net	2,795,364
Miscellaneous Receivables	4,225,591
Inventories	1,110,501
Total Current Assets	<u>9,650,773</u>
NON-CURRENT ASSETS	
RESTRICTED ASSETS	
Certificates of Deposit - Customer Deposits	547,090
Investments - Reserve Bond Investment	1,695,192
Total Restricted Assets	<u>2,242,282</u>
CAPITAL ASSETS	
Construction in Process	14,088,346
Buildings and Land	879,406
Furniture, Fixtures and Equipment	3,591,257
Electric System	54,822,445
Water System	37,477,950
Sewer and Wastewater System	65,999,766
Sub-Total	<u>176,859,170</u>
Less Accumulated Depreciation	(61,242,681)
Total Capital Assets	<u>115,616,489</u>
Total Non-Current Assets	<u>117,858,771</u>
Total Assets	<u>127,509,544</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pension Liability	924,778
Deferred Outflows Related to OPEB Obligation	188,809
Deferred Charges-Bonds	521,647
Total Deferred Outflows of Resources	<u>1,635,234</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	1,941,874
Other Current Liabilities	60,782
Bonds Payable, Current	5,307,021
Total Current Liabilities	<u>7,309,677</u>
NON-CURRENT LIABILITIES	
Accrued Vacation Pay	100,054
OPEB Obligation	1,118,385
Net Pension Liability	5,796,234
Payable from Restricted Assets	
Customer Deposits	785,044
Accrued Interest Payable	168,406
Bonds Payable, Non-Current	57,253,640
Total Non-Current Liabilities	<u>65,221,763</u>
Total Liabilities	<u>72,531,440</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Revenue	1,082,526
Deferred Inflows Related to OPEB	23,181
Deferred Inflows Related to Pension Liability	167,353
Deferred Gain on Bond Refunding	124,990
Total Deferred Inflows of Resources	<u>1,398,050</u>
NET POSITION	
Net Investment in Capital Assets	53,577,475
Restricted for Debt Service	1,695,192
Unrestricted	(57,379)
Total Net Position	<u>\$ 55,215,288</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, 2020

OPERATING REVENUES	
Charges for Services:	
Electric Charges	\$ 22,060,059
Water Charges	4,253,033
Sewer Charges	2,490,352
Total Operating Revenues	<u>28,803,444</u>
OPERATING EXPENSES	
Personnel Services	3,563,553
Maintenance, Operations, and Contractual Services	18,303,784
Materials and Supplies	603,106
Depreciation & Amortization	4,929,622
Total Operating Expenses	<u>27,400,065</u>
Operating Income	<u>1,403,379</u>
NON-OPERATING REVENUE (EXPENSE)	
Interest Income	124,379
Interest Expense	(1,631,828)
Other Revenue (Expense)	807,446
Total Non-Operating Revenue (Expense)	<u>(700,003)</u>
Income (Loss) before Contributions and Transfers	703,376
OPERATING TRANSFERS and CONTRIBUTIONS	
Transfers to Other Funds	<u>(2,066,000)</u>
Change in Net Position	(1,362,624)
NET POSITION, Beginning of Year	54,371,935
Prior Period Adjustment See Note 13	2,205,977
NET POSITION, End of Year	<u>\$ 55,215,288</u>

CITY of CAMDEN, SOUTH CAROLINA

STATEMENT of CASH FLOWS - PROPRIETARY FUND  
For the Year Ended June 30, 2020

CASH FLOWS from OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 24,997,057
Cash Payments to Suppliers for Goods and Services	(18,916,166)
Cash Payments to Employees for Services	<u>(3,975,607)</u>
Net Cash Provided by Operating Activities	<u>2,105,284</u>
CASH FLOWS from NON-CAPITAL FINANCING ACTIVITIES:	
Other Non-Operating Revenue	807,446
Reclassification of Restricted Cash	5,915,127
Operating Transfers Out	<u>(2,066,000)</u>
Net Cash Provided by Non-Capital Financing Activities	<u>4,656,573</u>
CASH FLOWS from CAPITAL and RELATED FINANCING ACTIVITIES:	
Purchase of Assets	(8,880,992)
Principal Paid on Revenue Bond Maturities	(5,087,474)
Interest Paid on Debt Service	<u>(1,631,828)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(11,553,568)</u>
CASH FLOWS from INVESTING ACTIVITIES:	
Interest and Dividends on Investments	<u>124,379</u>
Net Cash Provided by Investing Activities	<u>124,379</u>
Net Decrease in Cash and Cash Equivalents	<u>(4,667,332)</u>
Cash and Cash Equivalents at Beginning of Year	<u>2,486,389</u>
Cash and Cash Equivalents at End of Year	<u>\$ (2,180,943)</u>
RECONCILIATION of OPERATING INCOME to NET CASH PROVIDED by OPERATING ACTIVITIES:	
Operating Income	\$ 1,403,379
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Amortization	85,215
Depreciation	4,844,407
Bad Debt Expense	93,013
Changes in Assets and Liabilities:	
Accounts Receivable	284,296
Miscellaneous Accounts Receivable	(4,170,164)
Inventory	21,899
Deferred Pension Outflow	51,686
Deferred OPEB Outflow	(188,809)
Deferred Charges	111,530
Accounts Payable	(943,108)
OPEB Obligation	120,432
Net Pension Liability	321,031
Other Liabilities	22,032
Customer Deposits	79,481
Deferred Gain	(26,313)
Deferred OPEB Inflows	23,181
Deferred Pension Inflows	<u>(27,904)</u>
Net Cash Provided by Operating Activities	<u>\$ 2,105,284</u>

The Accompanying Notes are an Integral Part of These Financial Statements

CITY of CAMDEN, SOUTH CAROLINA

NOTES to FINANCIAL STATEMENTS

June 30, 2020

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, 2020 is \$411,209.

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



NOTE 1 SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2020 was \$85,215 in the proprietary fund.

K. Fund Equity

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

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

Committed Fund Balance

City Council increased its tax millage specifically for road paving. The balance unspent at June 30, 2020 was \$643,006. City Council increased its tax millage specifically for capital. The balance unspent at June 30, 2020 was \$55,827. 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, 2020 was \$635,297. 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.

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, 2020	<u>\$ 68,863,348</u>
Maximum Amount that can be Transferred during the Year Ended June 30, 2020	<u>\$ 13,772,670</u>
Amount Transferred during the Year Ended June 30, 2020	<u>\$ 2,066,000</u>

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

### 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, 2020, the liability for accrued vacation is \$302,182. The amount applicable to the Proprietary Fund is \$100,054 and the amount applicable to the General Fund is \$202,128. 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.

### 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.

NOTE 1 SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2020 as follows:

	Category			Bank	Total
	1	2	3	Balance	Carrying Amount
Checking Accounts	\$ 631,668	\$ 1,933,664	\$ -	\$ 2,565,332	\$ 2,562,708
Savings Accounts	43,672	-	-	43,672	43,673
Certificates of Deposit	404,300	906,662	-	1,310,962	1,310,962
	<u>\$ 1,079,640</u>	<u>\$ 2,840,326</u>	<u>\$ -</u>	<u>\$ 3,919,966</u>	<u>\$ 3,917,343</u>

Custodial Risk-Deposits - Deposits in financial institutions, reported as components of cash, cash equivalents and investments, had a bank balance of \$3,919,966 at June 30, 2020, 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, 2020 as follows:

	Category			Fair
	1	2	3	Value
U.S. Government Securities	\$ -	\$ 2,004,265	\$ -	\$ 2,004,265
	<u>\$ -</u>	<u>\$ 2,004,265</u>	<u>\$ -</u>	
S.C. Local Government Investment Pool (Fair value substantially equivalent to the value of the pool shares)				<u>\$ 8,033,578</u>
Total				<u>\$ 10,037,843</u>

The City's investments are categorized to indicate the level of risk assumed by the City at June 30, 2020. 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.

