

CITY of CAMDEN
Camden, South Carolina

FINANCIAL STATEMENTS and
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2017

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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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Camden, South Carolina, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and other required information noted in the table of contents on pages 3 – 10 and 43 – 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Camden, South Carolina's basic financial statements. The combining and individual nonmajor fund financial statements and statement of fines and assessments are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2017, 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 9, 2017

**CITY OF CAMDEN, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017. **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 2015, 2016 continued to be flat in a recessed general economy, however, the City saw the opening of several new retail outlets and restaurants in 2017. 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 2017, the local option sales tax credit reduced the primary residential property tax by approximately 67%. In 2017, the City completed Wayfinding signage that began in fiscal year 2016 with the installation of several brick gateway signs at the beginning of Camden city limits. The City of Camden completed demolition of the property known as Hazelwood Cleaners and Blessings Beauty Shop which allowed the completion of a parking area and green space connecting DeKalb Street to the Town Green. Fiscal year 2017 also saw the beginning of the construction of a \$3,000,000 tournament quality tennis and pickle ball complex. Completion is expected in December 2017. The hiring of a Tennis Pro Manager and the scheduling of tournaments are expected to take place in 2017 to utilize this facility to its full capacity. The City of Camden was approved during Fiscal Year 2017 as a member of MASC's Main Street Program along with the hiring of a Main Street Coordinator. This program is concentrated on the improvement and growth of our downtown area.

In 2009, the City enacted a hospitality tax in order to enhance tourism, recreational and cultural activities. The tax is applied to the sale of prepared food and beverage. Collections began on December 1, 2009 and planned projects to promote tourism related activity are paid for and funded primarily by the hospitality tax. The City, partnering with Kershaw County, hired a new tourism development director at the end of the 2014 fiscal year. This position aligns with the goals from Council's 2014/15 Strategic Plan to increase visitors to Camden as well as the recommendations from the Arnett Muldrow's Tourism, Marketing and Branding Plan finalized in January 2014. Along with Council's desire to focus on tourism, the tourism development director puts Camden in a positive light as a destination for the wide variety of resources the City and County have to offer. During the 2017 fiscal year successful emphasis was placed not only on increased visitation and events but also on the economic development of the City of Camden.

The five year property re-appraisal will occur during the 2021 year and will affect the taxes collected for the fiscal year ending in June of 2021. The estimated appraisal values have changed over the past five years as follows:

2013	\$633,400,000
2014	\$637,072,000
2015	\$651,358,000
2016	\$697,903,998
2017	\$728,134,693

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 2016 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 43%. The retail rate charged to City customers since 2009 has increased by 28%. Electric projects during 2017 included the completion of the electric distribution enhancements at Exit 98 and also the completion of underground electric utilities to Lyttleton Street. Mill and Fair Streets installation of underground electric lines and area known as the Kendall Mill Village and surrounding areas saw the beginning of construction and expect to be completed in Fiscal Year 2018. These projects were funded by the issue of two (2) Combined Public Utility Bonds, Series 2015 in the amount of \$6,000,000 and Series 2016 in the amount of \$7,080,000. Both Bond Series are for a 15 year term at 2.4%. The debt service for the 2015 Series began in June 2016, and the debt service for the 2016 Series began in June 2017. Purchases of equipment included service vehicles to replace old and worn existing vehicles.

During 2017, the City completed several water line and sewer line rehabilitation projects. This included the upgrade completion of the Kirkwood lift station and manhole rehab work. Work continued on the rehab and renovation in 2017 through funding from the SRF program in the amount of \$12,325,986 including the area known as the Kendall Mill Village and surrounding areas, completion of these areas along with the re-paving is expected to be completed during the 2018 fiscal year. Additional project funding included the SCDOT bypass project in progress during 2017 which is expected to continue into the 2018/2019 fiscal year and the purchase of a Vac Truck. The Vac Truck purchase allows the clean out not only of sewer lines but also manhole backups and various other clean out issues. SRF Funding also included the beginning of a carbon based treatment upgrade to the water plant. This work is expected to be completed and operational by November 2017. This upgrade will allow staff to discontinue the use of liquid chloride and address the taste and odor issues when treatment is required during the hot summer months.

