

CITY of CAMDEN
Camden, South Carolina

FINANCIAL STATEMENTS and
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

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CANTEY, TILLER, PIERCE & GREEN, LLP

Certified Public Accountants

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

RICHARD C. TILLER, CPA
JANET M. PIERCE, CPA
HENRY D. GREEN, III., CPA
LORI G. KORNEGAY
JOSHUA A. WILSON, CPA

LAUREN R. BAKER, CPA
HEATHER ROBERTS
RICHARD "CHIP" GALLOWAY, JR
TRENT BARTELL

MEMBERS OF
AMERICAN INSTITUTE OF CPA'S

SOUTH CAROLINA ASSOCIATION OF CPA'S

PHONE
(803) 432-1436
FAX
(803) 432-5055

WEBSITE: WWW.CTP-CPA.COM

To the City Council
City of Camden
Camden, South Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, major funds and the aggregate remaining fund information of City of Camden, South Carolina as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

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, the major funds and the aggregate remaining fund information of City of Camden, South Carolina as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Camden, South Carolina, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Camden, South Carolina's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Camden, South Carolina's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about City of Camden, South Carolina's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of City's contributions and the schedule of City's proportionate share of the net pension liability be presented to supplement the basic financial statements. Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. Our opinion on the basic financial statements is not affected by this missing information. 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.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 combining and individual fund financial statements and the statement of fines and assessments are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and the statement of fines and assessments are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 24, 2024, on our consideration of 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 solely 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 the effectiveness of City of Camden, South Carolina's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Camden, South Carolina's internal control over financial reporting and compliance.

Cantey, Tiller, Pierce & Green, LLP

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

January 24, 2024

**CITY OF CAMDEN, SOUTH CAROLINA
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2023. **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 2020 census, is approximately 7,788. City population growth since the 2020 census is estimated to have increased by fourteen (14) percent. The City is located approximately 30 miles east of Columbia, SC.

Business activity in Fiscal Year 2023 remained steady with the City seeing the opening of several new retail outlets and restaurants in Fiscal Year 2023, including the development, and opening of numerous businesses at the shopping complex known as “River Oaks”. Fiscal year 2022 included the annexation and private sale of a shopping center complex formally known as the Bi-Lo Center. This complex is known as “Camden Square” and currently has several tenants occupying this retail space. This project was completed during the fiscal year ending 2022. Fiscal year 2023 also saw the development of several restaurants and a new hotel along the area known as Hwy 521. 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 2023, the local option sales tax credit reduced the primary residential property tax by approximately 72%.

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 2023 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 2022 year and will affect the taxes collected for the fiscal year ending in June of 2022. The estimated appraisal values have changed over the past five years as follows:

2019	\$751,728,490
2020	\$776,831,073
2021	\$777,786,947
2022	\$834,529,775
2023	\$973,082,643

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 (6500) and sewer (4500) which have grown from previous year levels. The electric system has approximately 10,000 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 was provided with wholesale electric from Carolina Power Partners. This new purchase power contract will expire on December 31, 2040. Work was completed on Phase 2 of Broad Street underground resulting in all phases of Broad Street completed in the 2023 fiscal year.

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 2014A 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. Purchases of equipment included service vehicles to replace old and worn existing vehicles.

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. Fiscal year 2023 saw the beginning of the new Prestage Farms project which the City of Camden will be providing sewage treatment to. This project will come on line in FY 2023/2024 with usage of approximately expected of 500,000 gallons per month.

In May 2022, City Council appointed Mr. Jonathan Rorie as City Manager for the City of Camden. Mr. Rorie held the position of City Manager of Peachtree City, Georgia prior to accepting the City Manager position. Mr. Rorie has spent 35 years in the public sector in all aspects of government management and holds a Master of Government Administration from the University of North Carolina.

Using This Annual Report

This annual report comprises a series of financial statements pertaining to both the City as a whole (government-wide) and the major individual funds. Information concerning the City as a whole is found in the Statement of Net Position and the Statement of Activities on pages 11 and 12 of the audited financial statements. The major individual funds are the governmental fund and the proprietary fund.

The financial statements for governmental activities are pages 13 through 16 of the audited financial statements. These statements tell how services were financed in the short term as well as what is reserved for future spending.

The proprietary fund statements are pages 17 through 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 19.

Government-Wide Financial Statements

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

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

Fund Financial Statements

Governmental funds: Most of the City's basic services are reported in the governmental fund statements, which focus on how money flows in and out of the governmental fund. The financial plan or budget is typically developed on the basis of sources and uses of liquid resources. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. The supplemental governmental fund financial statements on pages 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 \$71,296,369 at the end of fiscal year 2022 to \$85,814,855 at year-end 2023. This \$14,518,486 or 20% increase in net position is a result of current year's activities.

NET POSITION as of 6/30/23

	Governmental Activities		Proprietary Fund Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$12,617,399	\$ 9,058,686	\$ 6,522,590	\$ 4,878,046	\$ 19,139,989	\$ 13,936,732
Receivables	1,471,881	1,264,545	3,856,355	3,527,482	5,328,236	4,792,027
Non-Current assets	543,119	760,522	2,641,761	5,854,347	3,184,880	6,614,869
Other assets	110,913	116,577	2,739,227	1,639,945	2,850,140	1,756,522
Capital assets	22,726,199	23,544,038	117,629,858	114,094,352	140,356,057	137,638,390
Assets	37,469,511	34,744,368	133,389,791	129,994,172	170,859,302	164,738,540
Deferred Outflow	3,872,560	2,189,743	1,694,679	1,198,692	5,567,239	3,388,435
Total assets/outflow	\$41,342,071	\$ 36,934,111	\$ 135,084,470	\$ 131,192,864	\$ 176,426,541	\$ 168,126,975
Current liabilities	\$ 1,681,154	\$ 1,237,218	\$ 7,591,210	\$ 7,989,012	\$ 9,272,364	\$ 9,226,230
Long term liabilities	23,352,598	21,748,222	46,695,679	50,838,010	70,048,277	72,586,232
Liabilities	25,033,752	22,985,440	54,286,889	58,827,022	79,320,641	81,812,462
Deferred Inflow	3,263,181	3,022,107	8,027,864	11,996,037	11,291,045	15,018,144
Total liabilities/inflow	\$28,296,933	\$ 26,007,547	\$ 62,314,753	\$ 70,823,059	\$ 90,611,686	\$ 96,830,606
Net position:						
Investment in capital assets	\$17,764,611	\$ 18,625,196	\$ 73,296,468	\$ 65,512,940	\$ 91,061,079	\$ 84,138,136
Restricted for debt service	252,518	246,139	2,091,847	5,305,121	2,344,365	5,551,260
Restricted for special purposes	167,902	125,684	-	-	167,902	125,684
Unrestricted	(5,139,893)	(8,070,455)	(2,618,598)	(10,448,256)	(7,758,491)	(18,518,711)
Total net position	\$13,045,138	\$ 10,926,564	\$ 72,769,717	\$ 60,369,805	\$ 85,814,855	\$ 71,296,369

Governmental Fund Budgetary Highlights

The General Fund budget for the fiscal year 2023 was \$12,092,242. This was an increase of \$897,917 from the previous year. During the year, certain variances developed as follows: Property tax collections were \$208,512 more than budgeted. This was due to a decrease in the local option sales tax credit reducing property tax collections. Local Option Sales Tax of \$717,648 more than budget. Business licenses fees were \$685,641 more than budgeted. Grants in the amount of \$133,818 were received from Federal, State, and local agencies. Sales of the Camden Elementary lots, NIP lots and the Clock tower building resulted in additional income of \$1,829,684. The total expenditures, including all account variances, were \$1,428,872 more than the cash-operating budget which includes the purchase of seven Police vehicles, purchase of garbage truck and bobcat, and other improvements including on-going construction of the Visitors' Center, Tennis courts and Scott Park. The expense unfavorable budget combined with the income overage of \$4,052,768 resulted in a net actual gain on budget of \$2,623,896. 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 \$2,118,574 to a balance of \$13,045,138 in 2023 from \$10,926,564 in 2022.

The increase in fund balance is a net result increase in general fund of \$2,118,574.

The City's capital outlay in 2023 was \$1,177,251 and recorded \$1,026,337 as depreciation expense along with disposals of \$968,753. The difference is a decrease to net position in the amount of \$817,839. The primary additions to capital assets was various improvements of \$520,238 and the purchase of a Bobcat for \$79,309, the purchase of a sanitation truck in the amount of \$310,100 and the purchase of seven Police Vehicles in the amount of \$267,604.

Additional debt this year was \$875,000 and repayments of debt in the amount of \$832,254 decreasing net position.

The net amount in compensated absences decreased by \$659 from \$198,008 in 2022 to \$197,349 in 2023. This change increased net position. Also, the decrease in net OPEB liability increased the net position in the amount of \$154,295 and the current year decrease of GASB 68 of \$83,000 increased the net position.

Summary:

	Contribution to Net Position	
	<u>2023</u>	<u>2022</u>
Fund Balance Improvement (Decline)	\$ 3,433,041	\$ 1,046,049
Net Capital Asset Investment	(817,839)	785,281
Net (Increase) Decrease in Debt	(42,746)	(689,679)
OPEB Obligations (GASB 45)	(608,836)	280,065
GASB 68 Implementation	154,295	57,292
(Increase) Decrease in Compensated Absences	659	11,472
Net Change	<u>\$ 2,118,574</u>	<u>\$ 1,490,480</u>

Discussion of Changes in Proprietary Fund Net Position

The net position of the City proprietary fund had increased by \$12,399,912 or 21%, from \$60,369,805 in 2022 to \$72,769,717 in 2023. 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 \$7,180,366 contribution to operating income was recorded by the electric division. This gain was \$3,205,594 more than the business plan had anticipated. Electric revenues were more than budget by \$4,045,663. Operating costs of the electric division were \$840,069 more than budgeted. Purchased power was \$659,133 less than budget. Other operating and maintenance costs were \$1,499,202 more than the budgeted amount.

A \$879,713 contribution to operating income was recorded by the water division. This was \$957,202 less than budgeted. The water division revenues were less than budget by \$318,993.

A \$718,926 gain was posted to operating income by the sewer division. This was \$16,613 more budgeted. Sewer division revenue was more than budget by \$240,455.

Other operating income totaled \$5,204,773. This was \$3,191,273 more than the budgeted plan. This is primarily due to grant income of \$3,922,496 that was expended on water system projects and a sewer project. This was reduced by the \$600,392 interest expense from debt service.