NOTE 2 DEPOSITS and INVESTMENTS (Continued)

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

A reconciliation of cash, cash equivalents and investments as shown in the combined statement of net position for the primary government as of June 30, 2020 is as follows:

Petty Cash and Other	\$ 1,450
Carrying Amount of Deposits	3,917,343
Carrying Amount of Investments	<u>10,037,843</u>
Total	<u>\$ 13,956,636</u>
Cash and Cash Equivalents	\$ 1,907,746
Certificates of Deposit	763,872
Cash and Cash Equivalents - Local Option Sales Tax	700,085
Certificates of Deposit - Restricted for Customer Deposits	547,090
Investments	8,033,578
Investments - Restricted for Debt Service	<u>2,004,265</u>
Total	<u>\$ 13,956,636</u>

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, was as follows:

	Primary Government				Ending Balance
	Beginning Balance	Increases	Decreases	Tranfers	
GOVERNMENTAL ACTIVITIES:					
Capital Assets not Being Depreciated:					
Land	\$1,710,219	\$ 47,856	\$ -	\$ -	\$ 1,758,075
Historical Collections	700,000	-	-	-	700,000
Construction in Progress	386,627	2,954,346	-	(11,000)	3,329,973
Total Capital Assets not Being Depreciated	2,796,846	3,002,202	-	(11,000)	5,788,048
Other Capital Assets:					
Building and Improvements	16,943,994	224,623	-	11,000	17,179,617
Equipment	1,392,998	31,300	-	-	1,424,298
Automotive Equipment	5,685,153	319,034	(103,044)	-	5,901,143
Streets, Sidewalks, Etc.	6,539,277	220,240	-	-	6,759,517
Total Other Capital Assets at Historical Cost	30,561,422	795,197	(103,044)	11,000	31,264,575
Less Accumulated Depreciation for:					
Buildings and Improvements	(8,090,225)	(380,253)	-	-	(8,470,478)
Equipment	(1,379,963)	(9,053)	-	-	(1,389,016)
Automotive Equipment	(4,509,797)	(281,874)	99,287	-	(4,692,384)
Streets, Sidewalks, Etc.	(2,318,444)	(109,966)	-	-	(2,428,410)
Total Accumulated Depreciation	(16,298,429)	(781,146)	99,287	-	(16,980,288)
Other Capital Assets, Net	14,262,993	14,051	(3,757)	11,000	14,284,287
Governmental Activities Capital Assets, Net	<u>\$ 17,059,839</u>	<u>\$ 3,016,253</u>	<u>\$ (3,757)</u>	<u>\$ -</u>	<u>\$ 20,072,335</u>

NOTE 3 CAPITAL ASSETS (Continued)

	Primary Government				Ending Balance
	Beginning Balance	Increases	Decreases	Tranfers	
<b>BUSINESS-TYPE ACTIVITIES:</b>					
Capital Assts not Being Depreciated:					
Land and Improvements	\$ 501,916	\$ -	\$ -	\$ -	\$ 501,916
Construction in Progress	7,030,483	7,057,863	-	-	14,088,346
Total Capital Assets not Being Depreciated	<u>7,532,399</u>	<u>7,057,863</u>	<u>-</u>	<u>-</u>	<u>14,590,262</u>
<b>Other Capital Assets:</b>					
Electric System	53,444,971	606,701	-	-	54,051,672
Water System	36,365,166	544,909	-	-	36,910,075
Sewer System	25,668,856	470,904	-	-	26,139,760
Electric Instruments	770,773	-	-	-	770,773
Water Instruments	567,875	-	-	-	567,875
Sewer Instruments	827,674	-	-	-	827,674
Automotive Equipment	3,327,548	200,615	(58,199)	-	3,469,964
Office Machines	121,293	-	-	-	121,293
Buildings	377,490	-	-	-	377,490
Wastewater Treatment Plant	39,032,332	-	-	-	39,032,332
Total Other Capital Assets at Historical Cost	<u>160,503,978</u>	<u>1,823,129</u>	<u>(58,199)</u>	<u>-</u>	<u>162,268,908</u>
Less Accumulated Depreciation	(56,371,258)	(4,929,622)	58,199	-	(61,242,681)
Other Capital Assets, Net	<u>104,132,720</u>	<u>(3,106,493)</u>	<u>-</u>	<u>-</u>	<u>101,026,227</u>
Business-Type Activities Capital Assets, Net	<u>\$111,665,119</u>	<u>\$ 3,951,370</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,616,489</u>

Depreciation expense was charged to functions as follows:

**GOVERNMENT ACTIVITIES:**

General Government	\$ 236,936
Public Safety	168,161
Highways and Streets	110,535
Sanitation	114,435
Culture and Recreation	151,079
Total Governmental Activities Depreciation Expense	<u>\$ 781,146</u>

**BUSINESS-TYPE ACTIVITIES:**

Electric Department	\$ 1,682,134
Water Department	1,123,055
Sewer Department	2,124,433
Total Business-Type Activities Depreciation Expense	<u>\$ 4,929,622</u>

NOTE 4 CHANGES in LONG-TERM DEBT-PROPRIETARY FUND

Long-term liability activity for the year ended June 30, 2020 was as follows:

	Balance 6/30/2019	Issued	Retired	Balance 6/30/2020	Due Within One Year
Combined Public Utility System Refunding Revenue Bond, Series 2013A	\$2,020,000	\$ -	\$ 390,000	\$ 1,630,000	\$ 400,000
Combined Public Utility System Improvement Revenue Bond Series 2010,	1,931,437	-	150,106	1,781,331	154,743
Combined Public Utility System Refunding Revenue Bond, Series 2012A	854,859	-	279,032	\$ 575,827	284,912
Combined Public Utility System Refunding Revenue Bond, Series 2014A	5,540,000	-	1,065,000	4,475,000	1,085,000
State Revolving Fund Loan, Series 2012B	27,100,802	-	1,536,889	25,563,913	1,571,762
State Revolving Fund Loan, Sewer Rehab	5,060,102	-	197,106	4,862,996	200,679
State Revolving Fund Loan, Water Rehab	3,901,209	-	226,600	3,674,609	230,706
Combined Public Utility System Refunding Revenue Bond, Series 2015 Issue	4,560,000	-	365,000	4,195,000	375,000
Combined Public Utility System Refunding Revenue Bond, Series 2016 Issue	5,875,000	-	430,000	5,445,000	440,000
Combined Public Utility System Refunding Revenue Bond, Series 2018 Issue	6,758,000	-	348,000	6,410,000	361,000
State Revolving Fund Loan, Series 2019A	-	1,995,195	60,347	1,934,848	122,882
State Revolving Fund Loan, Series 2019A	-	2,051,531	39,394	2,012,137	80,337
Total Revenue and Lease Obligations Payable	<u>\$63,601,409</u>	<u>4,046,726</u>	<u>5,087,474</u>	<u>62,560,661</u>	<u>5,307,021</u>

