

CITY of CAMDEN  
Camden, South Carolina

FINANCIAL STATEMENTS and  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2015

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## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Camden  
Camden, South Carolina

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Camden, South Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Camden, South Carolina's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Camden, South Carolina, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and other required information noted in the table of contents on pages 3–8 and 42–46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Camden, South Carolina's basic financial statements. The combining and individual nonmajor fund financial statements and statement of fines and assessments are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2015, on our consideration of the City of Camden, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Camden, South Carolina's internal control over financial reporting and compliance.

*Cantey, Tiller, Pierce & Green, LLP*

Cantey, Tiller, Pierce & Green, LLP

Camden, South Carolina  
November 23, 2015

**CITY OF CAMDEN, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**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, 2015. **Please read this document in conjunction with the City's basic audited financial statements. References to relevant pages are included in the following narrative.**

**City Highlights**

The City of Camden is the county seat of Kershaw County, South Carolina. The current population, as stated in the 2010 census, is approximately 6,830. City population growth since the 2010 census is estimated to have increased by two (2) percent. The City is located approximately 30 miles east of Columbia, SC.

Business activity in 2013, 2014 and 2015 has continued to be flat in a recessed general economy, however, the City saw the opening of several new retail outlets and restaurants in 2015. The retail sales portion of this increase in private sector business has strengthened the effect of the local option sales tax. In 1997, the City adopted an ordinance establishing a 1% local sales tax. The ordinance requires all revenue generated from this local option sales tax be used as a credit to property tax. In the tax year 2015, the local option sales tax credit reduced the primary residential property tax by approximately 55%. In June of 2014, the City purchased property located at 1001 Broad Street. In 2014, the City removed the existing building and developed a downtown green space while continuing to market the property to developers. During 2015, the City completed the downtown green space which has been used as a venue for several downtown events. The City also refurbished the area known as Commerce Alley complete with new infrastructure, landscaping and paving.

In 2009, the City enacted a hospitality tax in order to enhance tourism, recreational and cultural activities. The tax will be applied to the sale of prepared food and beverage. Collections began on December 1, 2009 and planned projects to promote tourism related activity are paid for and funded primarily by the hospitality tax. The City, partnering with Kershaw County, hired a new tourism development director at the end of the 2014 fiscal year. This position aligns with the goals from Council's 2014/15 Strategic Plan to increase visitors to Camden as well as the recommendations from the Arnett Muldrow's Tourism, Marketing and Branding Plan finalized in January 2014. Along with Council's desire to focus on tourism, the tourism development director puts Camden in a positive light as a destination for the wide variety of resources the City and County have to offer.

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

2011	\$633,400,000
2012	\$633,400,000
2013	\$633,400,000
2014	\$637,072,000
2015	\$651,358,000

The proprietary fund comprises the electric system, water system and sewer system. The customer base has been very stable over the past few years. The number of customers for water (6000) and sewer (4000) are at levels similar to the 2014 numbers. The electric system has approximately 9300 customers.

On January 1, 2014, a new formula-based rate wholesale purchased power contract went into effect through the year 2020 with Duke Energy Progress. Although the contract is a formula-based rate contract, Duke Energy Progress agreed to provide the City of Camden with fixed capacity rates for the first three years of the contract term allowing Camden to have a limited time to adjust to the increased costs. The cost of purchased power for resale to the utility customers has increased by 37%. The retail rate charged to City customers since 2009 has increased by 28%. Electric projects during 2015 included the completion of underground electric utilities to the area of Market and Rutledge Streets, upgrades to our electric substations and the purchase of a new electric line truck.

During 2015, the City completed several water line and sewer line rehabilitation projects. This included the rehab of the Springdale sewer lift station, the purchase of a new dump truck and the beginning phase of the SC DOT Bypass Project.

A new permit for wastewater discharge was issued from the South Carolina Department of Health and Environmental Control to the City in 2010. The discharge permit required the construction of a new wastewater treatment plant. During 2010, a \$3,000,000 bond for engineering, infrastructure, site work and planning expense related to the wastewater system was issued. The construction portion of the wastewater treatment plant is completed and became operational in March 2014. The lagoon closure portion of the site work was completed in June 2015. The total estimated project cost for the construction and lagoon closure was \$36,500,000 with the final project cost coming in at \$1,700,000 below budget. Funds for the new plant were committed to the City of Camden from the South Carolina Revolving Fund. The South Carolina State Budget and Control Board manage the Clean Water funds. The loan is for a 20 year term at 2.25% interest. Combined utility usage fees have been increased in order to service the debt. The debt service for this loan began September 2014.

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

**Using This Annual Report**

This annual report comprises a series of financial statements pertaining to both the City as a whole (government-wide) and the major individual funds. Information concerning the City as a whole is found in the Statement of Net Position and the Statement of Activities on pages 9 and 10 of the audited financial statements. The major individual funds are the governmental fund and the proprietary fund.

The financial statements for governmental activities are pages 11 through 14 of the audited financial statements. These statements tell how services were financed in the short term as well as what is reserved for future spending.

The proprietary fund statements are pages 15 through 17 of the audited financial statements. The proprietary fund statements report the business like operations in more detail than the government-wide statements. A detail cash flow statement is provided about the City's proprietary fund, the most financially significant fund, on page 17.

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

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

Over time, increases or decreases in the City's net position 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 47, 48 and 49 allow a detailed review of budgetary compliance associated with current year sources and uses.

**Proprietary funds:** When the City charges customers for the services it provides, whether to outside customers or to customers within the City, these services are reported in a proprietary fund. Proprietary funds are consolidated in the City-wide Statement of Net Position and the Statement of Activities. In addition, the City's proprietary fund (business type fund) is reported in more detail with a cash flow statement on page 17 and a supplemental statement of revenues and expenses on page 52 of the audited financial statements. Page 52 presents a budget versus actual comparison for this fund.

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

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

The City's combined net position changed from a year ago, decreasing from \$61,944,774 at the end of fiscal year 2014 to \$53,114,836 at year-end 2015. This \$8,829,938 or 14.3% decline in net position is a result of the reporting requirement under GASB 68 as it pertains to our pension liability. Please see note 7 of the audited statements for further information. The following discussion and analysis illustrates the increase in the long term liability in the government fund and the proprietary fund.

#### **NET POSITION as of 6/30/15**

	Governmental Activities		Proprietary Fund Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 9,437,053	\$ 6,493,310	\$ 10,675,863	\$ 7,546,088	\$ 20,112,916	\$ 14,039,398
Receivables	518,411	790,156	2,739,707	2,371,353	3,258,118	3,161,509
Non-Current assets	655,504	506,708	1,663,913	2,735,711	2,319,417	3,242,419
Other assets	60,369	56,942	999,792	1,926,149	1,060,161	1,983,091
Capital assets	11,112,583	9,548,838	90,353,191	91,867,763	101,465,774	101,416,601
<b>Assets</b>	<b>21,783,920</b>	<b>17,395,954</b>	<b>106,432,466</b>	<b>106,447,064</b>	<b>128,216,386</b>	<b>123,843,018</b>
Deferred Outflow	735,515	65,537	1,431,514	1,249,184	2,167,029	1,314,721
<b>Total assets/outflow</b>	<b>\$ 22,519,435</b>	<b>\$ 17,461,491</b>	<b>\$ 107,863,980</b>	<b>\$ 107,696,248</b>	<b>\$ 130,383,415</b>	<b>\$ 125,157,739</b>
Current liabilities	\$ 1,118,354	\$ 1,060,781	\$ 6,992,027	\$ 7,950,281	\$ 8,110,381	\$ 9,011,062
Long term liabilities	13,657,183	2,470,089	52,118,912	49,308,819	65,776,095	51,778,908
<b>Liabilities</b>	<b>14,775,537</b>	<b>3,530,870</b>	<b>59,110,939</b>	<b>57,259,100</b>	<b>73,886,476</b>	<b>60,789,970</b>
Deferred Inflow	2,704,497	2,058,552	677,606	364,443	3,382,103	2,422,995
<b>Total liabilities/inflow</b>	<b>\$ 17,480,034</b>	<b>\$ 5,589,422</b>	<b>\$ 59,788,545</b>	<b>\$ 57,623,543</b>	<b>\$ 77,268,579</b>	<b>\$ 63,212,965</b>
<b>Net position:</b>						
Investment in capital assets	\$ 6,324,192	\$ 8,612,642	\$ 40,439,952	\$ 40,306,815	\$ 46,764,144	\$ 48,919,457
Restricted for debt service	272,302	-	1,013,581	990,707	1,285,883	990,707
Restricted for special purposes	77,552	88,762	-	-	77,552	88,762
Unrestricted	(1,634,645)	3,170,665	6,621,902	8,775,183	4,987,257	11,945,848
<b>Total net position</b>	<b>\$ 5,039,401</b>	<b>\$ 11,872,069</b>	<b>\$ 48,075,435</b>	<b>\$ 50,072,705</b>	<b>\$ 53,114,836</b>	<b>\$ 61,944,774</b>

## Governmental Fund Budgetary Highlights

The General Fund budget for the fiscal year 2015 was \$9,064,167. This was an increase of \$403,767 from the previous year. During the year, certain variances developed as follows: Property tax collections were \$117,143 less than budgeted. Business licenses fees were \$53,859 more than budgeted. Franchise fees were \$27,312 more than budget. Grants in the amount of \$188,965 were received from Federal, State and local agencies. The total expenditures, including all account variances, were \$95,547 more than the cash-operating budget which includes the purchase of Five (5) Police Units and Two (2) Pickups. The expense overage was partially offset by a total revenue gain of \$154,946. Revenue gains include grant money to cover expenditures and other small variances from budget.

## Discussion of Changes in Governmental Fund Net Position

The net position of the City governmental fund decreased by 57.5% to a balance of \$5,039,401 in 2015 from \$11,872,069. The \$6,832,668 decrease is the result of the following:

A \$6,832,668 decrease in the fund balance. The fund balance decrease of \$7,245,914 is a result of the reporting requirements of GASB 68 that were implemented for fiscal year 2015. This requirement can be analyzed in greater detail upon review of the Note 7 beginning on page 34 and the Statements of Revenues, Expenditures and Changes in Fund Balance on page 13, 14, 38 and 39 of the audited financial statements.

The City's capital outlay in 2015 was \$2,160,991 and recorded \$581,413 as depreciation expense and \$15,833 in disposals. The difference is an increase to net position in the amount of \$1,563,745. The primary additions to capital assets were the completion of Commerce Ally in the amount of \$616,356, vehicle and equipment purchases in the amount of \$180,000, the purchase of a Recycle Trailer in the amount of \$11,272, the purchase of the building known as the Clock Tower in the amount of \$201,119, the improvements to Kendall Park in the amount of \$185,318 and the purchase of the Ross Beard Collection in the amount of \$700,000.

The purchase of Four (4) Police Units and One (1) Pickup in the amount of \$180,000 increased the City's debt by \$180,000, and the issue of a Hospitality Bond in the amount of \$3,473,000 and the Bond for the Gun Collection for \$700,000 resulted in a net increase in debt of \$3,852,195.

The net amount in compensated absences increased by \$4,329 from \$173,192 to \$177,521. This change decreased net position by \$4,329. Also, the increase in OPEB liability reduced the net position in the amount of \$290,581 as well as the current year increase of GASB 68 of \$35,684.

### Summary:

	Contribution to Net Position	
	2015	2014
Fund Balance Improvement	\$ 3,031,990	\$ (323,091)
Net Capital Asset Investment	1,563,745	543,290
Net Increase in Debt	(3,852,195)	36,899
OPEB Obligations (GASB 45)	(290,581)	(293,761)
GASB 68 Implementation	(35,384)	-
Decrease/ (Increase) in Compensated Absences	(4,329)	(7,159)
Net Change	<u>\$ 413,246</u>	<u>\$ (43,822)</u>

## Discussion of Changes in Proprietary Fund Net Position

The net position of the City proprietary fund decreased by 4%, from \$50,072,705 in 2014 to \$48,075,435 in 2015. The total of \$3,955,969 decrease is a result of GASB 68 reporting requirements and is illustrated in more detail in Note 7 on page 34 of the audited financial statements.

A \$4,790,016 contribution to operating income was recorded by the electric division. This gain was \$1,475,584 more than the business plan had anticipated. Electric revenues were more than budget by \$483,947. Operating costs of the electric division were \$991,637 less than budgeted. The capital expenditures in the amount of \$1,336,520 and depreciation in the amount of \$1,142,746 resulted in a net asset gain of \$193,774. Purchased power was \$97,597 less than budget and other operating and maintenance costs were \$797,863 less than the budgeted amount.

A \$1,448,705 contribution to operating income was recorded by the water division. This was \$518,680 more than budgeted. The water division revenues were less than budget by \$72,186. Capital expenditures in the amount of \$1,884,435 and depreciation in the amount of \$824,674 resulted in a net decrease of direct cost in the amount of \$590,866.