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

Summary:

Division	Contribution to Net Position	
	<u>2023</u>	<u>2022</u>
Electric Department	\$ 7,180,366	\$ 1,107,661
Water Department	879,713	928,874
Sewer Department	718,926	(898,102)
Other Operating Income	5,204,773	1,088,797
Non-operating Rev. (Exp.)	(600,392)	(953,424)
Transfers Out	(2,066,000)	(2,066,000)
Net Change	<u>\$ 11,317,386</u>	<u>\$ (792,194)</u>

City-wide Summary:

	Change in Net Position	
	<u>2023</u>	<u>2022</u>
Governmental Fund	\$ 2,118,574	\$ 1,490,480
Proprietary Fund	\$ 11,317,386	\$ (792,194)
Total City of Camden	\$ 13,435,960	\$ 698,286

	Governmental Activity		Proprietary Activity		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Taxes	\$ 6,897,348	\$ 6,202,880	\$ -	\$ -	\$ 6,897,348	\$ 6,202,880
Licenses and Permits	3,032,710	2,930,346	-	-	3,032,710	2,930,346
Intergovernmental	841,745	947,471	-	-	841,745	947,471
Charge for Services	2,276,319	2,226,630	-	-	2,276,319	2,226,630
Fines	150,645	148,981	-	-	150,645	148,981
Miscellaneous	1,243,056	1,836,506	-	-	1,243,056	1,836,506
Electric Revenue	-	-	29,775,663	22,781,626	29,775,663	22,781,626
Water Revenue	-	-	4,269,007	4,445,268	4,269,007	4,445,268
Sewer Revenue	-	-	2,978,455	2,820,342	2,978,455	2,820,342
Other Operating	-	-	983,943	1,073,807	983,943	1,073,807
Interest Income	-	-	298,334	14,990	298,334	14,990
Total Revenue	14,441,823	14,292,814	38,305,402	31,136,033	52,747,225	45,428,847
Expenses:						
General Government	3,206,825	2,922,955	-	-	3,206,825	2,922,955
Public Safety	6,388,984	6,601,772	-	-	6,388,984	6,601,772
Highways and Streets	1,277,588	1,419,369	-	-	1,277,588	1,419,369
Sanitation	1,743,124	1,801,896	-	-	1,743,124	1,801,896
Culture and Recreation	1,712,800	2,664,857	-	-	1,712,800	2,664,857
Non-Departmental	1,450,145	1,247,416	-	-	1,450,145	1,247,416
Electric Cost	-	-	22,595,297	21,673,965	22,595,297	21,673,965
Water Cost	-	-	3,389,294	3,516,394	3,389,294	3,516,394
Sewer Cost	-	-	2,259,529	3,718,444	2,259,529	3,718,444
Loss on Disposal of Assets	-	-	-	-	-	-
Interest Expense	-	-	600,392	953,424	600,392	953,424
Total Expense	15,779,466	16,658,265	28,844,512	29,862,227	44,623,978	46,520,492
Income before Transfers	(1,337,643)	(2,365,451)	9,460,890	1,273,806	8,123,247	(1,091,645)
Transfers In/ (Out)	2,066,000	2,066,000	(2,066,000)	(2,066,000)	-	-
Sale of Assets	1,829,684	-	-	-	1,829,684	-
Grant Income	-	-	3,922,496	-	3,922,496	-
Fund Bal Changes pg 16	(1,314,467)	444,431	-	-	(1,314,467)	444,431
Capital Financing	875,000	1,345,500	-	-	875,000	1,345,500
Change in Net Position	2,118,574	1,490,480	11,317,386	(792,194)	13,435,960	698,286
Beginning Net Position	10,926,564	9,436,084	60,369,805	61,161,999	71,296,369	70,598,083
Prior Period Adjustment	-	-	1,082,526	-	1,082,526	-
Ending Net Position	\$ 13,045,138	\$ 10,926,564	\$ 72,769,717	\$ 60,369,805	\$ 85,814,855	\$ 71,296,369

Restricted Assets and Other Reserves

As a result of providing utility service to approximately 11,000 customers, the City maintains a reserve to cover un-collectable debt. The reserve fund for bad debts was \$526,772 as of June 30, 2023. Additionally, the utility fund customer deposits are maintained as a restricted reserve. This amount was \$912,722 as of June 30, 2023. 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, 2023, the road paving reserve balance was \$1,068,303. City Council also restricted funds for capital projects. The capital projects fund balance was \$154,469 as of June 30, 2023. 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 for \$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 2023.

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 \$710,961 as of June 30, 2023.

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 \$290,601 as of June 30, 2023.

Summary of Capital Assets

As of 06/30/23

(Net of Depreciation)

	Governmental Activity		Proprietary Activity		Total	
	2023	2022	2023	2022	2023	2022
Land and Improvements	\$ 3,207,235	\$ 4,101,751	\$ 426,157	\$ 501,916	\$ 3,633,392	\$ 4,603,667
Buildings and Improvements	13,127,488	13,250,588	148,089	83,046	13,275,577	13,333,634
Equipment	112,455	52,845	-	-	112,455	52,845
Streets, Sidewalks, Etc.	4,303,260	4,105,809	-	-	4,303,260	4,105,809
Automotive Equipment	1,975,761	2,033,045	670,054	696,358	2,645,815	2,729,403
Electric System	-	-	41,059,340	39,668,873	41,059,340	39,668,873
Water System	-	-	20,036,355	20,792,157	20,036,355	20,792,157
Sewer System	-	-	20,508,131	20,462,721	20,508,131	20,462,721
Electric Instruments	-	-	324,982	374,128	324,982	374,128
Water Instruments	-	-	542,086	606,480	542,086	606,480
Sewer Instruments	-	-	134,329	214,044	134,329	214,044
Office Machines	-	-	-	-	-	-
Wastewater Treatment Plant	-	-	27,257,839	28,457,976	27,257,839	28,457,976
Total	22,726,199	23,544,038	111,107,362	111,857,699	133,833,561	135,401,737
Construction in Progress	-	-	6,522,496	2,236,653	6,522,496	2,236,653
Total	\$ 22,726,199	\$ 23,544,038	\$ 117,629,858	\$ 114,094,352	\$ 140,356,057	\$ 137,638,390

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 \$8,362,094 as of June 30, 2023. Other general fund liquid investments totaled \$4,798,424 at year-end. As of June 30, 2023, the general fund unrestricted operating cash adjusted for receivables and payables is \$11,707,608. The excess unrestricted cash excludes the deferred revenue already received for the upcoming fiscal year. Based on cash needs for the fiscal year 2022/2023 this balance will support the City for 316 days. The proprietary fund operating cash and investment balances adjusted for receivables is \$12,079,756 which allows 114 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 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 \$5,305,121 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 \$3,008,000 outstanding in revenue bond debt. At June 30, 2023, the governmental fund had a \$1,953,588 balance of capital lease/bond debt. The annual amount of principal paid for all general fund debt was \$832,254 for fiscal year 2023.

Proprietary Fund Long Term Debt

The proprietary fund currently has a balance, as of June 30, 2023, of \$44.525,000 committed to long term debt.

History-Old debt is comprised of four 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 2014A 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. The following debt coverage ratios have been in place for the last three years.

**Long Term Debt Service Coverage
Proprietary Fund**

	2021	2022	2023
Net Income	\$ 8,012,711	\$ 1,273,806	\$13,383,386
Depreciation	5,144,837	5,572,714	5,602,916
Grant Income	-	-	(3,922,496)
Interest Expense on Bonds	641,052	953,424	600,392
Net Available for Debt From Operations	<u>\$ 13,798,600</u>	<u>\$ 7,799,944</u>	<u>\$15,664,198</u>
Total Debt Service Requirement	<u>\$ 6,362,049</u>	<u>\$ 6,751,387</u>	<u>\$ 6,437,060</u>
Coverage Ratio	2.17	1.16	2.43

The debt coverage ratio was 2.43 in 2023, allowing the City to meet the required debt coverage ratio. The City implemented the following changes beginning in the June 30, 2023 fiscal year to insure that the City continues to meet the debt service requirement.

- 1-Implemented a Fuel Service Adjustment on all electric consumption to pass through the rising costs of natural gas used to produce purchased power.
- 2-Approved an electric rate increase of 10%

Summary of Outstanding Debt

	Governmental Activity		Proprietary Activity		Total City	
	2023	2022	2023	2022	2023	2022
Bond Obligations	\$ 3,008,000	\$ 3,353,000	\$ 44,525,000	\$ 48,880,000	\$ 47,533,000	\$ 52,233,000
Capital Leases	<u>1,953,588</u>	<u>1,565,842</u>	<u>-</u>	<u>-</u>	<u>1,953,588</u>	<u>1,565,842</u>
Total	<u>\$ 4,961,588</u>	<u>\$ 4,918,842</u>	<u>\$ 44,525,000</u>	<u>\$ 48,880,000</u>	<u>\$ 49,486,588</u>	<u>\$ 53,798,842</u>

Please refer to pages 31 through 33 (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, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 8,362,094	\$ 2,533,155	\$ 10,895,249
Certificates of Deposit	767,130	-	767,130
Investments	3,488,175	3,989,435	7,477,610
Receivable:			
Accounts Receivable, Net	-	3,303,106	3,303,106
Taxes, Net	800,575	-	800,575
Miscellaneous	671,306	553,249	1,224,555
Inventory	110,913	2,494,945	2,605,858
Prepays	-	244,282	244,282
Restricted Assets:			
Cash	290,601	-	290,601
Certificates of Deposit	-	549,914	549,914
Investments	252,518	2,091,847	2,344,365
Capital Assets:			
Land, Historical Collections and Construction in Progress	3,207,235	7,024,409	10,231,644
Other Capital Assets, Net of Accumulated Depreciation	19,518,964	110,605,449	130,124,413
Total Capital Assets, Net of Depreciation	<u>22,726,199</u>	<u>117,629,858</u>	<u>140,356,057</u>
Total Assets	<u>37,469,511</u>	<u>133,389,791</u>	<u>170,859,302</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pension Liability	3,872,560	1,503,069	5,375,629
Deferred Charges-Bonds	-	191,610	191,610
Total Deferred Outflow of Resources	<u>3,872,560</u>	<u>1,694,679</u>	<u>5,567,239</u>
LIABILITIES			
Accounts Payable	374,122	1,981,771	2,355,893
Accrued Liabilities	576,424	85,237	661,661
Notes and Lease Obligations Payable, Current	366,608	-	366,608
Bonds Payable, Current	364,000	4,445,000	4,809,000
Liabilities Payable from Restricted Assets			
Customer Deposits	-	915,072	915,072
Accrued Interest Payable	-	164,130	164,130
Compensated Absences, Non-Current	197,349	72,245	269,594
OPEB Obligation	7,758,558	1,057,985	8,816,543
Net Pension Liability	11,165,711	5,485,449	16,651,160
Notes and Lease Obligations Payable, Non-Current	1,586,980	-	1,586,980
Bonds Payable, Non-Current	2,644,000	40,080,000	42,724,000
Total Liabilities	<u>25,033,752</u>	<u>54,286,889</u>	<u>79,320,641</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned Revenue	689,763	1	689,764
Deferred Inflows Related to Pension Liability	2,573,418	1,149,244	3,722,662
Deferred Gain on Bond Refunding	-	6,878,619	6,878,619
Total Deferred Inflow of Resources	<u>3,263,181</u>	<u>8,027,864</u>	<u>11,291,045</u>
NET POSITION			
Net Investment in Capital Assets	17,764,611	73,296,468	91,061,079
Restricted for:			
Law Enforcement	91,625	-	91,625
Special Purposes	76,277	-	76,277
Debt Service	252,518	2,091,847	2,344,365
Unrestricted	(5,139,893)	(2,618,598)	(7,758,491)
Total Net Position	<u>\$ 13,045,138</u>	<u>\$ 72,769,717</u>	<u>\$ 85,814,855</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, 2023