Long-Term Debt at June 30, 2020 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.	\$ 1,630,000
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%.	1,781,331
Revenue Bond, Series 2012A dated February 29, 2012, payable \$297,044 each March 1, 2013 through 2022. Interest at 2.107% payable March 1.	575,827
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.	4,475,000
State Revolving Fund Loan, Series 2012B payable \$560,220 quarterly beginning September 2014 through June 2034 at 2.25% interest.	25,563,913
State Revolving Fund Loan, Sewer Rehab payable \$79,332 quarterly beginning November 2017 through August 2047 at 1.80% interest.	4,862,996
State Revolving Fund Loan, Water Rehab payable \$78,094 quarterly beginning November 2017 through May 2037 at 1.80% interest.	3,674,609
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.	4,195,000
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.	5,445,000
Refunding Revenue Bond, Series 2018 dated November 15, 2018, payable \$348,000 to \$570,000 each November 1, 2019 through 2033. Interest at 3.52%, payable each March 1.	6,410,000
State Revolving Fund Loan, Series 2019A, payable \$42,054 quarterly beginning January 2020 thru October, 2033 at 2.40% interest.	1,934,848
State Revolving Fund Loan, Series 2019B, payable \$32,968 quarterly beginning January 2020 thru October, 2039 at 2.60% interest.	2,012,137
Total	<u>\$ 62,560,661</u>

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

The annual requirements to amortize all bonds outstanding as of June 30, 2020 follow:

Year Ending	Series 2012B		Series 2013A		Series 2012A	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 1,571,762	\$ 561,988	\$ 400,000	\$ 30,481	\$ 284,912	\$ 12,133
2022	1,607,426	526,324	405,000	23,001	290,915	6,130
2023	1,643,900	489,851	410,000	15,428	-	-
2024	1,681,201	452,550	415,000	7,760	-	-
2025	1,719,348	414,402	-	-	-	-
2026-2030	9,199,943	1,468,809	-	-	-	-
2031-2035	8,140,333	394,667	-	-	-	-
Totals	<u>\$ 25,563,913</u>	<u>\$ 4,308,591</u>	<u>\$ 1,630,000</u>	<u>\$ 76,670</u>	<u>\$ 575,827</u>	<u>\$ 18,263</u>
Year Ending	Series 2010		Series 2014A		Series 2015	
	Principal	Interest	Principal	Interest	Principal	Interest
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	169,536	40,251	1,150,000	25,186	405,000	72,960
2025	174,774	35,012	-	-	415,000	63,240
2026-2030	958,299	90,635	-	-	2,220,000	162,480
Totals	<u>\$ 1,781,331</u>	<u>\$ 316,534</u>	<u>\$ 4,475,000</u>	<u>\$ 247,360</u>	<u>\$ 4,195,000</u>	<u>\$ 573,480</u>
Year Ending	Series 2016A		Series 2016B		Series 2016C	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 440,000	\$ 130,680	\$ 200,679	\$ 116,651	\$ 230,706	\$ 81,668
2022	450,000	120,120	204,315	113,014	234,887	77,487
2023	460,000	109,320	208,018	109,018	239,144	73,230
2024	470,000	98,280	211,788	105,542	243,478	68,897
2025	480,000	87,000	215,626	101,704	247,890	64,484
2026-2030	2,590,000	256,080	1,138,177	448,470	1,308,483	253,388
2031-2035	555,000	13,320	1,173,754	343,126	1,170,021	130,452
2036-2040	-	-	1,222,970	236,828	-	-
2041-2045	-	-	287,669	121,926	-	-
2046-2048	-	-	-	-	-	-
Totals	<u>\$ 5,445,000</u>	<u>\$ 814,800</u>	<u>\$ 4,862,996</u>	<u>\$ 1,696,279</u>	<u>\$ 3,674,609</u>	<u>\$ 749,606</u>
Year Ending	Series 2018		Series 2019A		Series 2019B	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 361,000	\$ 219,278	\$ 122,882	\$ 45,336	\$ 80,337	\$ 51,537
2022	373,000	206,360	125,858	42,360	82,446	49,427
2023	387,000	192,984	128,905	39,312	84,610	47,263
2024	401,000	179,115	132,027	36,191	86,832	45,041
2025	415,000	164,754	135,224	32,993	89,112	42,762
2026-2030	2,309,000	551,707	726,858	114,231	481,905	177,461
2031-2035	2,164,000	193,776	563,094	25,668	548,576	110,790
2036-2040	-	-	-	-	558,319	35,109
Totals	<u>\$ 6,410,000</u>	<u>\$ 1,707,974</u>	<u>\$ 1,934,848</u>	<u>\$ 336,091</u>	<u>\$ 2,012,137</u>	<u>\$ 559,390</u>
Year Ending	Total					
	Principal	Interest				
2021	\$ 5,307,021	\$ 1,503,477				
2022	5,428,372	1,380,404				
2023	5,251,031	1,254,110				
2024	5,365,862	1,131,773				
2025	3,891,974	1,006,351				
2026-2030	20,932,665	3,523,261				
2031-2035	14,314,778	1,211,799				
2036-2040	1,781,289	271,937				
2041-2045	287,669	121,926				
2046-2048	-	-				
Totals	<u>\$ 62,560,661</u>	<u>\$ 11,405,038</u>				



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

The City has complied with all significant bond covenants with the exception of the earnings to debt ratio being slightly under the required amount of 110%. The City expects to comply with the required debt covenants at June 30, 2021. 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. In September 2020, the City refinanced all proprietary debt at a lower interest rate with the exception of the Series 2012A bond, the Series 2013A bond and the Series 201B bond.

NOTE 5 CHANGES in GOVERNMENTAL FUND DEBT

A summary of the Governmental Fund Debt at June 30, 2020 is as follows:

Lease Obligation Payable, May 12, Annually at 2.25% Interest	\$ 53,069
Lease Obligation Payable, July 1, Annually at 1.62% Interest	26,968
Lease Obligation Payable, July 1, Annually at 2.15% Interest	292,895
Lease Obligation Payable, May 25, Annually at 2.92% Interest	56,217
Bond Obligation Payable Quarterly at 0.00% Interest	100,000
Bond Obligation Payable, Semiannually at 3.18% Interest	2,488,000
Bond Obligation Payable, Semiannually at 2.49% Interest	1,527,000
Lease Obligation Payable, May 26, Annually at 2.13% Interest	<u>242,313</u>
Total Lease and Bond Obligations	4,786,462
Liability for Compensated Absences	<u>202,128</u>
Total Long-Term Debt	<u>\$ 4,988,590</u>

The following is a summary of the changes at June 30, 2020 in General Fund Debt:

	Payable 6/30/2019	Additions	Reductions	Balance 6/30/2020	Due Within One Year
Bond Obligations	\$ 4,532,000	\$ -	\$ 417,000	\$ 4,115,000	\$ 426,000
Capital Leases	626,212	305,500	260,250	671,462	212,971
Total Bond & Lease Obligations	<u>5,158,212</u>	<u>305,500</u>	<u>677,250</u>	<u>4,786,462</u>	<u>638,971</u>
Compensated Absences	167,774	34,354	-	202,128	-
Total Governmental Activities Long-Term Debt	<u>\$ 5,325,986</u>	<u>\$ 339,854</u>	<u>\$ 677,250</u>	<u>\$ 4,988,590</u>	<u>\$ 638,971</u>

NOTE 5 CHANGES in GOVERNMENTAL FUND DEBT (Continued)

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

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 638,971	\$ 131,868
2022	471,395	117,354
2023	454,470	104,564
2024	466,812	92,050
2025	416,367	79,192
2026-2030	2,051,447	217,478
2031-2035	287,000	10,757
Totals	<u>\$ 4,786,462</u>	<u>\$ 753,263</u>

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, 2020.