A (\$587,848) contribution to operating income was recorded by the sewer division. This was \$1,576,462 less than budgeted. Sewer division revenue exceeded budget by \$57,241. Capital expenditures in the amount of \$1,283,919 and depreciation in the amount of \$1,837,670 resulted in a net increase of direct cost in the amount of \$1,633,703. Depreciation expense includes a full year of depreciation on the new wastewater plant.

Other operating income totaled \$598,611. This was \$56,611 greater than the budgeted plan. The primary reason for higher other operating income was due to the collection of utility nonpayment penalties, insurance reimbursements, use of labor and equipment and septic haulers. The penalties totaled \$41,919 more than budget, and miscellaneous income was \$16,187 more than budget.



The combined non-operating revenue and expense effect was a net \$1,666,174 reduction to income. The largest impacts on non-operating expenses were the \$1,288,227 interest expense from debt service and the loss on disposal of the old wastewater plant in the amount of \$985,139. The interest expense was reduced by the combined effect of \$8,581 interest income earned on investments and \$598,611 other revenue.

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

**Summary:**

Division	Contribution to Net Position	
	2015	2014
Electric Department	\$ 4,790,016	\$ 2,629,612
Water Department	1,488,705	1,408,057
Sewer Department	(587,848)	769,870
Other Operating Income	607,192	576,823
Non-operating Rev. (Exp.)	(2,273,366)	(914,401)
Transfers In	-	555,678
Transfers Out	(2,066,000)	(2,066,000)
Net Change	<u>\$ 1,958,699</u>	<u>\$ 2,959,639</u>

**City-wide Summary:**

	2015	2014
Governmental Fund	\$ 413,246	\$ (43,822)
Proprietary Fund	\$ 1,958,699	\$ 2,959,638
Total City of Camden	\$ 2,371,945	\$ 2,915,816

**Summary of Revenues and Expenses  
Changes in Net Position as of 06/30/15**

	Governmental Activity		Proprietary Activity		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Taxes	\$ 4,153,040	\$ 3,823,683	\$ -	\$ -	\$ 4,153,040	\$ 3,823,683
Licenses and Permits	1,914,771	1,769,698	-	-	1,914,771	1,769,698
Intergovernmental	1,075,367	1,159,404	-	-	1,075,367	1,159,404
Charge for Services	1,639,350	1,560,537	-	-	1,639,350	1,560,537
Fines	272,570	252,028	-	-	272,570	252,028
Miscellaneous	222,846	200,197	-	-	222,846	200,197
Electric Revenue	-	-	22,493,739	20,342,895	22,493,739	20,342,895
Water Revenue	-	-	4,197,814	4,060,391	4,197,814	4,060,391
Sewer Revenue	-	-	2,533,741	2,458,961	2,533,741	2,458,961
Other Operating	-	-	598,611	570,822	598,611	570,822
Interest Income	-	-	8,581	6,001	8,581	6,001
<b>Total Revenue</b>	<b>9,277,944</b>	<b>8,765,547</b>	<b>29,832,486</b>	<b>27,439,070</b>	<b>39,110,430</b>	<b>36,204,617</b>
<b>Expenses:</b>						
General Government	2,092,838	2,034,437	-	-	2,092,838	2,034,437
Public Safety	4,390,635	4,259,640	-	-	4,390,635	4,259,640
Highways and Streets	1,448,998	1,589,779	-	-	1,448,998	1,589,779
Sanitation	1,066,093	1,216,215	-	-	1,066,093	1,216,215
Culture and Recreation	2,611,908	760,021	-	-	2,611,908	760,021
Non-Departmental	1,054,482	1,038,868	-	-	1,054,482	1,038,868
Electric Cost	-	-	17,703,723	17,713,284	17,703,723	17,713,284
Water Cost	-	-	2,709,109	2,652,334	2,709,109	2,652,334
Sewer Cost	-	-	3,121,589	1,689,091	3,121,589	1,689,091
Loss on Disposal of Assets	-	-	985,139	-	985,139	-
Interest Expense	-	-	1,288,227	914,401	1,288,227	914,401
<b>Total Expense</b>	<b>12,664,954</b>	<b>10,898,960</b>	<b>25,807,787</b>	<b>22,969,110</b>	<b>38,472,741</b>	<b>33,868,070</b>
Income before Transfers	(3,387,010)	(2,133,413)	4,024,699	4,469,960	637,689	2,336,547
Transfers In/ (Out)	2,066,000	1,510,322	(2,066,000)	(1,510,322)	-	-
Fund Bal Changes pg 14	(2,618,744)	279,269	-	-	(2,618,744)	279,269
Capital Financing	4,353,000	300,000	-	-	4,353,000	300,000
Change in Net Position	413,246	(43,822)	1,958,699	2,959,638	2,371,945	2,915,816
Beginning Net Position	11,872,069	11,915,891	50,072,705	47,369,525	61,944,774	59,285,416
Prior Period Adjustment	(7,245,914)	-	(3,955,969)	(256,458)	(11,201,883)	(256,458)
Ending Net Position	<u>\$ 5,039,401</u>	<u>\$ 11,872,069</u>	<u>\$ 48,075,435</u>	<u>\$ 50,072,705</u>	<u>\$ 53,114,836</u>	<u>\$ 61,944,774</u>

### Restricted Assets and Other Reserves

As a result of providing utility service to approximately 10,000 customers, the City maintains a reserve to cover un-collectable debt. The reserve fund for bad debts was \$448,198 as of June 30, 2015. Additionally, the utility fund customer deposits are maintained as a restricted reserve. This amount was \$646,635 as of June 30, 2015. 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, 2015, the road paving reserve balance was \$40,215. City Council also restricted funds for capital projects. The capital projects fund balance was \$213,557 as of June 30, 2015. The City sold a watershed property during the year 2001. The principal balance amount of the sale, \$925,500, could not be spent without an authorizing resolution. In March 2011, City Council approved the reduction of the watershed account by the amount of \$375,000 to be used for the purchase of property from the Kershaw County School District. In May 2011, City Council approved the sale of a portion of the property purchased in the amount of \$113,631 and resolved that the sale proceeds be placed into the watershed restricted account. This purchase and sale of property resulted in a net balance of \$664,131 in the restricted watershed property account. In March 2011, City Council approved the reduction of the watershed account amount by \$363,967 to be used for the purchase of property on Campbell Street. In June of 2014, City Council approved the reduction of the watershed account amount by \$212,000 to be used to purchase property located at the corner of Broad St. and Rutledge (Maxway Property). The purchase of this property along with the improvement expenses resulted in a balance of \$3,560 in the restricted watershed property account at June 2015.

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 \$3,670,038 as of June 30, 2015. This balance is a result of the H-Tax bond issue in the amount of \$3,473,000 with the balance of this bond amount being \$3,344,607 at June 30, 2015. 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 \$383,202 as of June 30, 2015.

### Capital Assets

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

As of 06/30/15

(Net of Depreciation)

	Governmental Activity		Proprietary Activity		Total	
	2015	2014	2015	2014	2015	2014
Land and Improvements	\$ 2,311,298	\$ 1,386,638	\$ 372,986	\$ 197,386	\$ 2,684,284	\$ 1,584,024
Buildings and Improvements	3,341,972	3,277,375	117,987	74,723	3,459,959	3,352,098
Equipment	245,348	337,390	-	-	245,348	337,390
Streets, Sidewalks, Etc.	4,421,207	3,905,971	-	-	4,421,207	3,905,971
Automotive Equipment	620,145	641,464	397,689	451,033	1,017,834	1,092,497
Electric System	-	-	21,567,904	21,321,440	21,567,904	21,321,440
Water System	-	-	16,527,358	17,064,300	16,527,358	17,064,300
Sewer System	-	-	13,034,622	13,397,007	13,034,622	13,397,007
Electric Instruments	-	-	351,680	387,969	351,680	387,969
Water Instruments	-	-	99,549	123,248	99,549	123,248
Sewer Instruments	-	-	12,840	19,258	12,840	19,258
Office Machines	-	-	37,573	43,895	37,573	43,895
Wastewater Treatment Plant	-	-	37,563,537	2,060,664	37,563,537	2,060,664
Total	10,939,970	9,548,838	90,083,725	55,140,923	101,023,695	64,689,761
Construction in Progress	172,613	-	269,466	36,726,840	442,079	36,726,840
Total	<u>\$ 11,112,583</u>	<u>\$ 9,548,838</u>	<u>\$ 90,353,191</u>	<u>\$ 91,867,763</u>	<u>\$ 101,465,774</u>	<u>\$ 101,416,601</u>

Please refer to page 27 Note 3 of the following audited financial statements for a review of capital asset transactions.

### Operating Cash

The City maintains one consolidated checking account for the combined governmental fund and proprietary fund. The City's general ledger accounting system separates all transactions and applies cash transactions to the appropriate individual fund. The general fund cash balance was \$1,082,104 as of June 30, 2015. Other general fund liquid investments totaled \$4,929,585 at year-end. As of June 30, 2015, the general fund unrestricted operating cash amount was \$3,236,186. The excess unrestricted cash excludes the deferred revenue already received for the upcoming fiscal year. Based on cash needs for the fiscal year 2015/2016 this balance will support the City for 128 days. The proprietary fund operating cash balance was \$10,675,863 or 127 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 no increase in City wide net assets for the current year activities we continue to reflect a strong financial position net of debt for future capital expenditures and street paving. Restricted funds totaling \$1,013,581 are funds reserved in lieu of debt in order to provide services. City staff and Council face the needs of a community with very old infrastructure and very high service expectations.

**Governmental Fund Debt**

The total debt of the City is relatively low in proportion to the taxable property in relation to other South Carolina municipalities. The governmental fund has no outstanding general obligation bond debt. No general obligation bonds are planned at this time for the fund. At June 30, 2015, the governmental fund had a \$715,391 balance of capital lease debt. A lease balance of \$193,265 is obligated for 1 remaining years to purchase a fire truck. A lease balance of \$301,376 is obligated for 6 more years for the purchase of an additional fire truck. A lease balance of \$100,609 is obligated for 1 more year for the purchase of police units and a sanitation truck and a lease balance of \$120,141 is obligated for 2 more years for the purchase of police units and a street truck. The balance of governmental capital lease debt consists of fixed installment payments within three-year or five-year terms. The annual amount of principal to be paid for all general fund debt is \$302,612 for fiscal year 2015.

**Proprietary Fund Long Term Debt**

The proprietary fund currently has a balance, as of June 30, 2015, of \$50,735,983 committed to long term debt. This debt is comprised of six issues of combined public utility revenue bonds. The largest bond issue during 1997 was used to build a 6.0 MGD state of the art water treatment plant near Lake Wateree. The 1997 bond was refunded with a 2004 issue. A series 2002 revenue bond was issued for major repairs to the electric system, water lines and sewer system in the amount of \$4,200,000. A bond issue for \$6,000,000 was issued during fiscal year 2004. In November 2007, a revenue bond for continued infrastructure repairs was issued in the amount of \$1,273,000. A revenue bond 2011A, in the amount of \$475,000 was issued to refund a portion of the 1997 Bond during the 2011 fiscal year. A portion of the Series 2004 Bond was advance refunded through the issuance of the Series 2014A Bond. The advance refunding extinguished \$3,695,000 of the 2004 Bond.

The debt amount for the construction of a new wastewater treatment plant \$32,845,874. A revenue bond was issued during fiscal year 2010 in the amount of \$3,000,000 for engineering, planning, design and infrastructure related to the new wastewater treatment plant. The debt will be serviced as needed by rate increases for combined utility services with the payment scheduled to begin September 2015. The amount needed to service the combined utility system debt annually for the next five years is approximately \$4,500,000. While the debt coverage ratio for the proprietary fund has been steady for the past four years (see the following chart) we expect this to decrease with the addition of the wastewater treatment plant 2015/2016.

**Long Term Debt Service Coverage  
Proprietary Fund**

	2012	2013	2014	2015
Net Income	\$ 5,572,698	\$ 5,815,723	\$ 4,469,961	\$ 4,024,699
Depreciation	2,337,621	2,500,812	2,553,690	3,805,090
Loss on Disposal of Capital Assets	-	-	-	985,139
Interest Expense on Bonds	978,852	850,353	914,401	1,288,227
Net Available for Debt From Operations	8,889,171	9,166,888	7,938,052	10,103,155
Transfers	(2,066,000)	(2,066,000)	(1,510,322)	(2,066,000)
Net Available After Transfers	<u>\$ 6,823,171</u>	<u>\$ 7,100,888</u>	<u>\$ 6,427,730</u>	<u>\$ 8,037,155</u>
Total Debt Service Requirement	<u>\$ 2,783,179</u>	<u>\$ 2,941,958</u>	<u>\$ 4,536,964</u>	<u>\$ 4,298,234</u>
Coverage Ratio	2.45	2.41	1.42	1.87

**Summary of Outstanding Debt**

	Governmental Activity		Proprietary Activity		Total City	
	2015	2014	2015	2014	2015	2014
Bond Obligations	\$ 4,073,000	\$ -	\$ 50,735,983	\$ 52,527,264	\$ 54,808,983	\$ 52,527,264
Short Term Obligations	715,391	936,196	-	-	715,391	936,196
Total	<u>\$ 4,788,391</u>	<u>\$ 936,196</u>	<u>\$ 50,735,983</u>	<u>\$ 52,527,264</u>	<u>\$ 55,524,374</u>	<u>\$ 53,465,474</u>

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

**Financial Contact**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you need additional financial information, contact the Director of Finance, City of Camden, 1000 Lyttleton Street, P.O. Box 7002, Camden, South Carolina 29021.