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
General Government	\$ 4,963,757	\$ 2,541,641	\$ -	\$ -	\$ (2,422,116)	\$ -	\$ (2,422,116)
Public Safety							
Police	3,790,312	150,645	133,818	-	(3,505,849)	-	(3,505,849)
Fire	2,614,558	670,430	-	-	(1,944,128)	-	(1,944,128)
Highways and Streets	924,555	-	-	-	(924,555)	-	(924,555)
Sanitation	1,870,775	1,605,889	-	-	(264,886)	-	(264,886)
Culture and Recreation	1,086,223	8,153	-	100,000	(978,070)	-	(978,070)
Total Governmental Activities	<u>15,250,180</u>	<u>4,976,758</u>	<u>133,818</u>	<u>100,000</u>	<u>(10,039,604)</u>	<u>-</u>	<u>(10,039,604)</u>
Business-Type Activities:							
Electric Charges	22,595,297	29,775,663	-	-	-	7,180,366	7,180,366
Water Charges	3,389,294	4,269,007	-	-	-	879,713	879,713
Sewer Charges	2,259,529	2,978,455	-	3,922,496	-	4,641,422	4,641,422
Total Business-Type Activities	<u>28,244,120</u>	<u>37,023,125</u>	<u>-</u>	<u>3,922,496</u>	<u>-</u>	<u>12,701,501</u>	<u>12,701,501</u>
Total Primary Government	<u>\$43,494,300</u>	<u>\$41,999,883</u>	<u>\$ 133,818</u>	<u>\$ 4,022,496</u>	<u>(10,039,604)</u>	<u>12,701,501</u>	<u>2,661,897</u>

	Primary Government		
General Revenues:			
Taxes:			
Property Taxes	6,897,348	-	6,897,348
Franchise Taxes	491,069	-	491,069
Intergovernmental Revenues	707,927	-	707,927
Unrestricted Investment Earnings	138,224	298,334	436,558
Sale of Assets	860,931	-	860,931
Miscellaneous	996,679	983,943	1,980,622
Less Interest Expense	-	(600,392)	(600,392)
Transfers - Internal Activities	2,066,000	(2,066,000)	-
Total General Revenues, Special Items and Transfers	<u>12,158,178</u>	<u>(1,384,115)</u>	<u>10,774,063</u>
Change in Net Position	2,118,574	11,317,386	13,435,960
Net Position, Beginning of Year	10,926,564	60,369,805	71,296,369
Prior Period Adjustment Note 13	-	1,082,526	1,082,526
Net Position, End of Year	<u>\$13,045,138</u>	<u>\$72,769,717</u>	<u>\$ 85,814,855</u>

The Accompanying Notes are an Integral Part of These Financial Statements

CITY of CAMDEN, SOUTH CAROLINA

BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2023

	General	Special Revenue	Capital Project Funds	Total Governmental Funds
ASSETS				
Assets				
Cash	\$ 5,765,616	\$ 963,749	\$ 1,632,729	\$ 8,362,094
Restricted Cash	290,601	-	-	290,601
Certificates of Deposit	767,130	-	-	767,130
Investments	3,488,175	-	-	3,488,175
Restricted Investments	-	252,518	-	252,518
Receivables (Net)				
Taxes	298,728	501,847	-	800,575
Miscellaneous	671,306	-	-	671,306
Inventory	110,913	-	-	110,913
Total Assets	<u>\$11,392,469</u>	<u>\$ 1,718,114</u>	<u>\$ 1,632,729</u>	<u>\$ 14,743,312</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES and FUND BALANCE				
Liabilities				
Accounts Payable	\$ 169,833	\$ 90,059	\$ 114,230	\$ 374,122
Accrued Liabilities	406,953	169,471	-	576,424
Total Liabilities	<u>576,786</u>	<u>259,530</u>	<u>114,230</u>	<u>950,546</u>
Deferred Inflows of Resources				
Unearned Revenue	585,522	74,241	30,000	689,763
Total Deferred Inflows of Resources	<u>585,522</u>	<u>74,241</u>	<u>30,000</u>	<u>689,763</u>
FUND BALANCE				
Fund Balance				
Nonspendable	110,913	-	-	110,913
Restricted	-	1,377,647	-	1,377,647
Committed	270,281	-	1,488,499	1,758,780
Assigned	-	6,696	-	6,696
Unassigned	9,848,967	-	-	9,848,967
Total Fund Balance	<u>10,230,161</u>	<u>1,384,343</u>	<u>1,488,499</u>	<u>13,103,003</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$11,392,469</u>	<u>\$ 1,718,114</u>	<u>\$ 1,632,729</u>	<u>\$ 14,743,312</u>

CITY of CAMDEN, SOUTH CAROLINA

RECONCILIATION of the Governmental FUNDS BALANCE SHEET
to the STATEMENT of NET POSITION
June 30, 2023

Total Fund Balance for Governmental Funds		\$ 13,103,003
Total Net Position reported for governmental activities in the statement of net position is different because:		
Capital assets of \$42,364,590 net of accumulated depreciation of \$19,638,391 are not financial resources and, therefore, are not reported in the funds. (See Note 3 for additional detail).		22,726,199
Other postemployment benefits liability related to City's other postemployment benefits benefits plan are not recorded in the governmental funds but are recorded in the Statement of Net Position.		
OPEB Liability		(7,758,558)
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		3,872,560
Net Pension Liability		(11,165,711)
Deferred inflows-pension		(2,573,418)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Compensated Absences	\$ (197,349)	
Governmental Leases and Bonds Payable	<u>(4,961,588)</u>	<u>(5,158,937)</u>
Total Net Position of Governmental Activities		<u>\$ 13,045,138</u>

CITY of CAMDEN, SOUTH CAROLINA

STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	General	Special Revenue	Capital Project Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 4,269,754	\$ 1,510,499	\$ 1,117,095	\$ 6,897,348
Licenses and Permits	3,026,710	6,000	-	3,032,710
Intergovernmental Revenues	751,909	89,836	-	841,745
Charges for Services	2,276,319	-	-	2,276,319
Fines and Forfeits	140,421	10,224	-	150,645
Other Grants	-	100,000	-	100,000
Miscellaneous Revenues	909,213	233,843	-	1,143,056
Total Revenues	<u>11,374,326</u>	<u>1,950,402</u>	<u>1,117,095</u>	<u>14,441,823</u>
EXPENDITURES				
Current:				
General Government	3,206,824	-	-	3,206,824
Public Safety	6,378,760	10,224	-	6,388,984
Highways and Streets	1,179,243	-	98,345	1,277,588
Sanitation	1,743,124	-	-	1,743,124
Culture and Recreation	392,730	1,320,070	-	1,712,800
Non-Departmental	620,433	76,690	753,023	1,450,146
Total Expenditures	<u>13,521,114</u>	<u>1,406,984</u>	<u>851,368</u>	<u>15,779,466</u>
EXCESS (DEFICIENCY) of REVENUES OVER (UNDER) EXPENDITURES	<u>(2,146,788)</u>	<u>543,418</u>	<u>265,727</u>	<u>(1,337,643)</u>
OTHER FINANCING SOURCES (USES)				
Transfer In	2,066,000	-	-	2,066,000
Sale of Assets	1,829,684	-	-	1,829,684
Capital Financing	875,000	-	-	875,000
Total Other Financing Sources (Uses)	<u>4,770,684</u>	<u>-</u>	<u>-</u>	<u>4,770,684</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	2,623,896	543,418	265,727	3,433,041
FUND BALANCE, Beginning of Year	<u>7,606,265</u>	<u>840,925</u>	<u>1,222,772</u>	<u>9,669,962</u>
FUND BALANCE, End of Year	<u>\$ 10,230,161</u>	<u>\$ 1,384,343</u>	<u>\$ 1,488,499</u>	<u>\$ 13,103,003</u>

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, 2023

Net Changes in Fund Balances - Total Governmental Funds	\$ 3,433,041
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 depreciation of \$1,026,337 and disposals of \$968,753 exceeded additions of \$1,177,251 in the current period.	(817,839)
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 financing proceeds of \$875,000 and repayments of \$832,254. Also see Note 5 for additional detail.	(42,746)
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 decrease in compensated absences.	659
Net decrease in net pension liability expenses.	154,295
Net increase in net OPEB Obligation.	<u>(608,836)</u>
Changes in Net Position of Governmental Activities	<u>\$ 2,118,574</u>

CITY of CAMDEN, SOUTH CAROLINA

STATEMENT of NET POSITION - PROPRIETARY FUND

June 30, 2023

ASSETS

CURRENT ASSETS

Cash	\$ 2,533,155
Investments	3,989,435
Water and Lights Accounts Receivable, Net	3,303,106
Miscellaneous Receivables	553,249
Inventories	2,494,945
Prepays	<u>244,282</u>
Total Current Assets	<u>13,118,172</u>

NON-CURRENT ASSETS

RESTRICTED ASSETS

Certificates of Deposit - Customer Deposits	549,914
Investments - Reserve Bond Investment	<u>2,091,847</u>
Total Restricted Assets	<u>2,641,761</u>