<u>Year Ended June 30,</u>	<u>Total</u>
2021	\$ 227,698
2022	145,210
2023	116,392
2024	116,392
2025	52,556
2026-2027	<u>52,553</u>
	710,801
Less: Interest	<u>(39,339)</u>
Present Value of Minimum Lease Payments	<u>\$ 671,462</u>

The value of leased equipment less accumulated depreciation under capital leases at June 30, 2020 totals \$914,893. Amortization of leased equipment under capital leases is included with depreciation expense.

NOTE 6 POST-EMPLOYMENT BENEFITS

*Plan Description:* The City sponsors a defined benefit post-employment healthcare plan (the "OPEB" plan). 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.

*Plan Membership:* As of July 1, 2018, the valuation date, fifty-six (56) retirees, twenty-one (21) retiree spouses and one (1) active member met the eligibility requirement for the plan. Coverage will continue until the qualified retiree becomes Medicare eligible.

*Plan Benefits and Contributions:* 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, 2018, the valuation date, the City pays 100% of the premium cost. For the year ended June 30, 2020, the City made contributions of approximately \$430,982.

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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.

NOTE 6 POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions and Method: Actuarial valuations of the OPEB Plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, inflation, healthcare cost trend rates, and future salary changes. Amounts determined regarding the net OPEB liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive OPEB Plan (the plan as understood by the employer and its members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The following tables provides a summary of the significant actuarial assumptions and methods used in the latest actuarial valuation for the OPEB Plan.

<b>Discount Rate</b>	<u>June 30, 2019</u>	<u>June 30, 2020</u>
Discount Rate:	3.50%	2.21%
20 Year Tax-Exempt Municipal Bond Yield	3.50%	2.21%

The discount rate was based on the Bond Buyer 20-Year Bond GO Index as of June 30, 2020.

**Other Key Actuarial Assumptions**

Valuation Date	July 1, 2018	July 1, 2018
Measurement Date	June 30, 2019	June 30, 2020
Inflation	2.30%	2.30%
Mortality	Pub. H-2010 Projected with MP -2019	Pub. H-2010 Projected with MP -2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal

The demographic assumptions used are predominantly consistent with those used in the July 1, 2018 actuarial valuations of the South Carolina Retirement System.

*OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB:* The June 30, 2020 information was rolled forward using the June 30, 2018 measurement date.

<b>Changes in Total OPEB Liability and OPEB Expense</b>	<u>Increase or (Decrease)</u>
Balance as of June 30, 2019	\$ 7,908,150
Changes during Year:	
Service Cost	-
Interest on Total OPEB Liability	269,308
Effect of Economic/Demographic Gains (Losses)	1,573,411
Benefit Payments	(430,982)
Balance as of June 30, 2020	<u>\$ 9,319,887</u>
Total OPEB Expense	
Interest on Total OPEB Liability	\$ 269,308
Recognition of Deferred Inflows for Assumption Changes	(214,953)
Balance for the year ended June 30, 2020	<u>\$ 54,355</u>

NOTE 6 POST-EMPLOYMENT EMPLOYEE BENEFITS (Continued)

At June 30, 2020, the City reported deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ -	\$ 193,171
Liability Experience	1,573,411	-
Total	<u>\$ 1,573,411</u>	<u>\$ 193,171</u>

Amounts reported as deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to the OPEB plan will increase (decrease) OPEB expense as follows:

Measurement Period <u>Year Ended June 30,</u>	Fiscal Year <u>Ended June 30</u>	
2020	2021	\$ 1,380,240

**Sensitivity Analysis**

The following presents the City's Total OPEB Liability calculated using the discount rate of 2.21%. It also presents what the City's Total OPEB Liability would be if it were calculated using a discount rate one percentage point lower (1.21%) and one percentage point higher (3.21%) than the current rate.

	<u>1% Decrease 1.21%</u>	<u>Discount Rate 2.21%</u>	<u>1% Increase 3.21%</u>
Total OPEB Liability	\$10,932,757	\$ 9,319,887	\$ 8,059,862

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.

	<u>1% Decrease in Trend Rate</u>	<u>Current Trend Rate</u>	<u>1% Increase in Trend Rate</u>
Total OPEB Liability	\$7,961,961	\$ 9,319,887	\$ 9,319,887

NOTE 7 RETIREMENT PLAN

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. The Retirement Funding and Administration Act of 2017, which became effective July 1, 2017, increased the employer and employee contribution rates, established a ceiling on the SCRS and PORS employee contribution rates, lowered the assumed rate of return, required a scheduled reduction of the funding periods, and addressed various governance issues including the assignment of the PEBA Board as custodian of the retirement trust funds and assignment of the Retirement Systems Investment Commission ("RSIC") and PEBA as co-trustees of the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority ("SFAA"), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

## NOTE 7 RETIREMENT PLAN (Continued)

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 System and additions to/deductions from the System fiduciary net position have been determined on the accrual basis of accounting as they are reported by the System 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 through 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, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the 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 July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

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

### Membership

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 9012 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; be a coroner in a full-time permanent position; or be 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.

### Plan 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/current annual salary. A brief summary of the benefit terms for each system is presented below.

## NOTE 7 RETIREMENT PLAN (Continued)

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

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

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

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

### Plan Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. If the scheduled employee and employer contributions provided in statute, or the rates last adopted by the PEBA Board, are insufficient to maintain the period set in statute, the PEBA Board shall increase employer contribution rates, as necessary. After June 30, 2027, if the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than eighty-five percent, then the PEBA Board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than eighty-five percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than eighty-five percent, then effective on the following July first, and annually thereafter as necessary, the PEBA Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than eighty-five percent.

The Retirement System Funding and Administration Act establishes a ceiling on employee contribution rates at 9 percent and 9.75 percent for the SCRS and the PORS, respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56 percent for the SCRS and 21.24 percent for the PORS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty-year amortization period.

NOTE 7 RETIREMENT PLAN (Continued)

As noted earlier, both employees and the City are required to contribute to the Plans at rates established and as amended by the PEBA. The City's contributions are actuarially determined but are communicated to and paid by the City as a percentage of the employees' annual eligible compensation. Required employer and employee contribution rates are as follows:

	SCRS Rates	PORS Rates
Employer Contribution Rate		
Retirement	15.41%	17.84%
Incidental Death Benefit	0.15%	0.20%
Accidental Death Contributions	0.00%	0.20%
Total	15.56%	18.24%
Employee Contribution Rate	9.00%	9.75%

The required contributions and percentages of amounts contributed to the Plans for the past two years were as follows:

Year Ended	SCRS Contributions		PORS Contributions		
	Required	%Contributed	Required	%Contributed	Total
June 30					
2020	\$ 801,957	100%	\$ 543,269	100%	\$ 1,345,226

Eligible payrolls covered under the Plans were as follows:

Year Ended	SCRS Payroll	PORS Payroll	Total
June 30			
2020	\$ 5,153,963	\$ 2,978,451	\$ 8,132,414

Actuarial Assumptions and Methods

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2015.