CITY of CAMDEN, SOUTH CAROLINA

STATEMENT of NET POSITION  
June 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activites	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 4,890,670	\$ 7,312,545	\$ 12,203,215
Certificates of Deposit	1,349,568	641,768	1,991,336
Investments	3,196,815	2,721,550	5,918,365
Receivable:			
Accounts Receivable, Net	-	2,596,671	2,596,671
Taxes, Net	262,525	-	262,525
Miscellaneous	255,886	143,036	398,922
Inventory	60,369	999,792	1,060,161
Restricted Assets:			
Cash	383,202	-	383,202
Certificates of Deposit	-	650,332	650,332
Investments	272,302	1,013,581	1,285,883
Capital Assets:			
Land, Historical Collections and Construction in Progress	2,483,911	642,452	3,126,363
Other Capital Assets, Net of Accumulated Depreciation	8,628,672	89,710,739	98,339,411
Total Capital Assets, Net of Depreciation	<u>11,112,583</u>	<u>90,353,191</u>	<u>101,465,774</u>
Total Assets	<u>21,783,920</u>	<u>106,432,466</u>	<u>128,216,386</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred Pension Outflow	735,515	352,217	1,087,732
Deferred Charges	-	1,079,297	1,079,297
Total Deferred Outflow of Resources	<u>735,515</u>	<u>1,431,514</u>	<u>2,167,029</u>
<b>LIABILITIES</b>			
Accounts Payable	250,629	2,848,618	3,099,247
Accrued Liabilities	277,113	90,518	367,631
Notes and Lease Obligations Payable, Current	302,612	-	302,612
Bonds Payable, Current	288,000	3,199,419	3,487,419
Liabilities Payable from Restricted Assets			
Customer Deposits	-	646,635	646,635
Accrued Interest Payable	-	206,837	206,837
Compensated Absences, Non-Current	177,521	82,915	260,436
OPEB Obligation	1,992,235	486,152	2,478,387
Net Pension Liability	7,289,648	4,013,281	11,302,929
Notes and Lease Obligations Payable, Non-Current	412,779	-	412,779
Bonds Payable, Non-Current	3,785,000	47,536,564	51,321,564
Total Liabilities	<u>14,775,537</u>	<u>59,110,939</u>	<u>73,886,476</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred Revenue	1,977,332	82,717	2,060,049
Deferred Pension Inflow	727,165	338,336	1,065,501
Deferred Gain on Bond Refunding	-	256,553	256,553
Total Deferred Inflow of Resources	<u>2,704,497</u>	<u>677,606</u>	<u>3,382,103</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	6,324,192	40,439,952	46,764,144
Restricted for:			
Law Enforcement	21,878	-	21,878
Special Purposes	55,674	-	55,674
Debt Service	272,302	1,013,581	1,285,883
Unrestricted	(1,634,645)	6,621,902	4,987,257
Total Net Position	<u>\$ 5,039,401</u>	<u>\$ 48,075,435</u>	<u>\$ 53,114,836</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, 2015

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
General Government	\$ 3,240,547	\$ 1,663,159	\$ -	\$ -	\$ (1,577,388)	\$ -	\$ (1,577,388)
Public Safety							
Police	2,586,122	441,298	36,159	31,448	(2,077,217)	-	(2,077,217)
Fire	1,723,035	531,316	177,245	-	(1,014,474)	-	(1,014,474)
Highways and Streets	904,322	-	143,140	-	(761,182)	-	(761,182)
Sanitation	1,091,469	1,108,034	6,000	-	22,565	-	22,565
Culture and Recreation	1,361,566	5,276	297,407	-	(1,058,883)	-	(1,058,883)
Interest on Long-Term Debt	23,636	-	-	-	(23,636)	-	(23,636)
Total Governmental Activities	<u>10,930,697</u>	<u>3,749,083</u>	<u>659,951</u>	<u>31,448</u>	<u>(6,490,215)</u>	<u>-</u>	<u>(6,490,215)</u>
Business-Type Activities:							
Electric Charges	17,703,723	22,957,578	-	-	-	5,253,855	5,253,855
Water Charges	2,878,781	4,197,814	-	-	-	1,319,033	1,319,033
Sewer Charges	5,225,283	2,591,391	-	-	-	(2,633,892)	(2,633,892)
Total Business-Type Activities	<u>25,807,787</u>	<u>29,746,783</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,938,996</u>	<u>3,938,996</u>
Total Primary Government	<u>\$ 36,738,484</u>	<u>\$ 33,495,866</u>	<u>\$ 659,951</u>	<u>\$ 31,448</u>	<u>(6,490,215)</u>	<u>3,938,996</u>	<u>(2,551,219)</u>
					<u>Primary Government</u>		
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					3,325,985	-	3,325,985
Franchise Taxes					251,612	-	251,612
Public Service Taxes					1,042,295	-	1,042,295
Unrestricted Investment Earnings					10,823	8,581	19,404
Transfers - Internal Activities					2,066,000	(2,066,000)	-
Miscellaneous					206,746	77,122	283,868
Total General Revenues, Special Items and Transfers					<u>6,903,461</u>	<u>(1,980,297)</u>	<u>4,923,164</u>
Change in Net Position					413,246	1,958,699	2,371,945
Net Position, Beginning of Year					<u>11,872,069</u>	<u>50,072,705</u>	<u>61,944,774</u>
Prior Period Adjustment, See Note 14					<u>(7,245,914)</u>	<u>(3,955,969)</u>	<u>(11,201,883)</u>
Net Position, End of Year					<u>\$ 5,039,401</u>	<u>\$ 48,075,435</u>	<u>\$ 53,114,836</u>

The Accompanying Notes are an Integral Part of These Financial Statements

CITY of CAMDEN, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2015

	General	Special Revenue	Capital Project Funds	Total Governmental Funds
<b>ASSETS</b>				
Assets				
Cash	\$ 1,082,104	\$ 3,498,689	\$ 309,877	\$ 4,890,670
Restricted Cash	383,202	-	-	383,202
Certificates of Deposit	1,349,568	-	-	1,349,568
Investments	3,196,815	-	-	3,196,815
Restricted Investments	-	272,302	-	272,302
Receivables (Net)				
Taxes	227,196	35,329	-	262,525
Miscellaneous	255,886	-	-	255,886
Inventory	60,369	-	-	60,369
Total Assets	<u>\$ 6,555,140</u>	<u>\$ 3,806,320</u>	<u>\$ 309,877</u>	<u>\$ 10,671,337</u>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES and FUND BALANCE</b>				
Liabilities				
Accounts Payable	\$ 164,933	\$ 33,044	\$ 52,652	\$ 250,629
Accrued Liabilities	274,011	3,102	-	277,113
Total Liabilities	<u>438,944</u>	<u>36,146</u>	<u>52,652</u>	<u>527,742</u>
Deferred Inflow of Resources				
Deferred Revenue	1,953,357	20,522	3,453	1,977,332
Total Deferred Inflow of Resources	<u>1,953,357</u>	<u>20,522</u>	<u>3,453</u>	<u>1,977,332</u>
<b>FUND BALANCE</b>				
Fund Balance				
Nonspendable	60,369	-	-	60,369
Restricted	-	349,854	-	349,854
Committed	3,560	53,129	253,772	310,461
Assigned	-	3,346,669	-	3,346,669
Unassigned	4,098,910	-	-	4,098,910
Total Fund Balance	<u>4,162,839</u>	<u>3,749,652</u>	<u>253,772</u>	<u>8,166,263</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balance	<u>\$ 6,555,140</u>	<u>\$ 3,806,320</u>	<u>\$ 309,877</u>	<u>\$ 10,671,337</u>

The Accompanying Notes are an Integral Part of These Financial Statements

CITY of CAMDEN, SOUTH CAROLINA

RECONCILIATION of the GOVERNMENTAL FUNDS BALANCE SHEET  
to the STATEMENT of NET POSITION  
June 30, 2015

Total Fund Balance for Governmental Funds		\$ 8,166,263
Total Net Position reported for governmental activities in the statement of net position is different because:		
Capital assets of \$25,287,693 net of accumulated depreciation of \$14,175,110 are not financial resources and, therefore, are not reported in the funds. (See Note 3 for additional detail).		11,112,583
OPEB Obligation (See Note 6 for additional detail).		(1,992,235)
Deferred outflows and inflows related to the pension liability are applicable to future periods and therefore are not reported in the governmental funds:		
Deferred outflows-pension		735,515
Deferred inflows-pension		(727,165)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Compensated Absences	\$ (177,521)	
Net Pension Liability	(7,289,648)	
Governmental Leases and Bonds Payable	<u>(4,788,391)</u>	<u>(12,255,560)</u>
Total Net Position of Governmental Activities		<u>\$ 5,039,401</u>

CITY of CAMDEN, SOUTH CAROLINA

STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCE  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2015

	General	Special Revenue	Capital Project Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 2,414,857	\$ 892,616	\$ 845,567	\$ 4,153,040
Licenses and Permits	1,914,771	-	-	1,914,771
Intergovernmental Revenues	738,910	336,457	-	1,075,367
Charges for Services	1,639,350	-	-	1,639,350
Fines and Forfeits	252,333	20,237	-	272,570
Miscellaneous Revenues	192,892	29,954	-	222,846
Total Revenues	<u>7,153,113</u>	<u>1,279,264</u>	<u>845,567</u>	<u>9,277,944</u>
<b>EXPENDITURES</b>				
Current:				
General Government	2,092,838	-	-	2,092,838
Public Safety	4,368,675	21,960	-	4,390,635
Highways and Streets	832,641	-	616,357	1,448,998
Sanitation	1,066,093	-	-	1,066,093
Culture and Recreation	249,611	2,362,297	-	2,611,908
Non-Departmental	549,856	77,413	427,213	1,054,482
Total Expenditures	<u>9,159,714</u>	<u>2,461,670</u>	<u>1,043,570</u>	<u>12,664,954</u>
EXCESS (DEFICIENCY) of REVENUES OVER (UNDER) EXPENDITURES	<u>(2,006,601)</u>	<u>(1,182,406)</u>	<u>(198,003)</u>	<u>(3,387,010)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	2,209,253	-	-	2,209,253
Capital Financing	36,747	4,173,000	143,253	4,353,000
Transfer Out	-	-	(143,253)	(143,253)
Total Other Financing Sources (Uses)	<u>2,246,000</u>	<u>4,173,000</u>	<u>-</u>	<u>6,419,000</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	239,399	2,990,594	(198,003)	3,031,990
FUND BALANCE, Beginning of Year	<u>3,923,440</u>	<u>759,058</u>	<u>451,775</u>	<u>5,134,273</u>
FUND BALANCE, End of Year	<u>\$ 4,162,839</u>	<u>\$ 3,749,652</u>	<u>\$ 253,772</u>	<u>\$ 8,166,263</u>

The Accompanying Notes are an Integral Part of These Financial Statements



CITY of CAMDEN, SOUTH CAROLINA

RECONCILIATION of the GOVERNMENTAL FUNDS STATEMENT of REVENUES,  
EXPENDITURES, and CHANGES in FUND BALANCES to the STATEMENT of ACTIVITIES  
For the Year Ended June 30, 2015

Net Changes in Fund Balances - Total Governmental Funds	\$ 3,031,990
The change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay of \$2,160,991 exceeded depreciation of \$581,413 in the current period. This also includes the loss on assets disposed of totaling \$15,833.	1,563,745
The proceeds of debt issuances provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which debt proceeds of \$4,353,000 exceeded repayments of \$500,805. Also see Note 5 for additional detail.	(3,852,195)
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. This includes the net increase in compensated absences.	(4,329)
This also includes a portion of the net pension liability expenses.	(35,384)
This also includes the net increase in OPEB Obligation.	<u>(290,581)</u>
Changes in Net Position of Governmental Activities	<u>\$ 413,246</u>