CAPITAL ASSETS

Construction in Process	6,522,493
Buildings and Land	879,406
Furniture, Fixtures and Equipment	3,974,365
Electric System	69,759,899
Water System	41,242,907
Sewer and Wastewater System	<u>72,803,042</u>
Sub-Total	195,182,112
Less Accumulated Depreciation	<u>(77,552,254)</u>
Total Capital Assets	<u>117,629,858</u>
Total Non-Current Assets	<u>120,271,619</u>
Total Assets	<u>133,389,791</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows Related to Pension Liability	1,503,069
Deferred Charges-Bonds	<u>191,610</u>
Total Deferred Outflows of Resources	<u>1,694,679</u>

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	1,981,771
Other Current Liabilities	85,237
Bonds Payable, Current	<u>4,445,000</u>
Total Current Liabilities	<u>6,512,008</u>

NON-CURRENT LIABILITIES

Accrued Vacation Pay	72,245
OPEB Obligation	1,057,985
Net Pension Liability	5,485,449
Payable from Restricted Assets	
Customer Deposits	915,072
Accrued Interest Payable	164,130
Bonds Payable, Non-Current	<u>40,080,000</u>
Total Non-Current Liabilities	<u>47,774,881</u>
Total Liabilities	<u>54,286,889</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Revenue	1
Deferred Inflows Related to Pension Liability	1,149,244
Deferred Gain on Bond Refunding	<u>6,878,619</u>
Total Deferred Inflows of Resources	<u>8,027,864</u>

NET POSITION

Net Investment in Capital Assets	73,296,468
Restricted for Debt Service	2,091,847
Unrestricted	<u>(2,618,598)</u>
Total Net Position	<u>\$ 72,769,717</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, 2023

OPERATING REVENUES	
Charges for Services:	
Electric Charges	\$ 29,775,663
Water Charges	4,269,007
Sewer Charges	2,978,455
Total Operating Revenues	<u>37,023,125</u>
OPERATING EXPENSES	
Personnel Services	3,649,934
Maintenance, Operations, and Contractual Services	18,241,762
Materials and Supplies	749,508
Depreciation & Amortization	5,602,916
Total Operating Expenses	<u>28,244,120</u>
Operating Income	<u>8,779,005</u>
NON-OPERATING REVENUE (EXPENSE)	
Interest Income	298,334
Interest Expense	(600,392)
Other Revenue (Expense)	983,943
Grant Income	3,922,496
Total Non-Operating Revenue (Expense)	<u>4,604,381</u>
Income (Loss) before Contributions and Transfers	13,383,386
OPERATING TRANSFERS and CONTRIBUTIONS	
Transfers to Other Funds	<u>(2,066,000)</u>
Change in Net Position	11,317,386
NET POSITION, Beginning of Year	60,369,805
Prior Period Adjustment See Note 13	1,082,526
NET POSITION, End of Year	<u>\$ 72,769,717</u>

CITY of CAMDEN, SOUTH CAROLINA

STATEMENT of CASH FLOWS - PROPRIETARY FUND
 For the Year Ended June 30, 2023

The Accompanying Notes are an Integral Part of These Financial Statements

CASH FLOWS from OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 36,669,008
Cash Payments to Suppliers for Goods and Services	(24,260,300)
Cash Payments to Employees for Services	<u>(3,021,710)</u>
Net Cash Provided by Operating Activities	<u>9,386,998</u>
CASH FLOWS from NON-CAPITAL FINANCING ACTIVITIES:	
Other Non-Operating Revenue	4,906,439
Reclassification of Restricted Cash	3,061,387
Operating Transfers Out	<u>(2,066,000)</u>
Net Cash Provided by Non-Capital Financing Activities	<u>5,901,826</u>
CASH FLOWS from CAPITAL and RELATED FINANCING ACTIVITIES:	
Purchase of Assets	(9,138,422)
Principal Paid on Revenue Bond Maturities	(4,355,000)
Interest Paid on Debt Service	<u>(600,392)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(14,093,814)</u>
CASH FLOWS from INVESTING ACTIVITIES:	
Interest and Dividends on Investments	<u>298,334</u>
Net Cash Provided by Investing Activities	<u>298,334</u>
Net Increase in Cash and Cash Equivalents	1,493,344
Cash and Cash Equivalents at Beginning of Year	<u>1,039,811</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,533,155</u>
RECONCILIATION of OPERATING INCOME to NET CASH PROVIDED by OPERATING ACTIVITIES:	
Operating Income	\$ 8,779,005
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Amortization	85,215
Depreciation	5,517,701
Bad Debt Expense	93,013
Changes in Assets and Liabilities:	
Accounts Receivable	69,199
Miscellaneous Accounts Receivable	(491,086)
Inventory	(1,132,976)
Prepays	33,694
Deferred Pension Outflow	(602,965)
Deferred Charges	106,978
Accounts Payable	(534,584)
Interest Payable	(20,924)
OPEB Obligation	1,165,526
Net Pension Liability	244,864
Other Liabilities	(25,259)
Customer Deposits	67,770
Deferred Gain	(1,496,830)
Deferred Pension Inflows	<u>(2,471,343)</u>
Net Cash Provided by Operating Activities	<u>\$ 9,386,998</u>

CITY of CAMDEN, SOUTH CAROLINA

NOTES to FINANCIAL STATEMENTS

June 30, 2023

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.

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:

NOTE 1 SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Deposits and Investments (Continued)

1. Obligations of the United States, and its agencies, the principal and interest of which is fully guaranteed by the United States.
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, 2023 is \$526,772.

NOTE 1 SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets, Depreciation, and Amortization

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

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

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

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

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

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, 2023 was \$1,434,596. City Council increased its tax millage specifically for capital. The balance unspent at June 30, 2023 was \$53,903. 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.

NOTE 1 SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Committed Fund Balance (Continued)

The fund balance of the local tax fund is \$710,961 includes the following commitment. City Council passed an ordinance committing \$270,281 of proceeds from the sale of its Watershed property that is included in the Local Tax Special Revenue. This money cannot be spent without an ordinance authorizing it by City Council and is recorded in the General Fund.

Fund Transfers

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, 2023	<u>\$ 91,061,079</u>
Maximum Amount that can be Transferred during the Year Ended June 30, 2023	<u>\$ 18,212,216</u>
Amount Transferred from Water to General during the Year Ended June 30, 2023	<u>\$ 2,066,000</u>

L. Revenue Recognition - Property Taxes

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

Penalty Dates and Amounts

January 15 -	15%
March 15 -	5% execution cost of all unpaid taxes and Penalties.
September 1-	5% additional costs to amount of delinquent taxes, penalties, and costs then due.

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

M. Compensated Absences

All full-time, permanent employees of the City shall be entitled to two (2) weeks' annual leave per year. All employees who have been in the employment of the City for ten (10) years or more shall be entitled to three (3) weeks' annual leave per year. Two (2) weeks' leave is considered twice the number of hours, and three (3) weeks' leave thrice the number of hours an employee is normally required to work per week. The maximum amount that may be accrued is 360 hours for regular employees, 396 hours for police officers and 477 hours for firefighters 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:

NOTE 1 SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Compensated Absences (Continued)

3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

As of June 30, 2023, the liability for accrued vacation is \$269,594. The amount applicable to the Proprietary Fund is \$72,245 and the amount applicable to the General Fund is \$197,349. 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.

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.

O. Accounting Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires the City's management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

P. Grants

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

NOTE 2 DEPOSITS and INVESTMENTS

Deposits are shown at carrying value at June 30, 2023 as follows:

	Category			Bank Balance	Total Carrying Amount
	1	2	3		
Checking Accounts	\$ 2,782,053	\$ 8,209,003	\$ -	\$ 10,991,056	\$ 11,100,676
Savings Accounts	51,671	-	-	51,671	83,475
Certificates of Deposit	405,650	908,989	-	1,314,639	1,317,044
	<u>\$ 3,239,374</u>	<u>\$ 9,117,992</u>	<u>\$ -</u>	<u>\$ 12,357,366</u>	<u>\$ 12,501,195</u>

Custodial Risk-Deposits - Deposits in financial institutions, reported as components of cash, cash equivalents and investments, had a bank balance of \$12,357,366 at June 30, 2023, that was fully insured by depository insurance or secured with collateral held by the City's agent in its name.

NOTE 2 DEPOSITS and INVESTMENTS (Continued)

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, 2023 as follows:

	Category			Fair Value
	1	2	3	
U.S. Government Securities	\$ -	\$ 2,344,364	\$ -	\$ 2,344,364
	\$ -	\$ 2,344,364	\$ -	
S.C. Local Government Investment Pool (Fair value substantially equivalent to the value of the pool shares)				\$ 7,477,610
Total				\$ 9,821,974

The City's investments are categorized to indicate the level of risk assumed by the City at June 30, 2023. Category 1 includes investments that are insured or registered for which the securities are held by the City or its agent in the City's name. Category 2 includes investments that are uninsured and unregistered, with the securities held by the counterparty's trust department or agent in the City's name. Category 3 includes investments that are uninsured and unregistered with securities held by the counterparty or by its trust department or agent but not in the City's name. The South Carolina Local Government Investment Pool is run by the State Treasurer's Office and can invest only in the same type of instruments allowed by the City.