The June 30, 2020, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith, and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2018. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2020, using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2020.

	SCRS	PORS
Actuarial cost method	Entry Age	Entry Age
Actuarial assumptions:		
Investment rate of return	7.25%	7.25%
Projected salary increases	3.0% to 12.5% (Varies by service)	3.5% to 9.5% (Varies by service)
Includes inflation at	2.25%	2.25%
Benefit adjustments	Lesser of 1% or \$500	Lesser of 1% or \$500

NOTE 7 RETIREMENT PLAN (Continued)

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.

Long-Term Expected Rate of Return

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2020 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

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

<b>Asset Class</b>	<b>Policy Target</b>	<b>Expected Arithmetic Real Rate of Return</b>	<b>Long Term Expected Portfolio Real Rate of Return</b>
<b>Global Equity</b>	<b>51.0%</b>		
Global Public Equity	35.0%	7.29%	2.55%
Private Equity	9.0%	7.67%	0.69%
Equity Options Strategies	7.0%	5.23%	0.37%
<b>Real Assets</b>	<b>12.0%</b>		
Real Estate (Private)	8.0%	5.59%	0.45%
Real Estate (REITs)	1.0%	8.16%	0.08%
Infrastructure (Private)	2.0%	5.03%	0.10%
Infrastructure (Public)	1.0%	6.12%	0.06%
<b>Opportunistic</b>	<b>8.0%</b>		
Global Tactical Asset Allocation	7.0%	3.09%	0.22%
Other Opportunistic Strategies	1.0%	3.82%	0.04%
<b>Credit</b>	<b>15.0%</b>		
High Yield Bonds/ Bank Loans	4.0%	3.14%	0.13%
Emerging Markets Debt	4.0%	3.31%	0.13%
Private Debt	7.0%	5.49%	0.38%
<b>Rate Sensitive</b>	<b>14.0%</b>		
Core Fixed Income	13.0%	1.62%	0.21%
Cash and Short Duration (Net)	1.0%	0.31%	0.00%
Total Expected Real Return	100%		5.41%
Inflation for Actuarial Purposes			2.25%
			7.66%



NOTE 7 RETIREMENT PLAN (Continued)

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

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of the June 30, 2020 measurement date, for the SCRS and PORS, are presented in the following table:

System	Total Pension Liability	Plan Fiduciary Net Position	Employer's Net Position Liability(Asset)	Plan Fiduciary Net Position as a % of the Total Pension Liability
SCRS	\$ 50,073,060,256	\$ 27,238,916,138	\$ 22,834,144,118	54.4%
PORS	\$ 7,681,749,768	\$ 4,815,808,554	\$ 2,865,941,214	62.7%

The TPL is calculated by the Systems' actuary, and each Plans' fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB No. 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the Plans' funding requirements.

At June 30, 2020, the City reported a liability of \$11,106,373 and \$5,755,185 for its proportionate share of the net pension liability for the SCRS and PORS, respectively. The net pension liability was measured as of July 1, 2020, 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 .00256 % for the SCRS and .0130% for the PORS.

For the year ended June 30, 2020, the City recognized pension expense of \$1,433,750 and \$917,017 for SCRS and PORS, respectively. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience Liability Experience	\$ -	\$ 552,306
City Contributions Subsequent to the Measurement Date	1,637,670	-
Total	\$ 1,345,226	\$ -
	\$ 2,982,896	\$ 552,306

The \$1,345,226 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Measurement Period Year Ended June 30,	Fiscal Year Ended June 30	
2020	2021	\$ 786,412
2021	2022	100,337
2022	2023	133,305
2023	2024	65,310

NOTE 7 RETIREMENT PLAN (Continued)

Discount Rate

The discount rate used to measure the TPL was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity Analysis

The following table presents the collective NPL of the participating employers calculated using the discount rate of 7.25 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

	Discount Rate	City's Proportionate Share of Net Pension Liability (in Millions)
1% Decrease	6.25%	\$ 21,791
Current Discount Rate	7.25%	\$ 16,862
1% Increase	8.25%	\$ 12,779

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. 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, 202 Arbor Lake Drive, Columbia, SC 29223.

NOTE 8 COMPONENTS of RESTRICTED ASSETS

General Fund

Restricted Assets at June 30, 2020 were as follows:

Cash	Local Option Sales Tax \$ 700,085
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Special Revenue Fund-Local Tax

U.S. Government Securities	Revenue Bond Sinking and Revenue Fund \$ 309,073
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NOTE 8 COMPONENTS of RESTRICTED ASSETS (Continued)

Proprietary Fund

Restricted Assets at June 30, 2020 were as follows:

	Revenue Bond Sinking and Revenue Fund	Customer Deposits	Total
Cash and Certificates of Deposits	\$ -	\$ 547,090	\$ 547,090
U.S. Government Securities	2,004,265	-	2,004,265
Total	<u>\$ 2,004,265</u>	<u>\$ 547,090</u>	<u>\$ 2,551,355</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, 2020, 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 2020 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, 2020 were \$1,631,828 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

**Participation in Public Entity Risk Pools for Property and Casualty Insurance**

The City is participating in a Public Entity Risk Pools for Property and Casualty Insurance. The City has joined together with other municipalities in the state to form the South Carolina Municipal Insurance and Risk Financing Fund (“SCMIRF”) and the South Carolina Municipal Insurance Trust (“SCMIT”), which are public entity risk pools currently operating as a common risk management and insurance program for general risk insurance and workers compensation, respectively. The City pays an annual premium to SCMIRF for its general risk insurance. For the year ended June 30, 2020, the City made premium payments totaling approximately \$341,254. SCMIRF is self-sustaining through member premiums and reinsures through commercial companies. SCMIRF’s net position from its most recently issued audited financial statements at December 31, 2019, totaled approximately \$14,252,828. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

The City pays an annual premium to SCMIT for its workers compensation insurance. For the year ended June 30, 2020, the City made premium payments totaling approximately \$4,625. The Trust uses reinsurance agreements to reduce its exposure to large workers’ compensation losses. SCMIT’s net position from its most recently issued audited financial statements at December 31, 2019, totaled approximately \$62,792,405. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

NOTE 13 PRIOR PERIOD ADJUSTMENTS

In connection with the City’s review of its OPEB Liability, the City became aware of a misstatement in its prior year balance in both its governmental/proprietary fund financial statements and its government-wide financial statements. The City recorded a prior period adjustment to correct these errors. This adjustment was the result of a change in the terms of the benefits for OPEB purposes. Because the information at June 30, 2019 was rolled forward from a previous valuation, the impact of the changes in the terms of the benefits was not reflected. The total impact of the adjustments that affected beginning fund balance/net position for the year ended June 30, 2020 was as follows:

Description	Fund Financial Statements		
	Increase (Decrease) in Fund Balance/Net Position		
	Governmental Funds	Utility Fund	Total
Overstated Net OPEB Liability	\$ -	\$ 2,205,977	\$ 2,205,977

  

Description	Government-Wide Financial Statements		
	Increase (Decrease) in Net Position		
	Governmental Activities	Business-Type Activities	Total
Overstated Net OPEB Liability	\$ 6,320,844	\$ 2,205,977	\$ 8,526,821

NOTE 14 SUBSEQUENT EVENTS

The City evaluated all events or transactions that occurred after June 30, 2020, through the date the City issued these financial statements on January 19, 2021. During this period, the City did not have any material subsequent events that required recognition in the City’s disclosures to the June 30, 2020, financial statements.