CITY of CAMDEN, SOUTH CAROLINA

STATEMENT of NET POSITION - PROPRIETARY FUND  
June 30, 2015

ASSETS	
CURRENT ASSETS	
Cash	\$ 7,312,545
Certificates of Deposit	641,768
Investments	2,721,550
Water and Lights Accounts Receivable, Net	2,596,671
Miscellaneous Receivables	143,036
Inventories	999,792
Total Current Assets	<u>14,415,362</u>
NON-CURRENT ASSETS	
RESTRICTED ASSETS	
Certificates of Deposit - Customer Deposits	650,332
Investments - Reserve Bond Investment	1,013,581
Total Restricted Assets	<u>1,663,913</u>
CAPITAL ASSETS	
Construction in Process	269,466
Buildings and Land	721,932
Furniture, Fixtures and Equipment	2,904,219
Electric System	39,367,943
Water System	28,844,000
Sewer and Wastewater System	58,869,006
Sub-Total	<u>130,976,566</u>
Less Accumulated Depreciation	<u>(40,623,375)</u>
Total Capital Assets	<u>90,353,191</u>
Total Non-Current Assets	<u>92,017,104</u>
Total Assets	<u>106,432,466</u>
DEFERRED OUTFLOW OF RESOURCES	
Deferred Pension Outflow	352,217
Deferred Charges	1,079,297
Total Deferred Outflow of Resources	<u>1,431,514</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	2,848,618
Other Current Liabilities	90,518
Bonds Payable, Current	3,199,419
Total Current Liabilities	<u>6,138,555</u>
NON-CURRENT LIABILITIES	
Accrued Vacation Pay	82,915
OPEB Obligation	486,152
Net Pension Liability	4,013,281
Payable from Restricted Assets	
Customer Deposits	646,635
Accrued Interest Payable	206,837
Bonds Payable, Non-Current	47,536,564
Total Non-Current Liabilities	<u>52,972,384</u>
Total Liabilities	<u>59,110,939</u>
DEFERRED INFLOW OF RESOURCES	
Deferred Revenue	82,717
Deferred Pension Inflow	338,336
Deferred Gain on Bond Refunding	256,553
Total Deferred Inflow of Resources	<u>677,606</u>
NET POSITION	
Net Investment in Capital Assets	40,439,952
Restricted for Debt Service	1,013,581
Unrestricted	6,621,902
Total Net Position	<u>\$ 48,075,435</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, 2015

OPERATING REVENUES	
Charges for Services:	
Electric Charges	\$ 22,493,739
Water Charges	4,197,814
Sewer Charges	<u>2,533,741</u>
Total Operating Revenues	<u>29,225,294</u>
OPERATING EXPENSES	
Personnel Services	3,037,725
Maintenance, Operations, and Contractual Services	16,091,814
Materials and Supplies	456,220
Depreciation & Amortization	<u>3,948,662</u>
Total Operating Expenses	<u>23,534,421</u>
Operating Income	<u>5,690,873</u>
NON-OPERATING REVENUE (EXPENSE)	
Interest Income	8,581
Interest Expense	(1,288,227)
Loss on Disposal of Capital Assets	(985,139)
Other Revenue (Expense)	<u>598,611</u>
Total Non-Operating Revenue (Expense)	<u>(1,666,174)</u>
Income (Loss) before Contributions and Transfers	4,024,699
OPERATING TRANSFERS and CONTRIBUTIONS	
Transfers to Other Funds	<u>(2,066,000)</u>
Change in Net Position	1,958,699
NET POSITION, Beginning of Year	<u>50,072,705</u>
Prior Period Adjustment, See Note 14	<u>(3,955,969)</u>
NET POSITION, End of Year	<u>\$ 48,075,435</u>

CITY of CAMDEN, SOUTH CAROLINA

STATEMENT of CASH FLOWS - PROPRIETARY FUND  
For the Year Ended June 30, 2015

CASH FLOWS from OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 29,684,753
Cash Payments to Suppliers for Goods and Services	(16,667,592)
Cash Payments to Employees for Services	(3,145,211)
Net Cash Provided by Operating Activities	<u>9,871,950</u>
CASH FLOWS from NON-CAPITAL FINANCING ACTIVITIES:	
Other Non-Operating Revenue	598,611
Reclassification of Restricted Cash	(31,074)
Operating Transfers Out	(2,066,000)
Net Cash Used in Non-Capital Financing Activities	<u>(1,498,463)</u>
CASH FLOWS from CAPITAL and RELATED FINANCING ACTIVITIES:	
Purchase of Assets	(3,275,657)
Proceeds from Debt Issued	4,055,394
Principal Paid on Revenue Bond Maturities	(5,846,675)
Interest Paid on Debt Service	(1,288,227)
Net Cash Used in Capital and Related Financing Activities	<u>(6,355,165)</u>
CASH FLOWS from INVESTING ACTIVITIES:	
Interest and Dividends on Investments	8,581
Net Cash Provided by Investing Activities	<u>8,581</u>
Net Increase in Cash and Cash Equivalents	2,026,903
Cash and Cash Equivalents at Beginning of Year	5,285,642
Cash and Cash Equivalents at End of Year	<u>\$ 7,312,545</u>
RECONCILIATION of OPERATING INCOME to NET CASH PROVIDED by OPERATING ACTIVITIES:	
Operating Income	\$ 5,690,873
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Amortization	143,572
Depreciation	3,805,090
Bad Debt Expense	126,456
Changes in Assets and Liabilities:	
Accounts Receivable	(351,774)
Miscellaneous Accounts Receivable	793,477
Inventory	(10,156)
Deferred Pension Outflow	(352,217)
Accounts Payable	(404,673)
Interest Payable	(47,299)
Other Liabilities	121,367
Customer Deposits	17,756
Deferred Inflows	339,478
Net Cash Provided by Operating Activities	<u>\$ 9,871,950</u>

CITY of CAMDEN, SOUTH CAROLINA

NOTES to FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 SUMMARY of SIGNIFICANT ACCOUNTING POLICIES

The City of Camden, South Carolina (the "City") operates under the council-city manager form of government and provides the following services: public safety (police, fire and code enforcement), utilities (water, sewer and electric), sanitation, maintenance, culture-recreation, public improvements and general administrative services.

The City's financial statements were prepared in accordance with accounting principles generally accepted in the United States of America for governmental entities (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Principles Determining Scope of Reporting Entity

The financial statements of the City consist only of the funds of the City. The City has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board.

B. Basic Financial Statements - Government-Wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's public safety, sanitation, maintenance, culture-recreation, public improvements and general administrative services are classified as governmental activities. The City's utility services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts—net investment in capital assets, restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales taxes, intergovernmental revenues, interest income, etc.).

The City does not allocate indirect costs.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

NOTE 1 SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basic Financial Statements - Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the City:

1. Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City.

- a. General fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.
- c. Capital project funds are used to account for the construction, rehabilitation, and acquisition of capital assets, such as buildings, equipment, and roads.

2. Proprietary Funds

The focus of the proprietary funds' measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

- a. Proprietary funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

D. Basis of Accounting

The government-wide statement reports using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

## NOTE 1 SUMMARY of SIGNIFICANT ACCOUNTING POLICIES

### D. Basis of Accounting (Continued)

Major revenue sources susceptible to accrual include: sales and use taxes, motel taxes, property taxes, franchise taxes (fees), intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements include revenues and expenses related to the primary, continuing operations of the fund. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

### E. Budgets and Budgetary Accounting

The annual budget for the General Fund, Local Tax Fund and Capital Project Fund is prepared in accordance with the basis of accounting utilized by that fund. The budget for the Proprietary Fund is adopted under a basis consistent with GAAP, except that depreciation, certain capital expenses, nonoperating income and certain nonoperating expense items are not considered.

The City follows these procedures in establishing budgetary data reflected in the financial statements:

1. The City Manager submits a proposed operating budget for the fiscal year to the City Council. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to July 1, the budget is legally enacted through passage of an ordinance.
3. The City Manager is authorized to transfer budgeted amounts within and between departments as necessary to achieve the goals of the budget. Any revisions that alter the total expenditures of any fund must be approved by the City Council.
4. Budgeted amounts reflected in the accompanying financial statements are as amended by Council.

### E.(i) Budget - Special Revenue

The City has not presented budget information for all of the special funds, since budgetary control is maintained on an individual grant basis. Since grant periods may differ from the City's fiscal year, a comparison of budgetary information for the total special revenue fund would not be meaningful and has not been presented in the accompanying financial statements.

### F. Deposits and Investments

The City considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents. Investments are recorded at fair value, except for investments with maturity or one year or less from date of purchase, which are stated at amortized cost. Fair value is based on quoted market prices.

Investment Credit Risk - The City has no investment policy that limits its investment choices other than the limitation of state law. The State of South Carolina General Statutes permit the City to invest in the following types of instruments:

1. Obligations of the United States, and its agencies, the principal and interest of which is fully guaranteed by the United States.

NOTE 1 SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Deposits and Investments (Continued)

2. Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to the refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
3. (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
4. Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
5. Certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificate of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
6. Repurchase agreements when collateralized by securities as set forth in this section.
7. No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (1), (2), (3), and (6) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

G. Inventories and Prepays

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

Prepays record payments to vendors that benefit future reporting periods and are also reported on the consumption basis. Both inventories and prepaids are similarly reported in government-wide and fund financial statements.

H. Allowance for Uncollectible Accounts

Allowance for uncollectible accounts receivable in the proprietary fund at June 30, 2015 is \$448,198.



NOTE 1 SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets, Depreciation, and Amortization

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

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

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

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

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

Amortization for the year ended June 30, 2015 was \$143,572 in the proprietary fund.

K. Fund Equity

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

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

Committed Fund Balance

City Council increased its tax millage specifically for road paving. The balance unspent at June 30, 2015, was \$40,215. City Council increased its tax millage specifically for capital. The balance unspent at June 30, 2015, was \$213,557. These previous two amounts are shown as committed in the Capital Projects Fund. City Council passed a 2% hospitality tax effective December 1, 2009 that is accounted for in the Special Revenue account as the Local Tax Fund. The fund balance at June 30, 2015 was \$3,670,038, which includes the Hospitality Tax Bond Proceeds of \$3,344,607 that had not been spent as of June 30, 2015. City Council passed an ordinance restricting \$3,560 of proceeds from the sale of its Watershed property. This money cannot be spent without an ordinance authorizing it by City Council and is recorded in the General Fund.

NOTE 1 SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position - Proprietary Fund

City Council has passed an ordinance restricting the amount that can be transferred to other funds to twenty percent (20%) of capital assets, net of related debt.

Capital Assets, Net of Related Debt at June 30, 2014	<u>\$ 40,306,815</u>
Maximum Amount that can be Transferred during the Year Ended June 30, 2015	<u>\$ 8,061,363</u>
Amount Transferred during the Year Ended June 30, 2015	<u>\$ 2,066,000</u>

L. Revenue Recognition - Property Taxes

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

Penalty Dates and Amounts

January 15, 15%

March 15, 5% execution cost of all unpaid taxes and Penalties.

September 1, 5% additional costs to amount of delinquent taxes, penalties and costs then due.

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

M. Compensated Absences

All full-time, permanent employees of the City shall be entitled to two (2) weeks annual leave per year. All employees who have been in the employment of the City for ten (10) years or more shall be entitled to three (3) weeks annual leave per year. Two (2) weeks leave is considered twice the number of hours and three (3) weeks leave thrice the number of hours an employee is normally required to work per week. The maximum amount that may be accrued is 360 hours for regular employees, 396 hours for police officers and 477 hours for firemen hired before May 12, 1993. The maximum for employees hired after May 12, 1993 is 120 hours, 132 hours and 159 hours. Each employee earns 80, 88 and 106 hours, respectively, of sick leave per year. The maximum amount of sick leave an employee may accumulate is 720 hours, 792 hours and 954 hours respectively for 40 hours 44 hours and 53 hours per week employees hired after May 12, 1993, and for those employees who have waived the right to payment of one-half of their sick leave balances at retirement or upon death. Employees are not paid for the accumulated sick leave upon retirement or other termination. The City accrues a liability for compensated absences which meet the following criteria:

1. The City's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation related to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

As of June 30, 2015, the liability for accrued vacation is \$260,436. The amount applicable to the Proprietary Fund is \$82,915 and the amount applicable to the General Fund is \$177,521. Compensated absences are reported as accrued in the government-wide and proprietary financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable.

NOTE 1 SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Statement of Cash Flows

For the purposes of the statement of cash flows, the Enterprise Fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

O. Accounting Estimates

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

P. Grants

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

Q. Recently Issued and Adopted Accounting Pronouncements

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement 27*. GASB Statement 68 improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement is effective for fiscal years beginning after June 15, 2015. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

In January 2014, the GASB issued Statement 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The adoption of GASB Statement 69 does not have any impact on the City's financial statements.

R. Recently Issued Accounting Pronouncements

In January 2014, the GASB issued Statement 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This Statement is effective for periods beginning after December 15, 2014. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

In February 2015, the GASB issued Statement 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

In June 2015, the GASB issued Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB 68, and Amendments to Certain Provisions of GASB 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for

NOTE 1 SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

financial statements for fiscal years beginning after June 15, 2016 and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. Management is currently evaluating the impact of the adoption of this Statement on the City's financial statements.

In June 2015, the GASB issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement is effective for financial statements for periods beginning after June 15, 2016. Management is currently evaluating the impact of the adoption of this Statement on the City's financial statements.

In June 2015, the GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement is effective for financial statements for periods beginning after June 15, 2017. Management is currently evaluating the impact of the adoption of this Statement on the City's financial statements.