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

A reconciliation of cash, cash equivalents and investments as shown in the combined statement of net position for the primary government as of June 30, 2023 is as follows:

Petty Cash and Other	\$ 1,700
Carrying Amount of Deposits	12,501,195
Carrying Amount of Investments	9,821,974
Total	\$ 22,324,869
Cash and Cash Equivalents	\$ 10,895,249
Certificates of Deposit	767,130
Cash and Cash Equivalents - Local Option Sales Tax	290,601
Certificates of Deposit - Restricted for Customer Deposits	549,914
Investments	7,477,610
Investments - Restricted for Debt Service	2,344,365
Total	\$ 22,324,869

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	Primary Government				Ending Balance
	Beginning Balance	Increases	Decreases	Transfers	
GOVERNMENTAL ACTIVITIES:					
Capital Assets not Being Depreciated:					
Land	\$3,306,042	\$ -	\$(803,807)	\$ 5,000	\$ 2,507,235
Historical Collections	700,000	-	-	-	700,000
Construction in Progress	95,709	-	-	(95,709)	-
Total Capital Assets not Being Depreciated	4,101,751	-	(803,807)	(90,709)	3,207,235
Other Capital Assets:					
Building and Improvements	22,641,835	520,238	(196,120)	90,709	23,056,662
Equipment	1,472,110	79,309	-	-	1,551,419
Automotive Equipment	7,212,053	267,604	-	-	7,479,657
Streets, Sidewalks, Etc.	6,759,517	310,100	-	-	7,069,617
Total Other Capital Assets at Historical Cost	38,085,515	1,177,251	(196,120)	90,709	39,157,355
Less Accumulated Depreciation for:					
Buildings and Improvements	(9,391,247)	(569,101)	31,174	-	(9,929,174)
Equipment	(1,419,265)	(19,699)	-	-	(1,438,964)
Automotive Equipment	(5,179,008)	(324,888)	-	-	(5,503,896)
Streets, Sidewalks, Etc.	(2,653,708)	(112,649)	-	-	(2,766,357)
Total Accumulated Depreciation	(18,643,228)	(1,026,337)	31,174	-	(19,638,391)
Other Capital Assets, Net	19,442,287	150,914	(164,946)	90,709	19,518,964
Governmental Activities					
Capital Assets, Net	\$ 23,544,038	\$ 150,914	\$(968,753)	\$ -	\$ 22,726,199

NOTE 3 CAPITAL ASSETS (Continued)

	Primary Government				Ending Balance
	Beginning Balance	Increases	Decreases	Transfers	
BUSINESS-TYPE ACTIVITIES:					
Capital Assts not Being Depreciated:					
Land and Improvements	\$ 501,916	\$ -	\$ -	\$ -	\$ 501,916
Construction in Progress	2,236,654	5,992,089	-	(1,706,250)	6,522,493
Total Capital Assets not Being Depreciated	2,738,570	5,992,089	-	(1,706,250)	7,024,409
Other Capital Assets:					
Electric System	65,682,990	1,420,732	-	1,706,250	68,809,972
Water System	39,696,050	470,262	-	-	40,166,312
Sewer System	31,834,026	1,009,421	-	-	32,843,447
Electric Instruments	949,927	-	-	-	949,927
Water Instruments	1,076,595	-	-	-	1,076,595
Sewer Instruments	835,539	-	-	-	835,539
Automotive Equipment	3,698,878	154,194	-	-	3,853,072
Office Machines	121,293	-	-	-	121,293
Buildings	377,490	-	-	-	377,490
Wastewater Treatment Plant	39,032,332	91,724	-	-	39,124,056
Total Other Capital Assets at Historical Cost	183,305,120	3,146,333	-	1,706,250	188,157,703
Less Accumulated Depreciation	(71,949,338)	(5,602,916)	-	-	(77,552,254)
Other Capital Assets, Net	111,355,782	(2,456,583)	-	1,706,250	110,605,449
Business-Type Activities					
Capital Assets, Net	\$114,094,352	\$ 3,535,506	\$ -	\$ -	\$ 117,629,858

Depreciation and amortization expense was charged to functions as follows for the year ended June 30, 2023:

GOVERNMENT ACTIVITIES:	
General Government	\$ 416,849
Public Safety	206,800
Highways and Streets	118,314
Sanitation	127,651
Culture and Recreation	156,723
Total Governmental Activities Depreciation Expense	<u>\$ 1,026,337</u>
BUSINESS-TYPE ACTIVITIES:	
Electric Department	\$ 1,976,871
Water Department	1,290,458
Sewer Department	2,335,587
Total Business-Type Activities Depreciation and Amortization Expense	<u>\$ 5,602,916</u>

NOTE 4 CHANGES in LONG-TERM DEBT-PROPRIETARY FUND

Long-term liability activity for the year ended June 30, 2023 was as follows:

	Balance			Balance		Due Within
	06/30/2022	Issued	Retired	06/30/2023		One Year
Combined Public Utility System Refunding Revenue Bond, Series 2013A	\$825,000	\$ -	\$ 410,000	\$ 415,000	\$	415,000
Combined Public Utility System Refunding Revenue Bond, Series 2012A	-	-	-	\$ -		-
Combined Public Utility System Refunding Revenue Bond, Series 2014A	2,280,000	-	1,130,000	1,150,000		1,150,000
Bond Improvements Fund, Series 2020	45,775,000	-	2,815,000	42,960,000		2,880,000
Total Revenue and Lease Obligations Payable	<u>\$48,880,000</u>	<u>\$ -</u>	<u>\$ 4,355,000</u>	<u>\$ 44,525,000</u>		<u>\$ 4,445,000</u>

Long-Term Debt at June 30, 2023 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.	\$ 415,000
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.	1,150,000
Refunding and Improvement Revenue Bond, Series 2020 dated September 16, 2020, payable \$2,770,000 to \$6,495,000 each March 1 2021 through 2031. Interest 2% to 5%.	<u>42,960,000</u>
Total	<u>\$ 44,525,000</u>

The annual requirements to amortize all bonds outstanding as of June 30, 2023 follow:

Year Ending	Series 2013A		Series 2014A	
	Principal	Interest	Principal	Interest
2024	\$ 415,000	\$ 7,761	\$ 1,150,000	\$ 25,176
Totals	<u>\$ 415,000</u>	<u>\$ 7,761</u>	<u>\$ 1,150,000</u>	<u>\$ 25,176</u>
Year Ending	Series 2020B		Total	
	Principal	Interest	Principal	Interest
2024	2,880,000	1,960,400	4,445,000	1,993,337
2025	4,945,000	1,816,400	4,945,000	1,816,400
2026	5,185,000	1,569,150	5,185,000	1,569,150
2027	5,455,000	1,309,900	5,455,000	1,309,900
2028	5,735,000	1,037,150	5,735,000	1,037,150
2029-2032	18,760,000	1,520,200	18,760,000	1,520,200
Totals	<u>\$ 42,960,000</u>	<u>\$ 9,213,200</u>	<u>\$ 44,525,000</u>	<u>\$ 9,246,137</u>

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

The City met the required debt coverage ratio of 1.20 at June 30, 2023 with the ratio being 2.43. The City implemented the several changes to make sure the ratio would continue to comply in the year ended June 30, 2023 including rate increases.

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 2014B bond. This resulted in a bond premium of \$10,496,582 which is being amortized over 10 years using the effective interest method. Amortization for the year ended June 30, 2023 was \$1,496,830 in the proprietary fund.

NOTE 5 CHANGES in GOVERNMENTAL FUND DEBT

A summary of the Governmental Fund Debt at June 30, 2023 is as follows:

Lease Obligation Payable, July 1, Annually at 2.15% Interest	\$ 101,844
Bond Obligation Payable, Semiannually at 3.18% Interest	1,822,000
Bond Obligation Payable, Semiannually at 2.49% Interest	1,186,000
Lease Obligation Payable, May 26, Annually at 2.13% Interest	62,311
Lease Obligation Payable, January 1, Annually at 2.17% Interest	1,040,531
Lease Obligation Payable, January 1, Annually at 1.12% Interest	28,994
Lease Obligation Payable, June 1, Annually at 4.17% Interest	<u>719,908</u>
Total Lease and Bond Obligations	4,961,588
Liability for Compensated Absences	<u>197,349</u>
Total Long-Term Debt	<u>\$ 5,158,937</u>

The following is a summary of the changes at June 30, 2023 in General Fund Debt:

	Payable			Balance	Due Within
	06/30/2022	Additions	Reductions	06/30/2023	One Year
Bond Obligations	\$ 3,353,000	\$ -	\$345,000	\$ 3,008,000	\$ 364,000
Capital Leases	1,565,842	875,000	487,254	1,953,588	366,608
Total Bond & Lease Obligations	<u>4,918,842</u>	<u>875,000</u>	<u>832,254</u>	<u>4,961,588</u>	<u>730,608</u>
Compensated Absences	198,008	-	659	197,349	-
Total Governmental Activities Long-Term Debt	<u>\$ 5,116,850</u>	<u>\$ 875,000</u>	<u>\$ 832,913</u>	<u>\$ 5,158,937</u>	<u>\$ 730,608</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>
2024	\$ 730,608	\$ 143,917
2025	658,711	125,079
2026	626,083	81,943
2027	644,983	58,655
2028	601,934	46,390
2029-2033	1,699,269	145,045
Totals	<u>\$ 4,961,588</u>	<u>\$ 601,029</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, 2023.

<u>Year Ended June 30,</u>	<u>Total</u>
2024	\$ 432,055
2025	340,786
2026	338,740
2027	273,882
2028	222,378
2029-2033	<u>607,756</u>
	2,215,597
Less: Interest	<u>(209,427)</u>
Present Value of Minimum Lease Payments	<u>\$ 2,006,170</u>

The value of leased equipment less accumulated depreciation under capital leases at June 30, 2023 totals \$1,858,401. 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, 2022, the valuation date, forty-two (42) retirees, twenty-one (21) retiree spouses and fourteen (14) beneficiaries 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, 2022, the valuation date, the City pays 100% of the premium cost. For the year ended June 30, 2023, the City made contributions of approximately \$443,839.

NOTE 6 POST-EMPLOYMENT BENEFITS (Continued)

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.

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.

Discount Rate	<u>June 30, 2022</u>	<u>June 30, 2023</u>
Discount Rate:	2.16%	3.65%
20 Year Tax-Exempt Municipal Bond Yield	2.16%	3.65%

The discount rate was based on the Bond Buyer 20-Year Bond GO Index as of June 30, 2023.

Other Key Actuarial Assumptions

Valuation Date	July 1, 2020	July 1, 2022
Measurement Date	June 30, 2021	June 30, 2023
Inflation	2.30%	2.30%
	Pub. H-2010	Pub. H-2010
Mortality	Projected with MP - 2020	Projected with MP - 2020
Actuarial Cost Method	Entry Age Normal	Entry Age Normal

The demographic assumptions used are predominantly consistent with those used in the July 1, 2020 actuarial valuations of the South Carolina Retirement System.

OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB: The June 30, 2023 information was rolled forward using the June 30, 2023 measurement date.

NOTE 6 POST-EMPLOYMENT EMPLOYEE BENEFITS (Continued)

Changes in Total OPEB Liability and OPEB Expense	Increase or (Decrease)
Balance as of June 30, 2022	\$ 8,124,707
Changes during Year:	
Service Cost	25,832
Interest on Total OPEB Funding	234,232
Effect of Economic/Demographic Gains (Losses)	789,944
Effect of Assumptions Changes or Inputs	85,667
Benefit Payments	(443,839)
Balance as of June 30, 2023	<u>\$ 8,816,543</u>
Total OPEB Expense	
Service Cost	\$ 25,832
Interest on Total OPEB Funding	234,232
Effect of Economic/Demographic Gains (Losses)	786,944
Effect of Assumptions Changes or Inputs	85,667
Benefit Payments Paid thru City	(443,839)
Balance for the year ended June 30, 2023	<u>\$ 688,836</u>

Sensitivity Analysis

The following presents the City's Total OPEB Liability calculated using the discount rate of 3.65%. It also presents what the City's Total OPEB Liability would be if it were calculated using a discount rate one percentage point lower (2.65%) and one percentage point higher (4.65%) than the current rate.