On March 11, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a pandemic. The COVID-19 outbreak in the United States has resulted in a significant impact on the economy and the financial markets. It is unknown at this time what other impacts could occur due to the COVID-19 outbreak and how these may affect the City’s financial condition and results of operations in the future. The City will closely monitor this situation in the months ahead and will make appropriate adjustments to its future operating expenditures/expenses if necessary.

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, 2020

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ 3,283,505	\$ 3,283,505	\$ 3,061,337	\$ (222,168)
Licenses and Permits	2,307,600	2,307,600	2,495,947	188,347
Intergovernmental Revenues	753,286	753,286	800,663	47,377
Charge for Services	1,902,000	1,902,000	1,910,351	8,351
Fines and Forfeits	190,000	190,000	101,784	(88,216)
Miscellaneous	297,800	297,800	357,999	60,199
Total Revenues	8,734,191	8,734,191	8,728,081	(6,110)
<b>EXPENDITURES</b>				
General Government	2,602,071	2,602,071	2,307,087	294,984
Public Safety	5,023,679	5,023,679	5,194,747	(171,068)
Highways and Streets	945,970	945,970	1,021,122	(75,152)
Sanitation	1,164,715	1,164,715	1,199,395	(34,680)
Culture and Recreation	416,626	416,626	417,181	(555)
Non-Departmental	647,130	647,130	587,500	59,630
Total Expenditures	10,800,191	10,800,191	10,727,032	73,159
<b>EXCESS (DEFICIENCY) of REVENUES OVER EXPENDITURES</b>				
	(2,066,000)	(2,066,000)	(1,998,951)	67,049
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital Financing	-	-	305,500	305,500
Transfer In	2,066,000	2,066,000	2,066,000	-
Total Other Financing Sources (Uses)	2,066,000	2,066,000	2,371,500	305,500
<b>EXCESS (DEFICIENCY) of REVENUES and OTHER SOURCES OVER EXPENDITURES and OTHER USES</b>				
	\$ -	\$ -	372,549	\$ 372,549
<b>FUND BALANCE, Beginning of Year</b>			4,861,765	
<b>FUND BALANCE, End of Year</b>			\$ 5,234,314	

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, 2020

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ 1,019,500	\$ 1,019,500	\$ 1,061,704	\$ 42,204
Licenses and Permits	9,000	9,000	5,400	(3,600)
Intergovernmental	30,000	30,000	65,342	35,342
Miscellaneous	50,800	50,800	3,002,370	2,951,570
Total Revenues	1,109,300	1,109,300	4,134,816	3,025,516
<b>EXPENDITURES</b>				
Culture and Recreation	1,109,300	1,109,300	4,042,744	(2,933,444)
Total Expenditures	1,109,300	1,109,300	4,042,744	(2,933,444)
<b>EXCESS (DEFICIENCY) of REVENUES OVER EXPENDITURES</b>				
	\$ -	\$ -	92,072	\$ 92,072
<b>FUND BALANCE, Beginning of Year</b>			543,225	
<b>FUND BALANCE, End of Year</b>			\$ 635,297	

CITY of CAMDEN, SOUTH CAROLINA  
Camden, South Carolina

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Service Cost	\$ -	\$ 34,518	\$ 56,447	\$ 54,538
Interest on Total OPEB Liability	269,308	435,177	582,918	585,844
Changes in Benefit Terms	-	(3,805,118)	-	-
Effect of Economic/Demographic Gains(Losses)	-	(4,605,050)	-	-
Effect of Assumption Changes or Inputs	1,573,411	243,616	(838,318)	-
Benefits Payments	<u>(430,982)</u>	<u>(416,864)</u>	<u>(748,639)</u>	<u>(703,566)</u>
Net Change in Total OPEB Liability	1,411,737	(8,113,721)	(947,592)	(63,184)
Total OPEB Liability, Beginning of Year	<u>7,908,150</u>	<u>16,021,871</u>	<u>16,969,463</u>	<u>17,032,647</u>
Total OPEB Liability, End of Year	<u>\$ 9,319,887</u>	<u>\$ 7,908,150</u>	<u>\$ 16,021,871</u>	<u>\$16,969,463</u>
Covered Payroll	\$ 953,700	\$ 953,700	\$ 4,687,338	\$ 4,573,013
Total OPEB Liability as a % of Covered Payroll	977.23%	829.21%	341.81%	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

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

	2020	2019	2018	2017	2016	2015
Statutorily Required Contributions	\$ 1,345,226	\$ 1,249,984	\$ 1,106,062	\$ 913,556	\$ 775,534	\$ 716,089
Contributions in Relation to Statutorily Required Contributions	1,345,226	1,249,984	1,106,062	913,556	775,534	716,089
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reporting Unit's Covered-Employee Payroll	\$ 8,132,414	\$ 8,048,892	\$ 7,610,034	\$ 7,423,787	\$ 6,808,187	\$ 6,615,666
Contributions as a Percentage of Covered Employee Payroll	16.5%	15.5%	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,

	2020	2019	2018	2017	2016	2015
Reporting Unit's Proportion of SCRS Net Pension Liability (%)	0.0486%	0.0467%	0.0469%	0.0453%	0.0454%	0.0448%
Reporting Unit's Proportion of PORS Net Pension Liability (%)	0.2008%	0.1999%	0.2000%	0.1903%	0.1903%	0.1873%
Reporting Unit's Proportionate Share of Net Pension Liability	<u>\$ 16,861,558</u>	<u>\$ 16,136,286</u>	<u>\$ 16,033,664</u>	<u>\$ 14,496,705</u>	<u>\$ 12,764,031</u>	<u>\$ 11,302,929</u>
Reporting Unit's Covered Employee Payroll	<u>\$ 8,132,414</u>	<u>\$ 8,048,892</u>	<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 (%)	207.3%	200.5%	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.