A new permit for wastewater discharge was issued from the South Carolina Department of Health and Environmental Control to the City in 2010. The discharge permit required the construction of a new wastewater treatment plant. During 2010, a \$3,000,000 bond for engineering, infrastructure, site work and planning expense related to the wastewater system was issued. The construction portion of the wastewater treatment plant is completed and became operational in March 2014. The lagoon closure portion of the site work was completed in June 2015. The total estimated project cost for the construction and lagoon closure was \$36,500,000 with the final project cost coming in at \$1,700,000 below budget. Funds for the new plant were committed to the City of Camden from the South Carolina Revolving Fund. The South Carolina State Budget and Control Board manage the Clean Water funds. The loan is for a 20 year term at 2.25% interest. The debt service for this loan began September 2014. During 2017 the City of Camden addressed re-claiming the lagoon portion of the site and developing it into an educational center and canoe launch. The continued planning and funding for this project is underway.

Using This Annual Report

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

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

The proprietary fund statements are pages 17 through 19 of the audited financial statements. The proprietary fund statements report the business like operations in more detail than the government-wide statements. A detailed cash flow statement is provided about the City's proprietary fund, the most financially significant fund, on page 19.

Government-Wide Financial Statements

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

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

Fund Financial Statements

Governmental funds: Most of the City's basic services are reported in the governmental fund statements, which focus on how money flows in and out of the governmental fund. The financial plan or budget is typically developed on the basis of sources and uses of liquid resources. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. The supplemental governmental fund financial statements on pages 48, 49 and 50 allow a detailed review of budgetary compliance associated with current year sources and uses.

Proprietary funds: When the City charges customers for the services it provides, whether to outside customers or to customers within the City, these services are reported in a proprietary fund. Proprietary funds are consolidated in the City-wide Statement of Net Position and the Statement of Activities. In addition, the City's proprietary fund (business type fund) is reported in more detail with a cash flow statement on page 19 and a supplemental statement of revenues and expenses on page 59 of the audited financial statements. Page 60 presents a budget versus actual comparison for this fund.

Net Position of the City as a Whole

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

The City's combined net position changed from a year ago, decreasing from \$57,276,750 at the end of fiscal year 2016 to \$47,655,832 at year-end 2017. This \$9,920,918 or 17.3% decrease in net position is a result of GASB reporting requirements. 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 6/30/17

	Governmental Activities		Proprietary Fund Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 7,201,885	\$ 7,878,585	\$ 6,869,588	\$ 11,153,766	\$ 14,071,473	\$ 19,032,351
Receivables	1,218,932	686,650	9,656,449	2,605,625	10,875,381	3,292,275
Non-Current assets	2,715,994	821,396	10,978,089	14,844,649	13,694,083	15,666,045
Other assets	67,981	48,766	970,486	994,070	1,038,467	1,042,836
Capital assets	14,180,947	12,885,165	98,360,685	90,388,966	112,541,632	103,274,131
Assets	25,385,739	22,320,562	126,835,297	119,987,076	152,221,036	142,307,638
Deferred Outflow	1,821,457	873,546	1,653,186	1,371,526	3,474,643	2,245,072
Total assets/outflow	\$ 27,207,196	\$ 23,194,108	\$ 128,488,483	\$ 121,358,602	\$ 155,695,679	\$ 144,552,710
Current liabilities	\$ 1,182,400	\$ 1,050,719	\$ 7,679,666	\$ 7,234,199	\$ 8,862,066	\$ 8,284,918
Long term liabilities	29,031,304	15,064,526	66,550,213	61,298,143	95,581,517	76,362,669
Liabilities	30,213,704	16,115,245	74,229,879	68,532,342	104,443,583	84,647,587
Deferred Inflow	2,328,069	2,259,513	1,268,195	368,860	3,596,264	2,628,373
Total liabilities/inflow	\$ 32,541,773	\$ 18,374,758	\$ 75,498,074	\$ 68,901,202	\$ 108,039,847	\$ 87,275,960
Net position:						
Investment in capital assets	\$ 7,892,999	\$ 7,950,387	\$ 36,276,875	\$ 30,899,929	\$ 44,169,874	\$ 38,850,316
Restricted for debt service	386,917	339,540	10,323,804	14,192,164	10,710,721	14,531,704
Restricted for special purposes	112,824	86,274	-	-	112,824	86,274
Unrestricted	(13,727,317)	(3,556,851)	6,389,730	7,365,307	(7,337,587)	3,808,456
Total net position	\$ (5,334,577)	\$ 4,819,350	\$ 52,990,409	\$ 52,457,400	\$ 47,655,832	\$ 57,276,750