	1% Decrease 2.65%	Discount Rate 3.65%	1% Increase 4.65%
Total OPEB Liability	\$10,037,683	\$ 8,816,543	\$ 7,826,472

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.

	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate
Total OPEB Liability	\$7,777,572	\$ 8,816,543	\$ 10,078,156

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. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, and eight-member board, serves as co-trustee and co-fiduciary for 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.

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 an Annual Comprehensive Financial Report (ACFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The ACFR is publicly available through the Retirement Benefits' link on PEBA's website at 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 first-term individuals elected to the South Carolina General Assembly.

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

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

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

NOTE 7 RETIREMENT PLAN (Continued)

PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; 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.

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.

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.

NOTE 7 RETIREMENT PLAN (Continued)

Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017, for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. In accordance with the legislative funding schedule, employer contribution rates will continue to increase by 1 percentage point each year until reaching 18.56 percent for SCRS and 21.24 percent for PORS but may be increased further, if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. The board shall increase the employer contribution rates as necessary to meet the amortization period set in statute.

Pension reform legislation modified statute such that the employer contribution rates for SCRS and PORS to be further increased, not to exceed one-half of one percent in any one year if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of SCRS and PORS to the maximum amortization period of 20 years from 30 years over a ten-year schedule, as determined by the annual actuarial valuations of the plan. Finally, under the revised statute, the contribution rates for SCRS and PORS may not be decreased until the plans are at least 85 percent funded.

	<u>SCRS Rates</u>	<u>PORS Rates</u>
Employer Contribution Rate		
Retirement	17.41%	19.84%
Incidental Death Benefit	0.15%	0.20%
Accidental Death Contributions	0.00%	0.20%
Total	<u>17.56%</u>	<u>20.24%</u>
Employee Contribution Rate	<u>9.00%</u>	<u>9.75%</u>

The required contributions and percentages of amounts contributed to the Plans were as follows:

Year Ended	<u>SCRS Contributions</u>		<u>PORS Contributions</u>		Total
	<u>Required</u>	<u>%Contributed</u>	<u>Required</u>	<u>%Contributed</u>	
June 30	\$ 875,381	100%	\$ 681,202	100%	\$ 1,556,583

Eligible payrolls covered under the Plans were as follows:

Year Ended	<u>SCRS Payroll</u>	<u>PORS Payroll</u>	<u>Total</u>
June 30			
2023	\$ 4,985,087	\$ 3,365,624	\$ 8,350,711

NOTE 7 RETIREMENT PLAN (Continued)

Actuarial Assumptions and Methods

Actuarial valuations of the ongoing 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, 2019.

The June 30, 2023, 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, 2021. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2023, using generally accepted actuarial principles. There was no legislation enacted during the 2022 legislative session that had a material change in the benefit provisions for any of the systems.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2023.

	SCRS	PORS
Actuarial cost method	Entry Age	Entry Age
Actuarial assumptions:		
Investment rate of return	7.0%	7.0%
Projected salary increases	3.0% to 11% (Varies by service)	3.5% to 10.5% (Varies by service)
Includes inflation at	2.25%	2.25%
Benefit adjustments	Lesser of 1% or \$500	Lesser of 1% or \$500

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

Assumptions used in the determination of the June 30, 2023, TPL are as follows:

Former Job Class	Males	Females
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	multiplied by 107%

NOTE 7 RETIREMENT PLAN (Continued)

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB 67 less that system's fiduciary net position. NPL totals, as of June 30, 2023, for SCRS and PORS are presented below.

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	\$ 56,454,779,872	\$ 32,212,626,932	\$ 24,242,152,940	57.1%
PORS	\$ 8,937,686,946	\$ 5,938,707,767	\$ 2,998,979,179	66.4%

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB 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 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

At June 30, 2023, the City reported a liability of \$10,526,572 and \$6,124,584 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, 2022, 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 .0434 % for the SCRS and .2042% for the PORS.

For the year ended June 30, 2023, the City recognized pension expense of \$673,456 and \$626,303 for SCRS and PORS, respectively. At June 30, 2023, 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	\$ -	\$ 3,722,662
City Contributions Subsequent to the Measurement Date	3,819,046	-
Total	\$ 5,375,629	\$ 3,722,662

The \$3,819,046 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, 2023. 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	
2022	2023	\$ 92,555
2023	2024	100,491
2024	2025	(609,252)
2025	2026	512,590

NOTE 7 RETIREMENT PLAN (Continued)

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 2022 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 on the following page. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 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:

Asset Class	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.79%	3.12%
Bonds	26.0%	-0.35%	-0.09%
Private Equity	9.0%	8.75%	0.79%
Private Debt	7.0%	6.00%	0.42%
Real Assets	12.0%		
Real Estate	9.0%	4.12%	0.37%
Infrastructure	3.0%	5.88%	0.18%
Total Expected Real Return	<u>100.0%</u>		<u>4.79%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
			<u>7.04%</u>

Discount Rate

The discount rate used to measure the TPL was 7 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 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1 percent lower (6 percent) or 1 percent higher (8 percent) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate (In Thousands)			
System	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
SCRS	\$ 13,496	\$ 10,527	\$ 8,057
PORS	8,540	6,125	4,147

NOTE 7 RETIREMENT PLAN (Continued)

Additional Financial and Actuarial Information

Information contained in these Notes to the Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer (Schedules) was compiled from the Systems' audited financial statements for the fiscal year ended June 30, 2023, and the accounting valuation report as of June 30, 2023. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems' ACFR.

NOTE 8 COMPONENTS of RESTRICTED ASSETS

General Fund

Restricted Assets at June 30, 2023 were as follows:

	Local Option Sales Tax
Cash	<u>\$ 290,601</u>

Special Revenue Fund-Local Tax

	Revenue Bond Sinking and Revenue Fund
U.S. Government Securities	<u>\$ 252,518</u>

Proprietary Fund

Restricted Assets at June 30, 2023 were as follows:

	Revenue Bond Sinking and Revenue Fund	Customer Deposits	Total
Cash and Certificates of Deposits	\$ -	\$ 549,914	\$ 549,914
U.S. Government Securities	5,305,121	-	5,305,121
	<u>\$5,305,121</u>	<u>\$ 549,914</u>	<u>\$ 5,855,035</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, 2023, 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 2023 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, 2023 were \$600,392 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, 2023, the City made premium payments totaling approximately \$380,628. 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, 2022, totaled approximately \$6,715,244. 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 12 RISK MANAGEMENT (Continued)

The City pays an annual premium to SCMIT for its workers compensation insurance. For the year ended June 30, 2023, the City made premium payments totaling approximately \$220,370. 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, 2022, totaled approximately \$44,197,682. 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 ADJUSTMENT

During the year ended June 30, 2023, it was noted that a deferred revenue had been set up in the past that should have been posted as income in a prior year. Upon review of entry and related contractual matters, this was an adjustment in the year received and did not benefit a future year. This was corrected in the year ended June 30, 2023. The effect of the entries were:

<u>Description</u>	<u>Fund Financial Statements</u>		
	<u>Increase (Decrease) in Fund Balance/Net Position</u>		
	<u>Governmental Funds</u>	<u>Utility Fund</u>	<u>Total</u>
Correction in purchased power contract in previous year		\$ 1,082,526	\$ 1,082,526

<u>Description</u>	<u>Government-Wide Financial Statements</u>		
	<u>Increase (Decrease) in Net Position</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Correction in purchased power contract in previous year	\$ -	\$ 1,082,526	\$ 1,082,526

NOTE 14 SUBSEQUENT EVENTS

The City evaluated all events or transactions that occurred after June 30, 2023, through the date the City issued these financial statements on January 23, 2024. During this period, the City did not have any material subsequent events that required recognition in the City's disclosures to the June 30, 2023, financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY of CAMDEN, SOUTH CAROLINA
GENERAL FUND

STATEMENT of REVENUES, EXPENDITURES and CHANGES in
FUND BALANCE - BUDGET (GAAP BASIS) and ACTUAL – GENERAL FUND
For the Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Taxes	\$ 4,061,242	\$ 4,061,242	\$ 4,269,754	\$ 208,512
Licenses and Permits	2,518,100	2,518,100	3,026,710	508,610
Intergovernmental Revenues	595,800	595,800	751,909	156,109
Charge for Services	2,310,000	2,310,000	2,276,319	(33,681)
Fines and Forfeits	124,000	124,000	140,421	16,421
Miscellaneous	414,100	414,100	909,213	495,113
Total Revenues	<u>10,023,242</u>	<u>10,023,242</u>	<u>11,374,326</u>	<u>1,351,084</u>
EXPENDITURES				
General Government	2,777,613	2,777,613	3,206,824	(429,211)
Public Safety	5,707,261	5,707,261	6,378,760	(671,499)
Highways and Streets	1,134,831	1,134,831	1,179,243	(44,412)
Sanitation	1,460,526	1,460,526	1,743,124	(282,598)
Culture and Recreation	435,982	435,982	392,730	43,252
Non-Departmental	576,029	576,029	620,433	(44,404)
Total Expenditures	<u>12,092,242</u>	<u>12,092,242</u>	<u>13,521,114</u>	<u>(1,428,872)</u>
EXCESS (DEFICIENCY) of REVENUES OVER EXPENDITURES				
	<u>(2,069,000)</u>	<u>(2,069,000)</u>	<u>(2,146,788)</u>	<u>(77,788)</u>
OTHER FINANCING SOURCES (USES)				
Capital Financing	-	-	875,000	875,000
Sale of Assets	3,000	3,000	1,829,684	1,826,684
Transfer In	2,066,000	2,066,000	2,066,000	-
Total Other Financing Sources (Uses)	<u>2,069,000</u>	<u>2,069,000</u>	<u>4,770,684</u>	<u>2,701,684</u>
EXCESS (DEFICIENCY) of REVENUES and OTHER SOURCES OVER EXPENDITURES and OTHER USES				
	<u>\$ -</u>	<u>\$ -</u>	<u>2,623,896</u>	<u>\$ 2,623,896</u>
FUND BALANCE, Beginning of Year			<u>7,606,265</u>	
FUND BALANCE, End of Year			<u>\$ 10,230,161</u>	

CITY of CAMDEN, SOUTH CAROLINA
LOCAL TAX FUND

STATEMENT of REVENUES, EXPENDITURES and CHANGES in
FUND BALANCE - BUDGET (GAAP BASIS) and ACTUAL – LOCAL TAX FUND
For the Year Ended June 30, 2023