In June 2015, the GASB issued Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. Management is currently evaluating the impact of the adoption of this Statement on the City's financial statements.

In August 2015, the GASB issued Statement 77, *Tax Abatement Disclosures*. The requirements of this Statement improve financial reporting by giving users financial statements essential information that is not consistently or comprehensively reported to the public at present. This Statement is effective for financial statements for periods beginning after December 15, 2015. Management is currently evaluating the impact of the adoption of this Statement on the City's financial statements.

NOTE 2 DEPOSITS and INVESTMENTS

Deposits are shown at carrying value at June 30, 2015 as follows:

	Category			Bank Balance	Total Carrying Amount
	1	2	3		
Checking Accounts	\$ 348,899	\$ 11,724,221	\$ -	\$ 12,073,120	\$ 12,512,540
Savings Accounts	71,991	-	-	71,991	72,627
Certificates of Deposit	400,899	2,240,769	-	2,641,668	2,641,668
	<u>\$ 821,789</u>	<u>\$ 13,964,990</u>	<u>\$ -</u>	<u>\$ 14,786,779</u>	<u>\$ 15,226,835</u>

Custodial Risk-Deposits - Deposits in financial institutions, reported as components of cash, cash equivalents and investments, had a bank balance of \$14,786,779 at June 30, 2015, that was fully insured by depository insurance or secured with collateral held by the City's agent in its name.

The City's deposits are categorized to indicate the level of risk assumed by the City at year end. Category 1 includes deposits that are insured or collateralized with securities held by the government or its agent in the government's name. Category 2 includes deposits that are collateralized with securities held by pledging financial institution's trust department or agent in the government's name. Category 3 includes uncollateralized deposits or deposits collateralized with securities held by the pledging financial institution or its trust department or agent but not in the City's name.

Investments are carried at fair value at June 30, 2015 as follows:

	Category			Fair Value
	1	2	3	
U.S. Government Securities	\$ -	\$ 1,285,883	\$ -	\$ 1,285,883
	<u>\$ -</u>	<u>\$ 1,285,883</u>	<u>\$ -</u>	
S.C. Local Government Investment Pool (Fair value substantially equivalent to the value of the pool shares)				<u>\$ 5,918,365</u>
Total				<u>\$ 7,204,248</u>

The City's investments are categorized to indicate the level of risk assumed by the City at June 30, 2015. Category 1 includes investments that are insured or registered for which the securities are held by the City or its agent in the City's name. Category 2 includes investments that are uninsured and unregistered, with the securities held by the counterparty's trust department or agent in the City's name. Category 3 includes investments that are uninsured and unregistered with securities held by the counterparty or by its trust department or agent but not in the City's name. The South Carolina Local Government Investment Pool is run by the State Treasurer's Office and can invest only in the same type of instruments allowed by the City.

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

NOTE 2 DEPOSITS and INVESTMENTS (Continued)

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

Petty Cash and Other	\$ 1,250
Carrying Amount of Deposits	15,226,835
Carrying Amount of Investments	7,204,248
Total	<u>\$ 22,432,333</u>
Cash and Cash Equivalents	\$ 12,203,215
Certificates of Deposit	1,991,336
Cash and Cash Equivalents - Local Option Sales Tax	383,202
Certificates of Deposit - Restricted for Customer Deposits	650,332
Investments	5,918,365
Investments - Restricted for Debt Service	1,285,883
Total	<u>\$ 22,432,333</u>

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, was as follows:

	Primary Government				Ending Balance
	Beginning Balance	Increases	Decreases	Tranfers	
GOVERNMENTAL ACTIVITIES:					
Capital Assets not Being Depreciated:					
Land	\$ 1,386,638	\$ 224,660	\$ -	\$ -	\$ 1,611,298
Historical Collections	-	700,000	-	-	700,000
Construction in Progress	-	172,613	-	-	172,613
Total Capital Assets not Being Depreciated	<u>1,386,638</u>	<u>1,097,273</u>	<u>-</u>	<u>-</u>	<u>2,483,911</u>
Other Capital Assets:					
Building and Improvements	10,217,441	201,120	-	-	10,418,561
Equipment	1,570,364	-	(75,773)	-	1,494,591
Automotive Equipment	4,842,238	246,242	(508,366)	-	4,580,114
Streets, Sidewalks, Etc.	5,694,160	616,356	-	-	6,310,516
Total Other Capital Assets at Historical Cost	<u>22,324,203</u>	<u>1,063,718</u>	<u>(584,139)</u>	<u>-</u>	<u>22,803,782</u>
Less Accumulated Depreciation for:					
Buildings and Improvements	(6,940,066)	(136,523)	-	-	(7,076,589)
Equipment	(1,232,974)	(92,042)	75,773	-	(1,249,243)
Automotive Equipment	(4,200,774)	(251,728)	492,533	-	(3,959,969)
Streets, Sidewalks, Etc.	(1,788,189)	(101,120)	-	-	(1,889,309)
Total Accumulated Depreciation	<u>(14,162,003)</u>	<u>(581,413)</u>	<u>568,306</u>	<u>-</u>	<u>(14,175,110)</u>
Other Capital Assets, Net Governmental Activities Capital Assets, Net	<u>8,162,200</u>	<u>482,305</u>	<u>(15,833)</u>	<u>-</u>	<u>8,628,672</u>
	<u>\$ 9,548,838</u>	<u>\$ 1,579,578</u>	<u>\$ (15,833)</u>	<u>\$ -</u>	<u>\$ 11,112,583</u>

NOTE 3 CAPITAL ASSETS (Continued)

	Primary Government				Ending Balance
	Beginning Balance	Increases	Decreases	Tranfers	
<b>BUSINESS-TYPE ACTIVITIES:</b>					
Capital Assts not Being Depreciated:					
Land and Improvements	\$ 197,386	\$ -	\$ -	\$ 175,600	\$ 372,986
Construction in Progress	36,726,840	269,466	-	(36,726,840)	269,466
Total Capital Assets not Being Depreciated	36,924,226	269,466	-	(36,551,240)	642,452
Other Capital Assets:					
Electric System	37,373,684	1,178,540	-	-	38,552,224
Water System	28,131,183	43,467	-	220,567	28,395,217
Sewer System	19,459,827	148,477	-	-	19,608,304
Electric Instruments	996,393	-	-	-	996,393
Water Instruments	448,783	-	-	-	448,783
Sewer Instruments	228,370	-	-	-	228,370
Automotive Equipment	2,652,205	99,988	(155,424)	-	2,596,769
Office Machines	116,639	10,136	-	-	126,775
Buildings	301,091	47,856	-	-	348,947
Wastewater Treatment Plant	4,963,730	1,477,727	(3,739,798)	36,330,673	39,032,332
Total Other Capital Assets at Historical Cost	94,671,905	3,006,191	(3,895,222)	36,551,240	130,334,114
Less Accumulated Depreciation	(39,728,368)	(3,805,090)	2,910,083	-	(40,623,375)
Other Capital Assets, Net	54,943,537	(798,899)	(985,139)	36,551,240	89,710,739
Business-Type Activities Capital Assets, Net	\$ 91,867,763	\$ (529,433)	\$ (985,139)	\$ -	\$ 90,353,191

Depreciation expense was charged to functions as follows:

**GOVERNMENT ACTIVITIES:**

General Government	\$ 130,131
Public Safety	181,515
Highways and Streets	106,475
Sanitation	56,208
Culture and Recreation	107,084
Total Governmental Activities Depreciation Expense	<u>\$ 581,413</u>

**BUSINESS-TYPE ACTIVITIES:**

Electric Department	\$ 1,142,746
Water Department	824,674
Sewer Department	1,837,670
Total Business-Type Activities Depreciation Expense	<u>\$ 3,805,090</u>

Insurance recoveries for the year ended June 30, 2015, amounted to \$22,694 for the general fund and \$4,224 for the proprietary fund. The recoveries are classified as "Other Income" in the financial statements.

NOTE 4 CHANGES in LONG-TERM DEBT-PROPRIETARY FUND

Long-term liability activity for the year ended June 30, 2015 was as follows:

	Balance 6/30/2014	Issued	Retired	Balance 6/30/2015	Due Within One Year
Combined Public Utility System Refunding Revenue Bond, Series 2013A	\$ 3,850,000	\$ -	\$ 350,000	\$ 3,500,000	\$ 360,000
Combined Public Utility Revenue Bonds of 2004	835,000	-	835,000	-	-
Combined Public Utility Revenue Bond 2007	566,122	-	133,793	432,329	138,824
Combined Public Utility System Improvement Revenue Bond Series 2010	2,607,200	-	2,607,200	-	-
Combined Public Utility System Improvement Revenue Bond Series 2010, Reissue	-	2,619,700	131,506	2,488,194	132,901
Combined Public Utility System Refunding Revenue Bond, Series 2012A	2,165,993	-	251,407	1,914,586	256,704
Combined Public Utility System Refunding Revenue Bond, Series 2014A	9,650,000	-	95,000	9,555,000	975,000
State Revolving Fund Loan, Series 2012B	32,852,949	1,435,694	1,442,769	32,845,874	1,335,990
Total Revenue and Lease Obligations Payable	<u>52,527,264</u>	<u>4,055,394</u>	<u>5,846,675</u>	<u>50,735,983</u>	<u>3,199,419</u>
Compensated Absences	79,717	3,198	-	82,915	-
Total Proprietary Fund Long-Term Debt	<u>\$ 52,606,981</u>	<u>\$ 4,058,592</u>	<u>\$ 5,846,675</u>	<u>\$ 50,818,898</u>	<u>\$ 3,199,419</u>

Long-Term Debt at June 30, 2015 consisted of the following:

Refunding Revenue Bond, Series 2013A dated March 27, 2013, payable \$60,000 to \$415,000 each March 1, 2014 through 2024. Interest at 1.87%, payable each March 1 and September 1.	\$ 3,500,000
Revenue Bond, Series 2012A dated February 29, 2012, payable \$297,044 each March 1, 2013 through 2022. Interest at 2.107% payable March 1.	1,914,586
Revenue Bond, Series 2007 dated November 20, 2007, payable in annual installments of \$155,000 each, November 20, 2008 through November 20, 2017. Interest at 3.76%.	432,329
Improvement Revenue Bonds, Series 2010 dated February 3, 2010, reissued December 1, 2014 payable in annual installments of \$209,787 through 2030 Interest at 3.09%.	2,488,194
State Revolving Fund Loan, Series 2012B payable \$560,220 quarterly beginning September 2014 through June 2034 at 2.25% interest.	32,845,874
Refunding Revenue Bond, Series 2014A dated March 3, 2014, payable \$95,000 to \$1,150,000 each March 1, 2015 through 2024. Interest at 2.19%, payable each March 1 and September 1.	9,555,000
Total	<u>\$ 50,735,983</u>



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

The annual requirements to amortize all bonds outstanding as of June 30, 2015 follows:

Year Ending	Series 2013A		Series 2012A		Series 2007	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	360,000	65,450	256,704	40,340	138,824	16,256
2017	365,000	58,718	262,113	34,932	144,044	11,036
2018	375,000	51,892	267,635	29,409	149,461	5,620
2019	380,000	44,880	273,275	23,770	-	-
2020	390,000	37,774	279,032	18,012	-	-
2021-2025	1,630,000	76,670	575,827	18,263	-	-
2026-2030	-	-	-	-	-	-
2031-2035	-	-	-	-	-	-
Totals	<u>\$ 3,500,000</u>	<u>\$ 335,384</u>	<u>\$ 1,914,586</u>	<u>\$ 164,726</u>	<u>\$ 432,329</u>	<u>\$ 32,912</u>

Year Ending	2010 Improvement		Series 2012B		Series 2014A	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	132,901	76,885	1,335,990	690,629	975,000	209,255
2017	137,008	72,779	1,436,845	696,906	995,000	187,902
2018	141,242	68,545	1,469,447	664,303	1,010,000	166,112
2019	145,606	64,181	1,502,790	630,960	1,035,000	143,993
2020	150,106	59,681	1,536,889	596,861	1,065,000	121,326
2021-2025	823,032	170,856	8,223,636	2,445,115	4,475,000	247,361
2026-2030	958,299	90,636	9,199,943	1,468,809	-	-
2031-2035	-	-	8,140,334	394,667	-	-
Totals	<u>\$ 2,488,194</u>	<u>\$ 603,563</u>	<u>\$ 32,845,874</u>	<u>\$ 7,588,250</u>	<u>\$ 9,555,000</u>	<u>\$ 1,075,949</u>

Year Ending	Total	
	Principal	Interest
2016	3,199,419	1,098,815
2017	3,340,010	1,062,273
2018	3,412,785	985,881
2019	3,336,671	907,784
2020	3,421,027	833,654
2021-2025	15,727,495	2,958,265
2026-2030	10,158,242	1,559,445
2031-2035	8,140,334	394,667
Totals	<u>\$ 50,735,983</u>	<u>\$ 9,800,784</u>

The City has complied with all significant bond covenants.