Governmental Fund Budgetary Highlights

The General Fund budget for the fiscal year 2017 was \$9,553,257. This was an increase of \$378,546 from the previous year. During the year, certain variances developed as follows: Property tax collections were \$67,753 less than budgeted. Business licenses fees were \$77,458 more than budgeted. Franchise fees were \$33,900 less than budget. Grants in the amount of \$311,848 were received from Federal, State and local agencies. The total expenditures, including all account variances, were \$379,501 more than the cash-operating budget which includes the purchase of Three (3) Police Units and a Streets Department Vehicle. The expense overage was partially offset by a total revenue gain of \$408,041. Revenue gains include grant money to cover expenditures, FEMA reimbursements for the October 2016 flooding, insurance reimbursements and other small variances from budget.

Discussion of Changes in Governmental Fund Net Position

The net position of the City governmental fund had decreased by \$10,153,927 to a balance of \$(5,334,577) in 2017 from \$4,819,350 in 2016. The \$10,153,927 decrease is the result of the following:

The fund balance decrease of is a net result of the reporting requirements of GASB entries for fiscal year 2017 along with capital financing in the amount of \$188,000, Bond Issue for the Hospitality Fund in the amount of \$1,845,000 and expenditures for the construction of the Camden Tennis Complex. The GASB 45, 68, 34 and 75 requirements can be analyzed in greater detail upon review of the Note 7 beginning on page 35 and the Statements of Revenues, Expenditures and Changes in Fund Balance on page 13, 14, 38 and 39 of the audited financial statements. It should be noted that prior to the GASB 75 entry to the prior year the fund balance actually showed an increase of \$1,333,048 from \$4,819,350 in 2016 to \$6,152,398 in 2017.

The City's capital outlay in 2017 was \$1,982,552 and recorded \$686,770 as depreciation expense. The difference is an increase to net position in the amount of \$1,295,782. The primary additions to capital assets were police vehicles purchases in the amount of \$140,000, the purchase of a Sanitation Unit in the amount of \$133,395, the purchase of a Streets Vehicle in the amount of \$48,000, the completion of Wayfinding Signage improvements of \$601,296, the purchase of a Fire Truck in the amount of \$249,868 and the beginning construction of the Camden Tennis Complex in the amount of \$701,802.

The purchase of Police Units and the purchase of a Street Department Vehicle resulted in an increase in debt of \$188,000. A bond for the construction of the Camden Tennis Complex resulted in an increase in debt of \$1,845,000.

The net amount in compensated absences increased by \$15,295 from \$162,307 to \$177,602 in 2017. This change decreased net position by \$15,295. Also, the increase in OPEB liability reduced the net position in the amount of \$11,432,216 as well as the current year increase of GASB 68 of \$307,692.