	<u>Original</u> Budget	<u>Revised</u> Budget	<u>Actual</u>	<u>Variance</u> Favorable (Unfavorable)
REVENUES				
Taxes	\$ 1,255,000	\$ 1,255,000	\$ 1,510,499	\$ 255,499
Licenses and Permits	7,500	7,500	6,000	(1,500)
Intergovernmental	30,000	30,000	89,836	59,836
Miscellaneous	<u>222,000</u>	<u>222,000</u>	<u>216,262</u>	<u>(5,738)</u>
Total Revenues	<u>1,514,500</u>	<u>1,514,500</u>	<u>1,822,597</u>	<u>308,097</u>
EXPENDITURES				
Culture and Recreation	<u>1,514,500</u>	<u>1,514,500</u>	<u>1,320,070</u>	<u>194,430</u>
Total Expenditures	<u>1,514,500</u>	<u>1,514,500</u>	<u>1,320,070</u>	<u>194,430</u>
EXCESS (DEFICIENCY) of REVENUES				
OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	502,527	<u>\$ 502,527</u>
FUND BALANCE, Beginning of Year			<u>710,961</u>	
FUND BALANCE, End of Year			<u>\$ 1,213,488</u>	

CITY of CAMDEN, SOUTH CAROLINA
Camden, South Carolina

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

	2023	2022	2021	2020	2019	2018	2017
Service Cost	\$ 25,832	\$ -	\$ -	\$ -	\$ 34,518	\$ 56,447	\$ 54,538
Interest on Total OPEB Liability	234,232	201,581	201,581	269,308	435,177	582,918	585,844
Changes in Benefit Terms	-	-	-	-	(3,805,118)	-	-
Effect of Economic/Demographic Gains(Losses)	789,944	-	(738,323)	-	(4,605,050)	-	-
Effect of Assumption Changes or Inputs	85,667	-	62,616	1,573,411	243,616	(838,318)	-
Benefits Payments	<u>(443,839)</u>	<u>(523,222)</u>	<u>(399,413)</u>	<u>(430,982)</u>	<u>(416,864)</u>	<u>(748,639)</u>	<u>(703,566)</u>
Net Change in Total OPEB Liability	691,836	(321,641)	(873,539)	1,411,737	(8,113,721)	(947,592)	(63,184)
Total OPEB Liability, Beginning of Year	<u>8,124,707</u>	<u>8,446,348</u>	<u>9,319,887</u>	<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>\$ 8,816,543</u>	<u>\$ 8,124,707</u>	<u>\$ 8,446,348</u>	<u>\$ 9,319,887</u>	<u>\$ 7,908,150</u>	<u>\$ 16,021,871</u>	<u>\$ 16,969,463</u>
Covered Payroll	\$ 292,045	\$ -	\$ -	\$ 953,700	\$ 953,700	\$ 4,687,338	\$ 4,573,013
Total OPEB Liability as a % of Covered Payroll	3018.90%	N/A	N/A	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,

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contributions	\$ 1,556,583	\$ 1,478,092	\$ 1,373,232	\$ 1,345,226	\$ 1,249,984	\$ 1,106,062	\$ 913,556	\$ 775,534	\$ 716,089
Contributions in Relation to Statutorily Required Contributions	1,556,583	1,478,092	1,373,232	1,345,226	1,249,984	1,106,062	913,556	775,534	716,089
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reporting Unit's Covered-Employee Payroll	\$ 8,350,711	\$ 8,402,627	\$ 8,295,784	\$ 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	18.6%	17.6%	16.6%	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,

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Reporting Unit's Proportion of SCRS Net Pension Liability (%)	0.0434%	0.0465%	0.0462%	0.0486%	0.0467%	0.0469%	0.0453%	0.0454%	0.0448%
Reporting Unit's Proportion of PORS Net Pension Liability (%)	0.2042%	0.2056%	0.1973%	0.2008%	0.1999%	0.2000%	0.1903%	0.1903%	0.1873%
Reporting Unit's Proportionate Share of Net Pension Liability	<u>\$ 16,651,156</u>	<u>\$ 15,349,864</u>	<u>\$ 18,355,857</u>	<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>\$ 8,350,711</u>	<u>\$ 8,402,627</u>	<u>\$ 8,295,784</u>	<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 (%)	199.4%	182.7%	221.3%	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, 2023

ASSETS

Assets:

Cash	\$ 5,765,616
Restricted Cash	290,601
Certificates of Deposit	767,130
Investments	3,488,175
Receivables (Net of Allowance for Uncollectibles)	
Taxes	298,728
Miscellaneous	671,306
Inventory	110,913
Total Assets	\$ 11,392,469

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, and FUND BALANCE

Liabilities:

Accounts Payable	\$ 169,833
Accrued Liabilities	406,953
Total Liabilities	576,786

Deferred Inflows of Resources:

Deferred Revenues	
Local Option Sales Tax	290,601
Other	294,921
Total Deferred Inflows of Resources	585,522

Fund Balance

Nonspendable	110,913
Committed	270,281
Unassigned	9,848,967
Total Fund Balance	10,230,161
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 11,392,469

CITY of CAMDEN, SOUTH CAROLINA
GENERAL FUND

STATEMENT of REVENUES COMPARED to BUDGET (GAAP BASIS)
For the Year Ended June 30, 2023

	Revised Budget	Actual	Variance Favorable (Unfavorable)
LOCAL SOURCES			
Property Taxes	\$ 1,671,242	\$ 1,180,216	\$ (491,026)
Vehicle Taxes	240,000	269,436	29,436
Local Option Sales Tax	2,050,000	2,767,648	717,648
Penalties and Delinquent Taxes	100,000	52,454	(47,546)
Fines and Forfeitures	124,000	140,421	16,421
Business Licenses	2,150,000	2,535,641	385,641
Franchise Fees	368,100	491,069	122,969
Fire Service	710,000	670,430	(39,570)
Sanitation	1,600,000	1,605,889	5,889
Archives	5,000	2,153	(2,847)
Sale of Assets	3,000	1,829,684	1,826,684
Interest	70,000	138,224	68,224
Miscellaneous	339,100	768,836	429,736
Sub-Total	<u>9,430,442</u>	<u>12,452,101</u>	<u>3,021,659</u>
STATE and LOCAL GOVERNMENT SOURCES			
Local Government Fund	173,800	182,519	8,719
Merchant's Inventory Tax	48,000	48,495	495
Grants and Donations	12,000	133,818	121,818
Accommodations	26,000	32,853	6,853
Kershaw County School Resource Officer	150,000	146,725	(3,275)
Kershaw County Road Maintenance Fee	186,000	207,499	21,499
Sub-Total	<u>595,800</u>	<u>751,909</u>	<u>156,109</u>
Total Revenues	<u>\$ 10,026,242</u>	<u>\$ 13,204,010</u>	<u>\$ 3,177,768</u>

CITY of CAMDEN, SOUTH CAROLINA
GENERAL FUND

STATEMENT of EXPENDITURES COMPARED to BUDGET (GAAP BASIS)
For the Year Ended June 30, 2023

	Budget	Actual	(Unfavorable)
GENERAL GOVERNMENT			
Legislature	\$ 212,247	\$ 188,606	\$ 23,641
Court	247,886	241,456	6,430
Legal	33,500	99,726	(66,226)
Administration	421,518	402,533	18,985
Finance	1,066,042	1,230,181	(164,139)
Zoning/Code Enforcement	249,660	364,663	(115,003)
Garage Services	146,885	283,582	(136,697)
Downtown Development	235,656	256,052	(20,396)
Planning	164,219	140,025	24,194
Sub-Total	<u>2,777,613</u>	<u>3,206,824</u>	<u>(429,211)</u>
PUBLIC SAFETY			
Police Department	3,386,916	3,833,635	(446,719)
Fire Department			
Administration	549,005	592,476	(43,471)
Fire Fighting	1,771,340	1,952,649	(181,309)
Sub-Total	<u>5,707,261</u>	<u>6,378,760</u>	<u>(671,499)</u>
HIGHWAYS and STREETS			
Streets Maintenance	446,416	376,350	70,066
Park Maintenance	688,415	802,893	(114,478)
Sub-Total	<u>1,134,831</u>	<u>1,179,243</u>	<u>(44,412)</u>
SANITATION			
Administration	22,983	14,479	8,504
Trash Collection	1,437,543	1,728,645	(291,102)
Sub-Total	<u>1,460,526</u>	<u>1,743,124</u>	<u>(282,598)</u>
CULTURE and RECREATION			
Community Promotion	104,500	96,000	8,500
Archives	331,482	296,730	34,752
Sub-Total	<u>435,982</u>	<u>392,730</u>	<u>43,252</u>
NON-DEPARTMENTAL			
Other Non-Departmental	576,029	620,433	(44,404)
Sub-Total	<u>576,029</u>	<u>620,433</u>	<u>(44,404)</u>
Totals	<u>\$ 12,092,242</u>	<u>\$ 13,521,114</u>	<u>\$ (1,428,872)</u>

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, 2023

	Local Tax Fund	Drug Fund	Police Department Recreation Fund	Fireman's Fund	Total
ASSETS					
Cash	\$ 792,894	\$ 91,625	\$ 2,953	\$ 76,277	\$ 963,749
Restricted Investments	252,518	-	-	-	252,518
Accounts Receivable	501,847	-	-	-	501,847
Total Assets	\$ 1,547,259	\$ 91,625	\$ 2,953	\$ 76,277	\$ 1,718,114
LIABILITIES					
Accounts Payable	\$ 90,059	\$ -	\$ -	\$ -	\$ 90,059
Accrued Salaries	169,471	-	-	-	169,471
Total Liabilities	259,530	-	-	-	259,530
DEFERRED INFLOWS OF RESOURCES					
Unearned Revenue	74,241	-	-	-	74,241
Total Deferred Inflow of Resources	74,241	-	-	-	74,241
FUND BALANCES					
Restricted	1,213,488	91,625	(3,743)	76,277	1,377,647
Assigned	-	-	6,696	-	6,696
Total Fund Balances	1,213,488	91,625	2,953	76,277	1,384,343
 Total Liabilities, Deferred Inflow of Resources, and Fund Balances	 \$ 1,547,259	 \$ 91,625	 \$ 2,953	 \$ 76,277	 \$ 1,718,114

CITY of CAMDEN, SOUTH CAROLINA
SPECIAL REVENUE FUNDS

COMBINING STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCE
For the Year Ended June 30, 2023