SUPPLEMENTAL INFORMATION (OPTIONAL)

GENERAL FUND

CITY of CAMDEN, SOUTH CAROLINA  
GENERAL FUND

BALANCE SHEET  
June 30, 2020

ASSETS

Assets:

Cash	\$	1,682,747
Restricted Cash		700,085
Certificates of Deposit		763,872
Investments		4,333,317
Receivables (Net of Allowance for Uncollectibles)		
Taxes		443,060
Miscellaneous		447,130
Inventory		92,934
		<hr/>
Total Assets	\$	<u>8,463,145</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, and FUND BALANCE

Liabilities:

Accounts Payable	\$	299,838
Accrued Liabilities		172,326
		<hr/>
Total Liabilities		<u>472,164</u>

Deferred Inflows of Resources:

Deferred Revenues		
Local Option Sales Tax		700,085
Business Licenses		1,655,745
Other		400,837
		<hr/>
Total Deferred Inflows of Resources		<u>2,756,667</u>

Fund Balance

Nonspendable		92,934
Committed		270,281
Unassigned		4,871,099
		<hr/>
Total Fund Balance		<u>5,234,314</u>
		<hr/>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$	<u>8,463,145</u>

CITY of CAMDEN, SOUTH CAROLINA  
GENERAL FUND

STATEMENT of REVENUES COMPARED to BUDGET (GAAP BASIS)  
For the Year Ended June 30, 2020

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>LOCAL SOURCES</b>			
Property Taxes	\$ 1,293,505	\$ 1,054,491	\$ (239,014)
Vehicle Taxes	165,000	182,373	17,373
Local Option Sales Tax	1,750,000	1,768,601	18,601
Penalties and Delinquent Taxes	75,000	55,872	(19,128)
Fines and Forfeitures	190,000	101,784	(88,216)
Business Licenses	1,955,000	2,146,588	191,588
Franchise Fees	352,600	349,359	(3,241)
Fire Service	652,000	651,798	(202)
Sanitation	1,250,000	1,258,553	8,553
Archives	7,500	2,206	(5,294)
Sale/Use Equipment	3,000	11,226	8,226
Interest	42,000	77,445	35,445
Miscellaneous	245,300	267,122	21,822
Sub-Total	<u>7,980,905</u>	<u>7,927,418</u>	<u>(53,487)</u>
<b>STATE and LOCAL GOVERNMENT SOURCES</b>			
Local Government Fund	150,000	162,125	12,125
Merchant's Inventory Tax	48,000	48,495	495
Grants and Donations	197,786	298,704	100,918
Accommodations	27,500	15,892	(11,608)
Kershaw County School Resource Officer	150,000	83,224	(66,776)
Kershaw County Road Maintenance Fee	180,000	192,223	12,223
Sub-Total	<u>753,286</u>	<u>800,663</u>	<u>47,377</u>
Total Revenues	<u>\$ 8,734,191</u>	<u>\$ 8,728,081</u>	<u>\$ (6,110)</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, 2020

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>GENERAL GOVERNMENT</b>			
Legislature	\$ 217,793	\$ 180,622	\$ 37,171
Court	224,445	194,196	30,249
Legal	30,000	45,037	(15,037)
Administration	392,208	391,565	643
Finance	963,372	782,502	180,870
Zoning/Code Enforcement	239,800	160,002	79,798
Garage Services	138,456	131,381	7,075
Downtown Development	263,878	293,849	(29,971)
Planning	132,119	127,933	4,186
Sub-Total	<u>2,602,071</u>	<u>2,307,087</u>	<u>294,984</u>
<b>PUBLIC SAFETY</b>			
Police Department	3,021,133	3,136,038	(114,905)
Fire Department			
Administration	500,179	486,381	13,798
Fire Fighting	1,502,367	1,572,328	(69,961)
Sub-Total	<u>5,023,679</u>	<u>5,194,747</u>	<u>(171,068)</u>
<b>HIGHWAYS and STREETS</b>			
Streets Maintenance	414,109	407,304	6,805
Park Maintenance	531,861	613,818	(81,957)
Sub-Total	<u>945,970</u>	<u>1,021,122</u>	<u>(75,152)</u>
<b>SANITATION</b>			
Administration	19,371	20,175	(804)
Trash Collection	1,145,344	1,179,220	(33,876)
Sub-Total	<u>1,164,715</u>	<u>1,199,395</u>	<u>(34,680)</u>
<b>CULTURE and RECREATION</b>			
Community Promotion	103,000	103,000	-
Archives	313,626	314,181	(555)
Sub-Total	<u>416,626</u>	<u>417,181</u>	<u>(555)</u>
<b>NON-DEPARTMENTAL</b>			
Other Non-Departmental	647,130	587,500	59,630
Sub-Total	<u>647,130</u>	<u>587,500</u>	<u>59,630</u>
<b>Totals</b>	<u><u>\$ 10,800,191</u></u>	<u><u>\$ 10,727,032</u></u>	<u><u>\$ 73,159</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, 2020

	Local Tax Fund	Drug Fund	Police Department Recreation Fund	Fireman's Fund	Total
<b>ASSETS</b>					
Cash	\$ 1,482,334	\$ 57,354	\$ 6,714	\$ 97,416	\$ 1,643,818
Restricted Investments	309,073	-	-	-	309,073
Accounts Receivable	358,136	-	-	-	358,136
Total Assets	<u>\$ 2,149,543</u>	<u>\$ 57,354</u>	<u>\$ 6,714</u>	<u>\$ 97,416</u>	<u>\$ 2,311,027</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ 320,960	\$ -	\$ -	\$ -	\$ 320,960
Accrued Salaries	3,149	-	-	-	3,149
Total Liabilities	<u>324,109</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>324,109</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unearned Revenue	1,190,137	-	-	-	1,190,137
Total Deferred Inflow of Resources	<u>1,190,137</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,190,137</u>
<b>FUND BALANCES</b>					
Restricted	635,297	57,354	18	97,416	790,085
Assigned	-	-	6,696	-	6,696
Total Fund Balances	<u>635,297</u>	<u>57,354</u>	<u>6,714</u>	<u>97,416</u>	<u>796,781</u>
 Total Liabilities, Deferred Inflow of Resources, and Fund Balances	 <u>\$ 2,149,543</u>	 <u>\$ 57,354</u>	 <u>\$ 6,714</u>	 <u>\$ 97,416</u>	 <u>\$ 2,311,027</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, 2020

	Local Tax Fund	Drug Fund	Police Department Recreation Fund	Fireman's Fund	Victim's Assistance	Total
<b>REVENUES</b>						
Intergovernmental	\$ 65,342	\$ -	\$ -	\$ -	\$ -	\$ 65,342
Other Grants	2,955,599	-	-	-	-	2,955,599
Licenses and Permits	5,400	-	-	-	-	5,400
Local Taxes and Fees	1,061,704	-	-	-	-	1,061,704
Interest	-	-	9	121	-	130
Miscellaneous	46,771	10,161	11,722	86,767	7,593	163,014
Total Revenues	<u>4,134,816</u>	<u>10,161</u>	<u>11,731</u>	<u>86,888</u>	<u>7,593</u>	<u>4,251,189</u>
<b>EXPENDITURES</b>						
Public Safety	-	-	-	-	7,593	7,593
Culture and Recreation	4,042,744	-	-	-	-	4,042,744
Non-Departmental	-	-	11,713	70,971	-	82,684
Total Expenditures	<u>4,042,744</u>	<u>-</u>	<u>11,713</u>	<u>70,971</u>	<u>7,593</u>	<u>4,133,021</u>
EXCESS (DEFICIENCY) of REVENUES over EXPENDITURES	92,072	10,161	18	15,917	-	118,168
FUND BALANCE, Beginning of Year	<u>543,225</u>	<u>47,193</u>	<u>6,696</u>	<u>81,499</u>	<u>-</u>	<u>678,613</u>
FUND BALANCE, End of Year	<u>\$ 635,297</u>	<u>\$ 57,354</u>	<u>\$ 6,714</u>	<u>\$ 97,416</u>	<u>\$ -</u>	<u>\$ 796,781</u>

CITY OF CAMDEN, SOUTH CAROLINA  
STATEMENT of FINES and ASSESSMENTS  
For the Year Ended June 30, 2020