Summary:

	Contribution to Net Position	
	<u>2017</u>	<u>2016</u>
Fund Balance Improvement	\$ 1,658,664	\$ (1,404,260)
Net Capital Asset Investment	1,295,782	1,772,582
Net Increase in Debt	(1,353,170)	(146,387)
OPEB Obligation	54,759	(325,503)
Prior Period OPEB Obligation	(11,486,975)	-
GASB 68 Implementation	(307,692)	(131,697)
Decrease/ (Increase) in Compensated Absences	(15,295)	15,214
Net Change	<u>\$ (10,153,927)</u>	<u>\$ (220,051)</u>

Discussion of Changes in Proprietary Fund Net Position

The net position of the City proprietary fund had increased by 1.02%, from \$52,457,400 in 2016 to \$52,990,409 in 2017. This can be analyzed in greater detail on the Statements of Revenues, Expenditures and Changes in Fund Balance on page 13, 14, 38 and 39 of the audited financial statements. It should be noted that the proprietary fund balance prior to the required GASB entry was \$55,676,390.

A \$4,632,063 contribution to operating income was recorded by the electric division. This gain was \$699,739 less than the business plan had anticipated. Electric revenues were less than budget by \$2,309,811. Operating costs of the electric division were \$1,610,072 less than budgeted. The capital expenditures in the amount of \$4,251,019, asset disposal in the amount of \$148,255 and depreciation in the amount of \$1,279,113 resulted in a net asset gain of \$7,971,718. Purchased power was \$2,211,362 less than budget and other operating and maintenance costs were \$601,290 more than the budgeted amount.

A \$1,330,810 contribution to operating income was recorded by the water division. This was \$622,265 less than budgeted. The water division revenues were less than budget by \$161,945. Capital expenditures in the amount of \$607,458 and depreciation in the amount of \$821,721 resulted in a net decrease of direct cost in the amount of \$214,263.

A (\$670,358) contribution to operating income was recorded by the sewer division. This was \$929,559 less than budgeted. Sewer division revenue was more than budget by \$81,863. Capital expenditures in the amount of \$680,641 and depreciation in the amount of \$1,837,742 resulted in a net increase of direct cost in the amount of \$1,157,101.

Other operating income totaled \$1,397,309. This was \$814,309 greater than the budgeted plan. The primary reason for higher other operating income was due to insurance reimbursement for the Beaufort Road Sub-Station repair, FEMA reimbursements for the 2016 flooding, use of labor and equipment and setoff debt collections.

The combined non-operating revenue and expense effect was a net \$533,009 increase to income. The largest impact on non-operating expense was the \$1,449,290 interest expense from debt service. The interest expense was reduced by the combined effect of \$44,456 interest income earned on investments and \$1,397,309 in other revenue.

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

Summary:

	2017	2016
Electric Department	\$ 4,632,063	\$ 6,301,257
Water Department	1,330,810	1,475,123
Sewer Department	(670,358)	(785,690)
Other Operating Income	1,441,765	787,819
Non-operating Rev. (Exp.)	(1,449,290)	(1,330,544)
Transfers In	-	-
Transfers Out	(2,066,000)	(2,066,000)
Prior Period OPEB	(2,685,981)	-
Net Change	\$ 533,009	\$ 4,381,965

City-wide Summary:

	Change in Net Position \$	
	2017	2016
Governmental Fund	\$ (10,153,927)	\$ (220,051)
Proprietary Fund	\$ 533,009	\$ 4,381,965
Total City of Camden	\$ (9,620,918)	\$ 4,161,914