	Local Tax Fund	Drug Fund	Police Department Recreation Fund	Fireman's Fund	Victim's Assistance	Total
REVENUES						
Intergovernmental	\$ 89,836	\$ -	\$ -	\$ -	\$ -	\$ 89,836
Other Grants	100,000	-	-	-	-	100,000
Licenses and Permits	6,000	-	-	-	-	6,000
Local Taxes and Fees	1,510,499	-	-	-	-	1,510,499
Interest	-	69	2	48	-	119
Miscellaneous	116,262	41,657	4,956	70,849	10,224	243,948
Total Revenues	1,822,597	41,726	4,958	70,897	10,224	1,950,402
EXPENDITURES						
Public Safety	-	-	-	-	10,224	10,224
Culture and Recreation	1,320,070	-	-	-	-	1,320,070
Non-Departmental	-	972	6,285	69,433	-	76,690
Total Expenditures	1,320,070	972	6,285	69,433	10,224	1,406,984
EXCESS (DEFICIENCY) of REVENUES over EXPENDITURES	502,527	40,754	(1,327)	1,464	-	543,418
FUND BALANCE, Beginning of Year	710,961	50,871	4,280	74,813	-	840,925
FUND BALANCE, End of Year	\$ 1,213,488	\$ 91,625	\$ 2,953	\$ 76,277	\$ -	\$ 1,384,343

CITY OF CAMDEN, SOUTH CAROLINA
 STATEMENT of FINES and ASSESSMENTS
 For the Year Ended June 30, 2023

COURT FINES	
Court Fines Collected	\$ 140,421
Court Fines Retained by City	<u>(47,095)</u>
Court Fines Remitted to the State Treasurer	<u>\$ 93,326</u>
COURT ASSESSMENTS	
Court Assessments and Surcharges Collected	\$ 103,550
Court Assessments and Surcharges Retained by City	<u>(10,224)</u>
Court Assessments Remitted to the State Treasurer	<u>\$ 93,326</u>
VICTIMS SERVICES	
Court Assessments and Surcharges Allocated to Victim Services	\$ 10,224
Funds Allocated to Victim Services	
Victim Services Expenditures	<u>(10,224)</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, 2023

ASSETS	
Cash and Cash Equivalents	\$ 1,632,729
Total Assets	<u>\$ 1,632,729</u>
LIABILITIES	
Accounts Payable	\$ 114,230
Total Liabilities	<u>114,230</u>
DEFERRED INFLOWS OF RESOURCES	
Unearned Revenue	30,000
Total Deferred Inflows of Resources	<u>30,000</u>
FUND BALANCE	
Committed For:	
Roads	1,434,596
Project Improvement	53,903
Total Fund Balance	<u>1,488,499</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 1,632,729</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, 2023

	Road Fund	Project Improvement Fund	Total Capital Projects
REVENUES			
Road Revenue	\$ 464,638	\$ -	\$ 464,638
Capital Revenue	-	652,457	652,457
Total Revenues	464,638	652,457	1,117,095
EXPENDITURES			
Highways and Streets	98,345	-	98,345
Non-Departmental	-	753,023	753,023
Total Expenditures	98,345	753,023	851,368
Excess (Deficiency) of Revenues Over Expenditures	366,293	(100,566)	265,727
FUND BALANCE, Beginning of Year	1,068,303	154,469	1,222,772
FUND BALANCE, End of Year	\$ 1,434,596	\$ 53,903	\$ 1,488,499

PROPRIETARY FUNDS

CITY of CAMDEN, SOUTH CAROLINA
STATEMENT of NET POSITION
June 30, 2023

ASSETS

CURRENT ASSETS

Cash	\$	2,533,155
Investments		3,989,435
Water and Lights Accounts Receivable, Net		3,303,106
Grants Receivable		437,387
Miscellaneous Receivables		115,862
Inventories		2,494,945
Prepaid		244,282
Total Current Assets		13,118,172

NON-CURRENT ASSETS

RESTRICTED ASSETS

Certificates of Deposit - Customer Deposits		549,914
Investments - Reserve Bond Funds		2,091,847
Total Restricted Assets		2,641,761

CAPITAL ASSETS

Construction in Process		6,522,493
Buildings and Land		879,406
Furniture, Fixtures and Equipment		3,974,365
Electric System		69,759,899
Water System		41,242,907
Sewer and Wastewater System		72,803,042
Sub-Total		195,182,112
Less Accumulated Depreciation		(77,552,254)
Total Capital Assets		117,629,858
Total Non-Current Assets		120,271,619
Total Assets		133,389,791

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows Related to Pension Liability		1,503,069
Deferred Charges Bonds		191,610
Total Deferred Outflows of Resources		1,694,679

(CONTINUED)

CITY of CAMDEN, SOUTH CAROLINA
STATEMENT of NET POSITION
June 30, 2023

LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	1,981,771
Other Current Liabilities	85,237
Bonds Payable, Current	4,445,000
Total Current Liabilities	<u>6,512,008</u>
NON-CURRENT LIABILITIES	
Accrued Vacation Pay	72,245
OPEB Obligation	1,057,985
Net Pension Liability	5,485,449
Payable from Restricted Assets	
Customer Deposits	915,072
Accrued Interest Payable	164,130
Bonds Payable, Non-Current	40,080,000
Total Non-Current Liabilities	<u>47,774,881</u>
Total Liabilities	<u>54,286,889</u>
DEFERRED INFLOWS OF RESOURCES	
Unearned Revenue	1
Deferred Inflows Related to Pension Liability	1,149,244
Deferred Gain on Bond Refunding	6,878,619
Total Deferred Inflows of Resources	<u>8,027,864</u>
NET POSITION	
Net Investment in Capital Assets	73,296,468
Restricted for Debt Service	2,091,847
Unrestricted	(2,618,598)
Total Net Position	<u>\$ 72,769,717</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, 2023

	Revised Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Electric Division	\$ 25,730,000	\$ 29,775,663	\$ 4,045,663
Less: Direct Cost	21,755,228	22,595,297	(840,069)
Income from Electric Division	<u>3,974,772</u>	<u>7,180,366</u>	<u>3,205,594</u>
 Water Division	 4,588,000	 4,269,007	 (318,993)
Less: Direct Cost	2,751,085	3,389,294	(638,209)
Income from Water Division	<u>1,836,915</u>	<u>879,713</u>	<u>(957,202)</u>
 Sewer Division	 2,738,000	 2,978,455	 240,455
Less: Direct Cost	2,035,687	2,259,529	(223,842)
Income from Sewer Division	<u>702,313</u>	<u>718,926</u>	<u>16,613</u>
 Operating Income	 <u>6,514,000</u>	 <u>8,779,005</u>	 <u>2,265,005</u>
NON-OPERATING REVENUE (EXPENSE)			
Interest Income	40,000	298,334	258,334
Interest Expense	(6,461,500)	(600,392)	5,861,108
Loss on Disposal of Capital Assets	-	-	-
Other Revenue (Expenses)	1,973,500	4,906,439	2,932,939
Total Non-Operating Revenues (Expense)	<u>(4,448,000)</u>	<u>4,604,381</u>	<u>9,052,381</u>
Income (Loss) before Contributions and Transfers	<u>2,066,000</u>	<u>13,383,386</u>	<u>11,317,386</u>
 Transfers Out	 (2,066,000)	 (2,066,000)	 -
Net Transfers	<u>(2,066,000)</u>	<u>(2,066,000)</u>	<u>-</u>
 Change in Net Position	 <u>\$ -</u>	 <u>11,317,386</u>	 <u>\$ 11,317,386</u>
 NET POSITION, Beginning of Year		60,369,805	
Prior Period Adjustment See Note		1,082,526	
NET POSITION, End of Year		<u>\$ 72,769,717</u>	

CITY of CAMDEN, SOUTH CAROLINA
 PROPRIETARY FUNDS

STATEMENT of OTHER OPERATING INCOME -
 BUDGET and ACTUAL (BUDGETARY BASIS)
 For the Year Ended June 30, 2023

	<u>Revised</u>	<u>Actual</u>	<u>Variance</u>
	<u>Budget</u>		<u>Favorable</u> <u>(Unfavorable)</u>
Reconnections/Penalties	\$ 460,000	\$ 644,883	\$ 184,883
Setoff Debt Collections	4,000	24,753	20,753
Pole Rental	70,000	66,188	(3,812)
Handling and Return Fees	12,000	5,220	(6,780)
Use of Labor and Equipment	10,000	1,976	(8,024)
Miscellaneous	107,500	178,823	71,323
Septic Tank Hauler Fees	60,000	62,100	2,100
Grant Income	1,250,000	3,922,496	2,672,496
Total	<u>\$ 1,973,500</u>	<u>\$ 4,906,439</u>	<u>\$ 2,932,939</u>

CANTEY, TILLER, PIERCE & GREEN, LLP

Certified Public Accountants

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

RICHARD C. TILLER, CPA
JANET M. PIERCE, CPA
HENRY D. GREEN, III., CPA
LORI G. KORNEGAY
JOSHUA A. WILSON, CPA

LAUREN R. BAKER, CPA
HEATHER ROBERTS
RICHARD "CHIP" GALLOWAY, JR
TRENT BARTELL

MEMBERS OF
AMERICAN INSTITUTE OF CPA'S

SOUTH CAROLINA ASSOCIATION OF CPA'S

PHONE
(803) 432-1436
FAX
(803) 432-5055

WEBSITE: WWW.CTP-CPA.COM

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, each major fund, and the aggregate remaining fund information of City of Camden, South Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Camden, South Carolina's basic financial statements and have issued our report thereon dated January 24, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described below that we consider being significant deficiencies.

Findings and Responses

Financial Statement Preparation

Condition – Based on the experience level of the accounting staff at the City of Camden, South Carolina, we drafted the financial statement and note disclosures.

Criteria – The financial statements are the responsibility of the City.

Cause – The accounting staff of the accounting firm drafts the financial statements and note disclosures.

Effect – The accounting staff firm drafting the financial statements requires additional procedures to be completed by management to ensure that management takes responsibility for the financial statements.

Recommendation – Management is provided with a preliminary draft and asked that they review the financial statements to determine the completeness and accuracy of the financial information. Management has reviewed the financial statements and approved them. Subsequent to approval, a final report was issued.

Response – Management will review the financial statements to determine the completeness and accuracy of the financial information and then approve the report.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Camden, South Carolina's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Camden, South Carolina's Response to Findings

City of Camden, South Carolina's response to the findings identified in our audit is described above. City of Camden, South Carolina's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Other Matters

We noted certain other matters that were reported to management of the City of Camden, South Carolina in a separate letter dated January 24, 2024.

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 24, 2024