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

NOTE 5 CHANGES in GOVERNMENTAL FUND DEBT

A summary of the Governmental Fund Debt at June 30, 2015 is as follows:

Lease Obligation Payable, September 1, Annually at 3.87% Interest	\$ 193,265
Lease Obligation Payable, May 12, Annually at 2.25% Interest	301,376
Lease Obligation Payable, May 15, Annually at 1.13% Interest	100,609
Lease Obligation Payable, May 15, Annually at 1.13% Interest	120,141
Bond Obligation Payable Quarterly at 0.00% Interest	600,000
Bond Obligation Payable, Semiannually at 3.18% Interest	<u>3,473,000</u>
Total Lease and Bond Obligations	4,788,391
Liability for Compensated Absences	<u>177,521</u>
Total Long-Term Debt	<u><u>\$ 4,965,912</u></u>

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

	Payable 6/30/2014	Additions	Reductions	Balance 6/30/2015	Due Within One Year
Bond Obligations	\$ -	\$ 4,173,000	\$ 100,000	\$ 4,073,000	\$ 288,000
Capital Leases	936,196	180,000	400,805	715,391	302,612
Total Bond & Lease Obligation	<u>936,196</u>	<u>4,353,000</u>	<u>500,805</u>	<u>4,788,391</u>	<u>590,612</u>
Compensated Absences	<u>173,192</u>	<u>4,329</u>	<u>-</u>	<u>177,521</u>	<u>-</u>
Total Governmental Activities Long-Term Debt	<u>\$ 1,109,388</u>	<u>\$ 4,357,329</u>	<u>\$ 500,805</u>	<u>\$ 4,965,912</u>	<u>\$ 590,612</u>

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

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 590,613	\$ 123,527
2017	497,418	114,679
2018	345,637	103,050
2019	352,755	95,698
2020	360,899	88,131
2021-2025	1,299,069	326,192
2026-2030	1,342,000	130,666
Totals	<u>\$ 4,788,391</u>	<u>\$ 981,943</u>

NOTE 5 CHANGES in GOVERNMENTAL FUND DEBT (Continued)

The City entered into agreements to lease various equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The following schedule presents future minimum lease payments as of June 30, 2015.

<u>Year Ended June 30,</u>	<u>Total</u>
2016	\$ 319,379
2017	217,633
2018	54,266
2019	54,265
2020	54,265
2021-2025	54,265
Net Minimum Lease Payments	<u>754,073</u>
Less: Interest	(38,682)
Present Value of Minimum Lease Payments	<u>\$ 715,391</u>

The value of leased equipment less accumulated depreciation under capital leases at June 30, 2015 totals \$494,850. Amortization of leased equipment under capital leases is included with depreciation expense.

NOTE 6 POST-EMPLOYMENT BENEFITS

The City has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This standard requires the City to recognize post-employment benefits, mainly health insurance, when earned rather than on a pay-as-you go basis. The effect is the recognition of an actuarially required contribution as an expense on the government-wide and proprietary fund statement of activities when a future retiree earns their post-employment benefit, rather than when they use their post-employment benefit. To the extent that an entity does not fund their actuarially required contribution, a post-employment benefit liability is recognized on the governmental-wide and proprietary fund statement of net assets over time.

*Plan Description:* In accordance with the South Carolina Code of Laws and the annual Appropriation Act, the City has autonomy in establishing retiree and post-employment benefits. The City provides certain health insurance benefits to certain active and retired City employees and certain surviving dependents or retirees. The City provides post-retirement healthcare insurance to all employees who retire from the City with fifteen or more years of service regardless of age and who were employed as of May, 1992. The City pays 100% for medical and hospitalization insurance for pre-Medicare retirees and their dependents. As of July 1, 2014, the valuation date, one hundred eight (108) retirees and one hundred four (104) active members met the eligibility requirement for the plan.

*Funding Policy:* Employer and employee contribution rates are established by the State of South Carolina Employee Insurance Plan. The City currently funds the plan on a pay-as-you go basis. As of July 1, 2012, the valuation date, the City pays 100% of the premium cost.

*Annual OPEB Cost and Net OPEB Obligations:* The City's annual OPEB expense is calculated based on the annual required contribution (ARC) of the employer. The ARC is an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period of thirty years. The following table shows the components of the City's annual OPEB cost for the year ending June 30, 2015, the amount actually contributed to the plan, and the change in the City's net OPEB obligation based on an actuarial valuation as of July 1, 2014.

NOTE 6 POST-EMPLOYMENT BENEFITS (Continued)

Annual Required Contribution (ARC)	\$ 926,300
Interest on Net OPEB Obligation	74,700
Adjustment to ARC	<u>(78,900)</u>
Annual OPEB cost	922,100
Contributions Made	<u>577,554</u>
Change in Net OPEB Obligation	<u>344,546</u>
Net OPEB Obligation, Beginning of Year	<u>2,133,841</u>
Net OPEB Obligation, End of Year	<u><u>\$ 2,478,387</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2013	\$ 876,600	66.57%	\$ 1,801,148
2014	916,255	63.69%	2,133,841
2015	922,100	62.63%	2,478,387

*Funded Status and Funding Progress:* The funding status of the plan as of June 30, 2015, based on a actuarial valuation as of July 1, 2014, was as follows:

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions:* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

## NOTE 6 POST-EMPLOYMENT EMPLOYEE BENEFITS (Continued)

In the July 1, 2014, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.50% investment rate of return and an annual health care cost trend rate of 7.20% initially, reduced by decrements to an ultimate rate of 4.60% over 73 years. The City's unfunded actuarial accrued liability is being amortized as a level percentage of payroll. The remaining amortization period at July 1, 2014 was twenty four years.

There are no other post-employment benefits offered by the City other than that is required under the Consolidated Omnibus Budget and Reconciliation Act (COBRA). As required, the City provides health insurance benefits to eligible former employees and eligible dependents based upon requirements outlined by the federal government for this coverage. The premium plus a 2% administration fee is paid in full by the insured on or before the tenth day of the month for the actual month covered. There is no associated cost to the City under this program and there were no participants in the program as of June 30, 2015.

## NOTE 7 RETIREMENT PLAN

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

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

### Plan Descriptions

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

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

### Membership

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

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

## NOTE 7 RETIREMENT PLAN (Continued)

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

### Benefits

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

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

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

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

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

NOTE 7 RETIREMENT PLAN (Continued)

Contributions

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

The following provides a summary of the City of Camden, South Carolina's retirement plan contributions at June 30, 2015: (includes group life insurance)

<u>Retirement System</u>	<u>Covered Salaries</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>	<u>Total Contributions</u>
SCRS	\$ 4,259,556	\$ 339,958	\$ 464,292	\$ 804,250
PORS	\$ 2,356,110	\$ 197,652	\$ 311,242	\$ 508,894
		<u>Contribution Rates</u>		
		<u>Employee</u>	<u>Employer</u>	<u>Total</u>
SCRS		8.00%	10.75%	18.75%
PORS		8.41%	13.01%	21.42%

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

At June 30, 2015, the City reported a liability of \$11,302,929 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2013, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. The City's proportion was .045% for the SCRS and .187% for the PORS.

NOTE 7 RETIREMENT PLAN (Continued)

For the year ended June 30, 2015, the City recognized pension expense of \$852,186. At June 30, 2015, 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	\$ -	\$ 1,065,501
Liability Experience	314,361	-
City Contributions Subsequent to the Measurement Date	773,371	-
Total	\$ 1,087,732	\$ 1,065,501

The \$773,371 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ended June 30,

2015	\$ 173,922
2016	173,922
2017	173,922
2018	229,375

Actuarial Assumptions and Methods

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

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

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

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using RP-2000 Mortality Table (White Collar Adjustment for Educators), projected at Scale AA from Year 2000.



NOTE 7 RETIREMENT PLAN (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the third quarter 2012. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (RSIC) using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the following table. For actuarial purposes, the 7.50% assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75% real rate of return and a 2.75% inflation component.

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

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Expected Arithmetic Real Rate of Return</b>	<b>Long Term Expected Portfolio Real Rate of Return</b>
Short Term	5.0%		
Cash	2.0%	0.3%	0.01%
Short Duration	3.0%	0.6%	0.02%
Domestic Fixed Income	13.0%		
Core Fixed Income	7.0%	1.1%	0.08%
High Yield	2.0%	3.5%	0.07%
Bank Loans	4.0%	2.8%	0.11%
Global Fixed Income	9.0%		
Global Fixed Income	3.0%	0.8%	0.02%
Emerging Markets Debt	6.0%	4.1%	0.25%
Global Public Equity	31.0%	7.8%	2.42%
Global Tactical Asset Allocation Alternatives	10.0%	5.1%	0.51%
Hedge Funds (Low Beta)	32.0%		
Hedge Funds (Low Beta)	8.0%	4.0%	0.32%
Private Debt	7.0%	10.2%	0.71%
Private Equity	9.0%	10.2%	0.92%
Real Estate (Broad Market)	5.0%	5.9%	0.29%
Commodities	3.0%	5.1%	0.15%
Total Expected Real Return	100.0%		5.88%
Inflation for Actuarial Purposes			2.75%
Total Expected Nominal Return			8.63%

NOTE 7 RETIREMENT PLAN (Continued)

Discount Rate

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

	Discount	City's Proportionate Share of Net Pension Liability (in Millions)
	Rate	
1% Decrease	6.50%	\$ 14,997
Current Discount Rate	7.50%	\$ 11,303
1% Increase	8.50%	\$ 8,230

Pension Plan Fiduciary Net Position

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

NOTE 8 COMPONENTS of RESTRICTED ASSETS

General Fund

Restricted Assets at June 30, 2015, were as follows:

Cash	Local Option Sales Tax
	<u>\$ 383,202</u>

Special Revenue Fund

U.S. Government Securities	Revenue Bond Sinking and Revenue Fund
Total	<u>272,302</u>
	<u>\$ 272,302</u>

NOTE 8 COMPONENTS of RESTRICTED ASSETS (Continued)

Proprietary Fund

Restricted Assets at June 30, 2015 were as follows:

	Revenue Bond Sinking and Revenue Fund	Customer Deposits	Total
Cash and Certificates of Deposits	\$ -	\$ 650,332	\$ 650,332
U.S. Government Securities	1,013,581	-	1,013,581
Total	<u>\$ 1,013,581</u>	<u>\$ 650,332</u>	<u>\$ 1,663,913</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, 2015, 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 2015 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 2,209,253	\$ -
Capital Project	-	143,253
Utility Fund	-	2,066,000
Totals	<u>\$ 2,209,253</u>	<u>\$ 2,209,253</u>

NOTE 10 CAPITALIZED INTEREST

The City capitalizes net interest costs as part of the cost of constructing various water and sewer projects when material. Interest earned on proceeds of the revenue bonds used for construction are offset against interest costs in determining the amount to be capitalized. Interest costs expensed in the proprietary fund for the year ended June 30, 2015 were \$1,288,227 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.

The City was still constructing City Arena as of June 30, 2015. It is estimated that the construction commitment on City Arena as of June 30, 2015 was approximately \$1.7 million.

#### NOTE 12 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Because of the high cost of worker's compensation insurance purchased from commercial insurers, the City has chosen to participate with other municipalities in the state in the South Carolina Municipal Insurance Trust Fund, a public entity risk pool currently operating as a common risk management and insurance program. The City pays an annual premium to the reserve for its worker's compensation insurance coverage based upon the total payroll of the City for each plan year. The Agreement for Formation of the Reserve Fund provides that it will be self-sustaining through member premiums and any deficiencies can be charged back to the ninety eight members in the event that a fund deficit arises.

The City continues to participate in the South Carolina Municipal Insurance Trust Fund for all other risks of loss.

#### NOTE 13 EXCESS of EXPENDITURES over APPROPRIATIONS

The expenditures for the general fund of \$9,159,714 exceeded appropriations of \$9,064,167 by \$95,547 for the year ended June 30, 2015. This is due to expenditures for capital outlay and grants, which are typically not included in the budget. For the year ended June 30, 2015, revenue for the general fund, including capital financing, of \$7,189,860 exceeded the budget of \$6,998,167 by \$154,946.

#### NOTE 14 PRIOR PERIOD ADJUSTMENT

The City implemented Governmental Accounting Standards Board (GASB) statement 68, Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27), in the fiscal year ending June 30, 2015. The implementation of the statement required the City to record beginning net pension liability and the effects on net position of the contributions made by the City during the measurement period (fiscal year ending June 30, 2014).