**Summary of Revenues and Expenses
Changes in Net Position as of 06/30/17**

	Governmental Activity		Proprietary Activity		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Taxes	\$ 4,554,166	\$ 4,493,488	\$ -	\$ -	\$ 4,554,166	\$ 4,493,488
Licenses and Permits	2,029,158	1,863,541	-	-	2,029,158	1,863,541
Intergovernmental	998,019	783,723	-	-	998,019	783,723
Charge for Services	1,779,781	1,734,360	-	-	1,779,781	1,734,360
Fines	230,301	208,211	-	-	230,301	208,211
Miscellaneous	356,438	601,414	-	-	356,438	601,414
Electric Revenue	-	-	21,780,563	22,249,603	21,780,563	22,249,603
Water Revenue	-	-	4,133,055	4,218,322	4,133,055	4,218,322
Sewer Revenue	-	-	2,623,363	2,483,053	2,623,363	2,483,053
Other Operating	-	-	1,397,309	767,736	1,397,309	767,736
Interest Income	-	-	44,456	20,083	44,456	20,083
Total Revenue	9,947,863	9,684,737	29,978,746	29,738,797	39,926,609	39,423,534
Expenses:						
General Government	2,112,212	2,004,288	-	-	2,112,212	2,004,288
Public Safety	4,905,189	4,676,768	-	-	4,905,189	4,676,768
Highways and Streets	1,068,373	862,530	-	-	1,068,373	862,530
Sanitation	1,041,422	1,478,392	-	-	1,041,422	1,478,392
Culture and Recreation	2,146,764	3,792,702	-	-	2,146,764	3,792,702
Non-Departmental	1,114,239	1,077,317	-	-	1,114,239	1,077,317
Electric Cost	-	-	17,148,500	15,948,346	17,148,500	15,948,346
Water Cost	-	-	2,802,245	2,743,199	2,802,245	2,743,199
Sewer Cost	-	-	3,293,721	3,268,743	3,293,721	3,268,743
Loss on Disposal of Assets	-	-	-	10,957	-	10,957
Interest Expense	-	-	1,449,290	1,319,587	1,449,290	1,319,587
Total Expense	12,388,199	13,891,997	24,693,756	23,290,832	37,081,955	37,182,829
Income before Transfers	(2,440,336)	(4,207,260)	5,284,990	6,447,965	2,844,654	2,240,705
Transfers In/ (Out)	2,066,000	2,066,000	(2,066,000)	(2,066,000)	-	-
Fund Bal Changes pg 14	(325,616)	1,184,209	-	-	(325,616)	1,184,209
Capital Financing	2,033,000	737,000	-	-	2,033,000	737,000
Change in Net Position	1,333,048	(220,051)	3,218,990	4,381,965	4,552,038	4,161,914
Beginning Net Position	4,819,350	5,039,401	52,457,400	48,075,435	57,276,750	53,114,836
Prior Period Adjustment	(11,486,975)	-	(2,685,981)	-	(14,172,956)	-
Ending Net Position	\$ (5,334,577)	\$ 4,819,350	\$ 52,990,409	\$ 52,457,400	\$ 47,655,832	\$ 57,276,750

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 \$361,272 as of June 30, 2017. Additionally, the utility fund customer deposits are maintained as a restricted reserve. This amount was \$659,035 as of June 30, 2017. 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, 2017, the road paving reserve balance was \$730,111. City Council also restricted funds for capital projects. The capital projects fund balance was \$296,751 as of June 30, 2017. The City sold a watershed property during the year 2001. The principal balance amount of the sale, \$925,500, could not be spent without an authorizing resolution. In March 2011, City Council approved the reduction of the watershed account by the amount of \$375,000 to be used for the purchase of property from the Kershaw County School District. In May 2011, City Council approved the sale of a portion of the property purchased in the amount of \$113,631 and resolved that the sale proceeds be placed into the watershed restricted account. This purchase and sale of property resulted in a net balance of \$664,131 in the restricted watershed property account. In March 2011, City Council approved the reduction of the watershed account amount by \$363,967 to be used for the purchase of property on Campbell Street. In June of 2014, City Council approved the reduction of the watershed account amount by \$212,000 to be used to purchase property located at the corner of Broad St. and Rutledge (Maxway Property). In September 2015 the property known as Pine Tree Hill School was sold to Kershaw Health \$266,720. This was placed back into the restricted account and resulted in a balance of \$270,281 in the restricted watershed property account at June 2017.

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 \$2,240,341 as of June 30, 2017. This balance is a result of the H-Tax bond issue in the amount of \$1,845,000 with the balance of this bond amount being \$1,845,000 at June 30, 2017. 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 \$545,365 as of June 30, 2017.