COURT FINES	
Court Fines Collected	\$ 101,784
Court Fines Retained by City	<u>(39,285)</u>
Court Fines Remitted to the State Treasurer	<u>\$ 62,499</u>
COURT ASSESSMENTS	
Court Assessments and Surcharges Collected	\$ 70,092
Court Assessments and Surcharges Retained by City	<u>(7,593)</u>
Court Assessments Remitted to the State Treasurer	<u>\$ 62,499</u>
VICTIMS SERVICES	
Court Assessments and Surcharges Allocated to Victim Services	\$ 7,593
Funds Allocated to Victim Services	
Victim Services Expenditures	<u>(7,593)</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, 2020

ASSETS

Cash and Cash Equivalents	\$ 762,125
Total Assets	<u>\$ 762,125</u>

LIABILITIES

Accounts Payable	\$ 46,586
Total Liabilities	<u>46,586</u>

DEFERRED INFLOWS OF RESOURCES

Unearned Revenue	16,706
Total Deferred Inflows of Resources	<u>16,706</u>

FUND BALANCE

Committed For:	
Roads	643,006
Project Improvement	55,827
Total Fund Balance	<u>698,833</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 762,125</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, 2020

	Road Fund	Project Improvement Fund	Total Capital Projects
<b>REVENUES</b>			
Road Revenue	\$ 401,551	\$ -	\$ 401,551
Capital Revenue	-	543,275	543,275
Grant Revenue	-	100,000	100,000
Total Revenues	401,551	643,275	1,044,826
<b>EXPENDITURES</b>			
Highways and Streets	406,485	-	406,485
Non-Departmental	-	757,746	757,746
Total Expenditures	406,485	757,746	1,164,231
Excess (Deficiency) of Revenues Over Expenditures	(4,934)	(114,471)	(119,405)
FUND BALANCE, Beginning of Year	647,940	170,298	818,238
FUND BALANCE, End of Year	\$ 643,006	\$ 55,827	\$ 698,833



## PROPRIETARY FUNDS

CITY of CAMDEN, SOUTH CAROLINA  
STATEMENT of NET POSITION  
June 30, 2020

<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash	\$ (2,180,944)
Investments	3,700,261
Water and Lights Accounts Receivable, Net	2,795,364
Miscellaneous Receivables	4,225,591
Inventories	<u>1,110,501</u>
Total Current Assets	<u>9,650,773</u>
<b>NON-CURRENT ASSETS</b>	
<b>RESTRICTED ASSETS</b>	
Certificates of Deposit - Customer Deposits	547,090
Investments - Reserve Bond Funds	<u>1,695,192</u>
Total Restricted Assets	<u>2,242,282</u>
<b>CAPITAL ASSETS</b>	
Construction in Process	14,088,346
Buildings and Land	879,406
Furniture, Fixtures and Equipment	3,591,257
Electric System	54,822,445
Water System	37,477,950
Sewer and Wastewater System	<u>65,999,766</u>
Sub-Total	176,859,170
Less Accumulated Depreciation	<u>(61,242,681)</u>
Total Capital Assets	<u>115,616,489</u>
Total Non-Current Assets	<u>117,858,771</u>
Total Assets	<u>127,509,544</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflows Related to OPEB Obligation	188,809
Deferred Outflows Related to Pension Liability	924,778
Deferred Charges Bonds	<u>521,647</u>
Total Deferred Outflows of Resources	<u>1,635,234</u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts Payable	1,941,874
Other Current Liabilities	60,782
Bonds Payable, Current	<u>5,307,021</u>
Total Current Liabilities	<u>7,309,677</u>
<b>NON-CURRENT LIABILITIES</b>	
Accrued Vacation Pay	100,054
OPEB Obligation	1,118,385
Net Pension Liability	5,796,234
Payable from Restricted Assets	
Customer Deposits	785,044
Accrued Interest Payable	168,406
Bonds Payable, Non-Current	<u>57,253,640</u>
Total Non-Current Liabilities	<u>65,221,763</u>
Total Liabilities	<u>72,531,440</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unearned Revenue	1,082,526
Deferred Inflows Related to OPEB Obligation	23,181
Deferred Inflows Related to Pension Liability	167,353
Deferred Gain on Bond Refunding	<u>124,990</u>
Total Deferred Inflows of Resources	<u>1,398,050</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	53,577,475
Restricted for Debt Service	1,695,192
Unrestricted	<u>(57,379)</u>
Total Net Position	<u>\$ 55,215,288</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, 2020

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>OPERATING REVENUES</b>			
Electric Division	\$ 26,471,241	\$ 22,060,059	\$ (4,411,182)
Less: Direct Cost	<u>21,366,844</u>	<u>20,079,330</u>	<u>1,287,514</u>
Income from Electric Division	<u>5,104,397</u>	<u>1,980,729</u>	<u>(3,123,668)</u>
Water Division	4,655,000	4,253,033	(401,967)
Less: Direct Cost	<u>2,608,141</u>	<u>3,428,356</u>	<u>(820,215)</u>
Income from Water Division	<u>2,046,859</u>	<u>824,677</u>	<u>(1,222,182)</u>
Sewer Division	2,886,500	2,490,352	(396,148)
Less: Direct Cost	<u>2,238,188</u>	<u>3,892,379</u>	<u>(1,654,191)</u>
Income from Sewer Division	<u>648,312</u>	<u>(1,402,027)</u>	<u>(2,050,339)</u>
Operating Income	<u>7,799,568</u>	<u>1,403,379</u>	<u>(6,396,189)</u>
 <b>NON-OPERATING REVENUE (EXPENSE)</b>			
Interest Income	40,000	124,379	84,379
Interest Expense	(6,515,568)	(1,631,828)	4,883,740
Other Revenue (Expenses)	<u>742,000</u>	<u>807,446</u>	<u>65,446</u>
Total Non-Operating Revenues (Expense)	<u>(5,733,568)</u>	<u>(700,003)</u>	<u>5,033,565</u>
Income (Loss) before Contributions and Transfers	<u>2,066,000</u>	<u>703,376</u>	<u>(1,362,624)</u>
Transfers Out	<u>(2,066,000)</u>	<u>(2,066,000)</u>	<u>-</u>
Net Transfers	<u>(2,066,000)</u>	<u>(2,066,000)</u>	<u>-</u>
Change in Net Position	<u>\$ -</u>	<u>(1,362,624)</u>	<u>\$ (1,362,624)</u>
NET POSITION, Beginning of Year		54,371,935	
Prior Period Adjustment See Note		<u>2,205,977</u>	
NET POSITION, End of Year		<u>\$ 55,215,288</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, 2020

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Reconnections/Penalties	\$ 495,000	\$ 412,642	\$ (82,358)
Setoff Debt Collections	4,000	15,060	11,060
Pole Rental	70,000	62,368	(7,632)
Handling and Return Fees	12,000	5,994	(6,006)
Use of Labor and Equipment	10,000	31,186	21,186
Miscellaneous	91,000	133,846	42,846
Septic Tank Hauler Fees	60,000	46,350	(13,650)
Grant Income	-	100,000	100,000
Total	<u>\$ 742,000</u>	<u>\$ 807,446</u>	<u>\$ 65,446</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, 2020, 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 January 19, 2021.

### **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

January 19, 2021