The change to beginning net position is as follows:

Ending balance per fiscal year 2014 audit	\$61,944,774
Effect of GASB 68 Implementation	<u>(11,201,883)</u>
Net Position after GASB 68 Entry	<u>\$50,742,891</u>

#### NOTE 15 SUBSEQUENT EVENTS

The City evaluated all events or transactions that occurred after June 30, 2015, through the date the City issued these financial statements on November 23, 2015. During this period, the City did not have any material subsequent events that required recognition in the City's disclosures to the June 30, 2015, 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, 2015

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 2,532,000	\$ 2,532,000	\$ 2,414,857	\$ (117,143)
Licenses and Permits	1,833,600	1,833,600	1,914,771	81,171
Intergovernmental Revenues	671,867	671,867	738,910	67,043
Charge for Services	1,621,400	1,621,400	1,639,350	17,950
Fines and Forfeits	220,000	220,000	252,333	32,333
Miscellaneous	119,300	119,300	192,892	73,592
Total Revenues	<u>6,998,167</u>	<u>6,998,167</u>	<u>7,153,113</u>	<u>154,946</u>
<b>EXPENDITURES</b>				
General Government	2,105,682	2,105,682	2,092,838	12,844
Public Safety	4,146,103	4,146,103	4,368,675	(222,572)
Highways and Streets	809,690	809,690	832,641	(22,951)
Sanitation	1,153,746	1,153,746	1,066,093	87,653
Culture and Recreation	258,788	258,788	249,611	9,177
Non-Departmental	590,158	590,158	549,856	40,302
Total Expenditures	<u>9,064,167</u>	<u>9,064,167</u>	<u>9,159,714</u>	<u>(95,547)</u>
<b>EXCESS (DEFICIENCY) of REVENUES OVER EXPENDITURES</b>	<u>(2,066,000)</u>	<u>(2,066,000)</u>	<u>(2,006,601)</u>	<u>59,399</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital Financing	-	-	36,747	36,747
Transfer In	2,066,000	2,066,000	2,209,253	143,253
Total Other Financing Sources (Uses)	<u>2,066,000</u>	<u>2,066,000</u>	<u>2,246,000</u>	<u>180,000</u>
<b>EXCESS (DEFICIENCY) of REVENUES and OTHER SOURCES OVER EXPENDITURES and OTHER USES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>239,399</u>	<u>\$ 239,399</u>
<b>FUND BALANCE, Beginning of Year</b>			<u>3,923,440</u>	
<b>FUND BALANCE, End of Year</b>			<u>\$ 4,162,839</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, 2015

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Taxes	\$ 715,000	\$ 715,000	\$ 786,398	\$ 71,398
Licenses and Permits	9,000	9,000	9,150	150
Intergovernmental Revenues	31,000	31,000	316,821	285,821
Miscellaneous	-	-	67,068	67,068
Total Revenues	<u>755,000</u>	<u>755,000</u>	<u>1,179,437</u>	<u>424,437</u>
EXPENDITURES				
Culture and Recreation	<u>755,000</u>	<u>755,000</u>	<u>2,362,297</u>	<u>(1,607,297)</u>
Total Expenditures	<u>755,000</u>	<u>755,000</u>	<u>2,362,297</u>	<u>(1,607,297)</u>
EXCESS (DEFICIENCY) of REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(1,182,860)</u>	<u>(1,182,860)</u>
OTHER FINANCING SOURCES (USES)				
Capital Financing	<u>-</u>	<u>-</u>	<u>4,173,000</u>	<u>4,173,000</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>4,173,000</u>	<u>4,173,000</u>
EXCESS (DEFICIENCY) of REVENUES and OTHER SOURCES OVER EXPENDITURES and OTHER USES	<u>\$ -</u>	<u>\$ -</u>	<u>2,990,140</u>	<u>\$ 2,990,140</u>
FUND BALANCE, Beginning of Year			<u>679,898</u>	
FUND BALANCE, End of Year			<u>\$ 3,670,038</u>	

CITY of CAMDEN, SOUTH CAROLINA  
Camden, South Carolina

SCHEDULE of FUNDING PROGRESS FOR RETIREE HEALTH PLAN

Year Ended June 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2010	-	\$ 14,631,700	\$ 14,631,700	0%	\$ 4,335,900	337%
July 1, 2012	-	\$ 16,820,000	\$ 16,820,000	0%	\$ 5,976,800	281%
July 1, 2014	-	\$ 17,465,900	\$ 17,465,900	0%	\$ 3,733,200	468%

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



CITY of CAMDEN, SOUTH CAROLINA  
Camden, South Carolina

SCHEDULE of the CITY'S CONTRIBUTIONS  
South Carolina Retirement System  
Year Ended June 30, 2015

Statutorily Required Contributions	\$ 716,089
Contributions in Relation to Statutorily Required Contributions	<u>716,089</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
Reporting Unit's Covered-Employee Payroll	<u>\$ 6,615,666</u>
Contributions as a Percentage of Covered Employee Payroll	<u>10.8%</u>

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

CITY of CAMDEN, SOUTH CAROLINA  
Camden, South Carolina

SCHEDULE of the CITY'S PROPORTIONATE  
SHARE of the NET PENSION LIABILITY  
South Carolina Retirement System  
Year Ended June 30, 2015

Reporting Unit's Proportion of South Carolina Retirement System Net Pension Liability (%)	0.0448%
Reporting Unit's Proportion of Police Officers Retirement System Net Pension Liability (%)	0.1873%
Reporting Unit's Proportionate Share of Net Pension Liability	<u>\$ 11,302,929</u>
Reporting Unit's Covered Employee Payroll	<u>\$ 6,615,666</u>
Reporting Unit's Proportionate Share of Net Pension Liability as a Percentage of its Covered Employee Payroll (%)	<u>170.9%</u>

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, 2015

ASSETS

Assets:

Cash	\$ 1,082,104
Restricted Cash	383,202
Certificates of Deposit	1,349,568
Investments	3,196,815
Receivables (Net of Allowance for Uncollectibles)	
Taxes	227,196
Miscellaneous	255,886
Inventory	60,369
	60,369
Total Assets	\$ 6,555,140

LIABILITIES, DEFERRED INFLOW OF RESOURCES, and FUND BALANCE

Liabilities:

Accounts Payable	\$ 164,933
Accrued Liabilities	274,011
	274,011
Total Liabilities	438,944

Deferred Inflow of Resources:

Deferred Revenues	
Local Option Sales Tax	383,202
Business Licenses	1,393,794
Franchise Fees	151,072
Other	25,289
	25,289
Total Deferred Inflow of Resources	1,953,357

Fund Balance

Nonspendable	60,369
Committed	3,560
Unassigned	4,098,910
	4,098,910
Total Fund Balance	4,162,839
Total Liabilities, Deferred Inflow of Resources, and Fund Balance	\$ 6,555,140

CITY of CAMDEN, SOUTH CAROLINA  
GENERAL FUND

STATEMENT of REVENUES COMPARED to BUDGET (GAAP BASIS)  
For the Year Ended June 30, 2015

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>LOCAL SOURCES</b>			
Property Taxes	\$ 1,309,000	\$ 1,008,863	\$ (300,137)
Vehicle Taxes	110,000	150,222	40,222
Local Option Sales Tax	1,038,000	1,180,245	142,245
Penalties and Delinquent Taxes	75,000	75,527	527
Fines and Forfeitures	220,000	252,333	32,333
Business Licenses	1,609,300	1,663,159	53,859
Franchise Fees	224,300	251,612	27,312
Fire Service	526,400	531,316	4,916
Sanitation	1,095,000	1,108,034	13,034
Archives	7,500	5,276	(2,224)
Sale/Use Equipment	3,000	17,725	14,725
Interest	12,000	10,640	(1,360)
Miscellaneous	96,800	159,251	62,451
Sub-Total	6,326,300	6,414,203	87,903
<b>STATE and LOCAL GOVERNMENT SOURCES</b>			
Local Government Fund	148,000	149,679	1,679
Merchant's Inventory Tax	48,000	48,495	495
Grants and Donations	114,443	180,979	66,536
Accommodations	27,500	27,652	152
Kershaw County School Resource Officer	188,924	188,965	41
Kershaw County Road Maintenance Fee	145,000	143,140	(1,860)
Sub-Total	671,867	738,910	67,043
Total Revenues	\$ 6,998,167	\$ 7,153,113	\$ 154,946

The Accompanying Notes are an Integral part of These Financial Statements

CITY of CAMDEN, SOUTH CAROLINA  
GENERAL FUND

STATEMENT of EXPENDITURES COMPARED to BUDGET (GAAP BASIS)  
For the Year Ended June 30, 2015

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>GENERAL GOVERNMENT</b>			
Legislature	\$ 135,227	\$ 143,784	\$ (8,557)
Court	141,025	129,424	11,601
Legal	85,812	112,907	(27,095)
Administration	268,095	306,544	(38,449)
Finance	918,376	831,938	86,438
Zoning/Code Enforcement	186,670	193,861	(7,191)
Garage Services	166,254	167,123	(869)
Downtown Development	92,048	93,342	(1,294)
Planning	108,175	110,999	(2,824)
Elections	4,000	2,916	1,084
Sub-Total	<u>2,105,682</u>	<u>2,092,838</u>	<u>12,844</u>
<b>PUBLIC SAFETY</b>			
Police Department	2,417,362	2,662,461	(245,099)
Fire Department			
Administration	337,244	336,921	323
Fire Fighting	1,391,497	1,369,293	22,204
Sub-Total	<u>4,146,103</u>	<u>4,368,675</u>	<u>(222,572)</u>
<b>HIGHWAYS and STREETS</b>			
Streets Maintenance	358,662	394,172	(35,510)
Park Maintenance	451,028	438,469	12,559
Sub-Total	<u>809,690</u>	<u>832,641</u>	<u>(22,951)</u>
<b>SANITATION</b>			
Administration	61,452	52,854	8,598
Trash Collection	1,092,294	1,013,239	79,055
Sub-Total	<u>1,153,746</u>	<u>1,066,093</u>	<u>87,653</u>
<b>CULTURE and RECREATION</b>			
Community Promotion	45,000	45,000	-
Archives	213,788	204,611	9,177
Sub-Total	<u>258,788</u>	<u>249,611</u>	<u>9,177</u>
<b>NON-DEPARTMENTAL</b>			
Other Non-Departmental	590,158	549,856	40,302
Sub-Total	<u>590,158</u>	<u>549,856</u>	<u>40,302</u>
<b>Totals</b>	<u><u>\$ 9,064,167</u></u>	<u><u>\$ 9,159,714</u></u>	<u><u>\$ (95,547)</u></u>

The Accompanying Notes are an Integral part of These Financial Statements

SPECIAL REVENUE FUNDS



### Special Revenue Funds

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

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

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

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

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

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

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

CITY of CAMDEN, SOUTH CAROLINA  
SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET  
June 30, 2015

	Local Tax Fund	Drug Fund	Police Department Recreation Fund	Fireman's Fund	CDBG Grants	Total
<b>ASSETS</b>						
Cash	\$ 3,419,075	\$ 21,878	\$ 2,062	\$ 55,658	\$ 16	\$ 3,498,689
Restricted Investments	272,302	-	-	-	-	272,302
Accounts Receivable	35,329	-	-	-	-	35,329
Total Assets	<u>\$ 3,726,706</u>	<u>\$ 21,878</u>	<u>\$ 2,062</u>	<u>\$ 55,658</u>	<u>\$ 16</u>	<u>\$ 3,806,320</u>
<b>LIABILITIES</b>						
Accounts Payable	\$ 33,044	\$ -	\$ -	\$ -	\$ -	\$ 33,044
Accrued Salaries	3,102	-	-	-	-	3,102
Total Liabilities	<u>36,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,146</u>
<b>DEFERRED INFLOW OF RESOURCES</b>						
Deferred Revenue	20,522	-	-	-	-	20,522
Total Deferred Inflow of Resources	<u>20,522</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,522</u>
<b>FUND BALANCES</b>						
Restricted	272,302	21,878	-	55,658	16	349,854
Committed	53,129	-	-	-	-	53,129
Assigned	3,344,607	-	2,062	-	-	3,346,669
Total Fund Balances	<u>3,670,038</u>	<u>21,878</u>	<u>2,062</u>	<u>55,658</u>	<u>16</u>	<u>3,749,652</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	<u>\$ 3,726,706</u>	<u>\$ 21,878</u>	<u>\$ 2,062</u>	<u>\$ 55,658</u>	<u>\$ 16</u>	<u>\$ 3,806,320</u>

The Accompanying Notes are an Integral part of These Financial Statements

CITY of CAMDEN, SOUTH CAROLINA  
SPECIAL REVENUE FUNDS

COMBINING STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCE  
For the Year Ended June 30, 2015

	Local Tax Fund	Drug Fund	Police Department Recreation Fund	Fireman's Fund	CDBG Grants	Victim's Assistance	Total
<b>REVENUES</b>							
State	286,821	4,043	-	45,456	-	-	336,320
Local	892,616	137	-	-	-	-	892,753
Interest	-	9	11	163	-	-	183
Miscellaneous	-	-	6,363	23,408	-	20,237	50,008
Total Revenues	<u>1,179,437</u>	<u>4,189</u>	<u>6,374</u>	<u>69,027</u>	<u>-</u>	<u>20,237</u>	<u>1,279,264</u>
<b>EXPENDITURES</b>							
Public Safety	-	1,723	-	-	-	20,237	21,960
Culture and Recreation	2,362,297	-	-	-	-	-	2,362,297
Non-Departmental	-	-	13,484	63,929	-	-	77,413
Total Expenditures	<u>2,362,297</u>	<u>1,723</u>	<u>13,484</u>	<u>63,929</u>	<u>-</u>	<u>20,237</u>	<u>2,461,670</u>
<b>EXCESS (DEFICIENCY) of REVENUES over EXPENDITURES</b>	<u>(1,182,860)</u>	<u>2,466</u>	<u>(7,110)</u>	<u>5,098</u>	<u>-</u>	<u>-</u>	<u>(1,182,406)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Capital Financing	4,173,000	-	-	-	-	-	4,173,000
Total Other Financing Sources (Uses)	<u>4,173,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,173,000</u>
<b>EXCESS (DEFICIENCY) of REVENUES and OTHER SOURCES OVER EXPENDITURES and OTHER USES</b>	<u>2,990,140</u>	<u>2,466</u>	<u>(7,110)</u>	<u>5,098</u>	<u>-</u>	<u>-</u>	<u>2,990,594</u>
<b>FUND BALANCE, Beginning of Year</b>	<u>679,898</u>	<u>19,412</u>	<u>9,172</u>	<u>50,560</u>	<u>16</u>	<u>-</u>	<u>759,058</u>
<b>FUND BALANCE, End of Year</b>	<u>\$ 3,670,038</u>	<u>\$ 21,878</u>	<u>\$ 2,062</u>	<u>\$ 55,658</u>	<u>\$ 16</u>	<u>\$ -</u>	<u>\$ 3,749,652</u>

The Accompanying Notes are an Integral part of These Financial Statements

CITY OF CAMDEN, SOUTH CAROLINA  
STATEMENT of FINES and ASSESSMENTS  
For the Year Ended June 30, 2015

COURT FINES	
Court Fines Collected	\$ 104,337
Court Fines Retained by City	<u>(104,337)</u>
Court Fines Remitted to the State Treasurer	<u><u>\$ -</u></u>
COURT ASSESSMENTS	
Court Assessments and Surcharges Collected	\$ 168,233
Court Assessments and Surcharges Retained by City	<u>(20,237)</u>
Court Assessments Remitted to the State Treasurer	<u><u>\$ 147,996</u></u>
VICTIMS SERVICES	
Court Assessments and Surcharges Allocated to Victim Services	<u>\$ 20,237</u>
Funds Allocated to Victim Services	
Victim Services Expenditures	<u>20,237</u>
Funds Available for Carry-forward	-
Funds Unused for Prior Year	<u>-</u>
Total	<u><u>\$ -</u></u>

## CAPITAL PROJECT FUNDS

## Capital Project Funds

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

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

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

CITY of CAMDEN, SOUTH CAROLINA  
CAPITAL PROJECT FUNDS

BALANCE SHEET  
June 30, 2015

ASSETS

Cash and Cash Equivalents	<u>\$ 309,877</u>
Total Assets	<u><u>\$ 309,877</u></u>

LIABILITIES

Accounts Payable	<u>\$ 52,652</u>
Total Liabilities	<u>52,652</u>

DEFERRED INFLOW OF RESOURCES

Deferred Revenue	<u>3,453</u>
Total Deferred Inflow of Resources	<u><u>3,453</u></u>

FUND BALANCE

Committed For:	
Roads	40,215
Project Improvement	<u>213,557</u>
Total Fund Balance	<u>253,772</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balance	<u><u>\$ 309,877</u></u>

CITY of CAMDEN, SOUTH CAROLINA  
CAPITAL PROJECT FUNDS

COMBINING STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCE  
For the Year Ended June 30, 2015

	Road Fund	Project Improvement Fund	Total Capital Projects
<b>REVENUES</b>			
Road Revenue	\$ 354,867	\$ -	\$ 354,867
Capital Revenue	-	480,114	480,114
Local Donations	-	10,586	10,586
Total Revenues	354,867	490,700	845,567
<b>EXPENDITURES</b>			
Highways and Streets	616,357	-	616,357
Non-Departmental	-	427,213	427,213
Total Expenditures	616,357	427,213	1,043,570
Excess (Deficiency) of Revenues Over Expenditures	(261,490)	63,487	(198,003)
<b>OTHER FINANCING SOURCES (USES)</b>			
Capital Financing	-	143,253	143,253
Transfer Out	-	(143,253)	(143,253)
Total Other Financing Sources (Uses)	-	-	-
FUND BALANCE, Beginning of Year	301,705	150,070	451,775
FUND BALANCE, End of Year	\$ 40,215	\$ 213,557	\$ 253,772



PROPRIETARY FUNDS

CITY of CAMDEN, SOUTH CAROLINA  
STATEMENT of NET POSITION  
June 30, 2015

ASSETS	
CURRENT ASSETS	
Cash	\$ 7,312,545
Certificates of Deposit	641,768
Investments	2,721,550
Water and Lights Accounts Receivable, Net	2,596,671
Miscellaneous Receivables	143,036
Inventories	999,792
Total Current Assets	14,415,362
NON-CURRENT ASSETS	
RESTRICTED ASSETS	
Certificates of Deposit - Customer Deposits	650,332
Investments - Reserve Bond Funds	1,013,581
Total Restricted Assets	1,663,913
CAPITAL ASSETS	
Construction in Process	269,466
Buildings and Land	721,932
Furniture, Fixtures and Equipment	2,904,219
Electric System	39,367,943
Water System	28,844,000
Sewer and Wastewater System	58,869,006
Sub-Total	130,976,566
Less Accumulated Depreciation	(40,623,375)
Total Capital Assets	90,353,191
Total Non-Current Assets	92,017,104
Total Assets	106,432,466
DEFERRED OUTFLOW OF RESOURCES	
Deferred Pension Outflow	352,217
Deferred Charges	1,079,297
Total Deferred Outflow of Resources	1,431,514
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	2,848,618
Other Current Liabilities	90,518
Bonds Payable, Current	3,199,419
Total Current Liabilities	6,138,555
NON-CURRENT LIABILITIES	
Accrued Vacation Pay	82,915
OPEB Obligation	486,152
Net Pension Liability	4,013,281
Payable from Restricted Assets	
Customer Deposits	646,635
Accrued Interest Payable	206,837
Bonds Payable, Non-Current	47,536,564
Total Non-Current Liabilities	52,972,384
Total Liabilities	59,110,939
DEFERRED INFLOW OF RESOURCES	
Deferred Revenue	82,717
Deferred Pension Inflow	338,336
Deferred Gain on Bond Refunding	256,553
Total Deferred Inflow of Resources	677,606
NET POSITION	
Net Investment in Capital Assets	40,439,952
Restricted for Debt Service	1,013,581
Unrestricted	6,621,902
Total Net Position	\$ 48,075,435

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, 2015

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>OPERATING REVENUES</b>			
Electric Division	\$ 22,009,792	\$ 22,493,739	\$ 483,947
Less: Direct Cost	<u>18,695,360</u>	<u>17,703,723</u>	<u>991,637</u>
Income from Electric Division	<u>3,314,432</u>	<u>4,790,016</u>	<u>1,475,584</u>
 Water Division	 4,270,000	 4,197,814	 (72,186)
Less: Direct Cost	<u>3,299,975</u>	<u>2,709,109</u>	<u>590,866</u>
Income from Water Division	<u>970,025</u>	<u>1,488,705</u>	<u>518,680</u>
 Sewer Division	 2,476,500	 2,533,741	 57,241
Less: Direct Cost	<u>1,487,886</u>	<u>3,121,589</u>	<u>(1,633,703)</u>
Income from Sewer Division	<u>988,614</u>	<u>(587,848)</u>	<u>(1,576,462)</u>
 Operating Income	 <u>5,273,071</u>	 <u>5,690,873</u>	 <u>417,802</u>
 <b>NON-OPERATING REVENUE (EXPENSE)</b>			
Interest Income	20,000	8,581	(11,419)
Interest Expense	(3,769,071)	(1,288,227)	2,480,844
Loss on Disposal of Capital Assets	-	(985,139)	(985,139)
Other Revenue (Expenses)	<u>542,000</u>	<u>598,611</u>	<u>56,611</u>
Total Non-Operating Revenues (Expense)	<u>(3,207,071)</u>	<u>(1,666,174)</u>	<u>1,540,897</u>
Income (Loss) before Contributions and Transfers	<u>2,066,000</u>	<u>4,024,699</u>	<u>1,958,699</u>
 Transfers Out	 <u>(2,066,000)</u>	 <u>(2,066,000)</u>	 <u>-</u>
Net Transfers	<u>(2,066,000)</u>	<u>(2,066,000)</u>	<u>-</u>
 Change in Net Position	 <u>\$ -</u>	 <u>1,958,699</u>	 <u>\$ 1,958,699</u>
 NET POSITION, Beginning of Year		 50,072,705	
Prior Period Adjustment, See Note 14		<u>(3,955,969)</u>	
NET POSITION, End of Year		<u>\$ 48,075,435</u>	

The Accompanying Notes are an Integral Part of These Financial Statements

CITY of CAMDEN, SOUTH CAROLINA  
 PROPRIETARY FUNDS

STATEMENT of OTHER OPERATING INCOME -  
 BUDGET and ACTUAL (BUDGETARY BASIS)  
 For the Year Ended June 30, 2015

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Reconnections/Penalties	\$ 350,000	\$ 391,919	\$ 41,919
Setoff Debt Collections	6,500	12,811	6,311
Pole Rental	70,000	71,920	1,920
Handling and Return Fees	8,000	7,500	(500)
Use of Labor and Equipment	10,000	3,124	(6,876)
Miscellaneous	37,500	53,687	16,187
Septic Tank Hauler Fees	60,000	57,650	(2,350)
Total	<u>\$ 542,000</u>	<u>\$ 598,611</u>	<u>\$ 56,611</u>

# CANTEY, TILLER, PIERCE & GREEN, LLP

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

To the City Council  
City of Camden  
Camden, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Camden, South Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Camden, South Carolina's basic financial statements, and have issued our report thereon dated November 23, 2015.

### **Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Cantey, Tiller, Pierce & Green, LLP*

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

November 23, 2015

# **CANTEY, TILLER, PIERCE & GREEN, LLP**

*Certified Public Accountants*

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

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

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

We have audited the City of Camden, South Carolina's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Camden, South Carolina's major federal programs for the year ended June 30, 2015. City of Camden, South Carolina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

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

Our responsibility is to express an opinion on compliance for each of the City of Camden, South Carolina's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Camden, South Carolina's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the City of Camden, South Carolina, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

### **Report on Internal Control over Compliance**

Management of the City of Camden, South Carolina, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Camden, South Carolina's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Camden, South Carolina's internal control over compliance.

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

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

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

*Cantey, Tiller, Pierce & Green, LLP*

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

November 23, 2015



CITY of CAMDEN, SOUTH CAROLINA  
 PROPRIETARY FUNDS

SCHEDULE of EXPENDITURES of FEDERAL AWARDS  
 For the Year Ended June 30, 2015

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Homeland Security Staffing for Adequate Fire and Emergency	97.083		\$ 129,789
U.S. Environmental Protection Agency-Pass Through Programs Passed-through SC State Revolving Fund SC State Revolving Fund Capitalization Grants for Clean Water State Revolving Fund	66.458	1-145-11-433-01	<u>970,533</u> <u>\$ 1,100,322</u>

Note A, Basis of Presentation – The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Camden, South Carolina under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City of Camden, South Carolina, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Camden, South Carolina.

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

Note C, Loan Proceeds – The Capitalization Grant for Clean Water, State Revolving Funds were expended in the form of loan proceeds. The amount of the loan outstanding at June 30, 2015 was \$32,845,874, which includes state matching funds.

CITY of CAMDEN, SOUTH CAROLINA  
SCHEDULE of FINDINGS and QUESTIONED COSTS  
Year Ended June 30, 2015

A. Summary of auditor's results:

1. The Auditor's Report expresses an unmodified opinion on whether the financial statements of the City of Camden, South Carolina were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the report on internal control.
3. No instances of noncompliance material to the financial statements of the City of Camden, South Carolina were disclosed during the audit.
4. No significant deficiencies related to the audit of major federal award programs are reported in the report on compliance.
5. The Auditor's Report on compliance for the major federal award program for the City of Camden, South Carolina expresses an unmodified opinion on all major federal programs.
6. There were no audit findings disclosed that are required to be reported in accordance with Section 516(a) of Circular A-133.
7. The major program tested was:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
66.458	U.S. Environmental Protection Agency

8. The threshold for distinguishing Types A and B programs was \$300,000.00.
9. Auditee considered low risk?  Yes  No

B. FINANCIAL STATEMENT AUDIT

There were no deficiencies noted.

C. FINDINGS and QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no deficiencies noted.

CITY of CAMDEN, SOUTH CAROLINA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
June 30, 2015

**FINANCIAL STATEMENT REVIEW**

No findings reported in the prior year.

**COMPLIANCE REVIEW**

No findings reported in the prior year.