Capital Assets

Summary of Capital Assets

As of 06/30/17

(Net of Depreciation)

	Governmental Activity		Proprietary Activity		Total	
	2017	2016	2017	2016	2017	2016
Land and Improvements	\$ 2,235,379	\$ 2,193,925	\$ 501,916	\$ 501,916	\$ 2,737,295	\$ 2,695,841
Buildings and Improvements	5,774,292	5,399,631	104,639	111,313	5,878,931	5,510,944
Equipment	76,892	155,337	-	-	76,892	155,337
Streets, Sidewalks, Etc.	4,311,639	4,418,923	-	-	4,311,639	4,418,923
Automotive Equipment	1,014,943	710,388	915,243	981,100	1,930,186	1,691,488
Electric System	-	-	25,813,842	21,307,534	25,813,842	21,307,534
Water System	-	-	15,533,615	15,724,156	15,533,615	15,724,156
Sewer System	-	-	12,551,215	12,780,058	12,551,215	12,780,058
Electric Instruments	-	-	298,620	331,384	298,620	331,384
Water Instruments	-	-	58,943	82,664	58,943	82,664
Sewer Instruments	-	-	456,449	82,730	456,449	82,730
Office Machines	-	-	11,461	20,631	11,461	20,631
Wastewater Treatment Plant	-	-	34,951,324	36,253,300	34,951,324	36,253,300
Total	13,413,145	12,878,204	91,197,267	88,176,786	104,610,412	101,054,990
Construction in Progress	767,802	6,961	7,163,418	2,212,178	7,931,220	2,219,139
Total	\$ 14,180,947	\$ 12,885,165	\$ 98,360,685	\$ 90,388,964	\$ 112,541,632	\$ 103,274,129

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

Operating Cash

The City maintains one consolidated checking account for the combined governmental fund and proprietary fund. The City's general ledger accounting system separates all transactions and applies cash transactions to the appropriate individual fund. The general fund cash balance is \$2,330,940 as of June 30, 2017. Other general fund liquid investments totaled \$4,870,945 at year-end. As of June 30, 2017, the general fund unrestricted operating cash amount is \$3,687,327. The excess unrestricted cash excludes the deferred revenue already received for the upcoming fiscal year. Based on cash needs for the fiscal year 2017/2018 this balance will support the City for 135 days. The proprietary fund operating cash balance is \$14,060,589 or 157 days of excess working cash.

City-wide Debt

The City has an excellent payment record. The City has never defaulted on the payment of debt principal or interest. Although we show small increases in City wide net assets for the current year activities we continue to reflect a strong financial position net of debt for future capital expenditures and street paving. Restricted funds totaling \$13,694,083 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, 2017, the governmental fund had a \$947,948 balance of capital lease debt. A lease balance of \$205,361 is obligated for four more years for the purchase of an additional fire truck. A lease balance in the amount of \$124,738 is obligated for two more years for the purchase of police units. A lease balance of \$86,473 is obligated for three years for the purchase of a sanitation truck. A lease balance of \$426,033 is obligated for nine years for the purchase of a sanitation truck and a fire truck. The balance of governmental capital lease debt consists of fixed installment payments within three-year or five-year terms. The annual amount of principal to be paid for all general fund debt is \$326,737 for fiscal year 2017.

Proprietary Fund Long Term Debt

The proprietary fund currently has a balance, as of June 30, 2017, of \$62,824,707 committed to long term debt. This debt is comprised of 10 issues of combined public utility revenue bonds. The largest bond issue during 1997 was used to build a 6.0 MGD state of the art water treatment plant near Lake Wateree. The 1997 bond was refunded with a 2004 issue. A series 2002 revenue bond was issued for major repairs to the electric system, water lines and sewer system in the amount of \$4,200,000. A bond issue for \$6,000,000 was issued during fiscal year 2004. In November 2007, a revenue bond for continued infrastructure repairs was issued in the amount of \$1,273,000. A revenue bond 2011A, in the amount of \$475,000 was issued to refund a portion of the 1997 Bond during the 2011 fiscal year. A portion of the Series 2004 Bond was advance refunded through the issuance of the Series 2014A Bond. The advance refunding extinguished \$3,695,000 of the 2004 Bond. Series 2015 and 2016 was issued for major electric underground projects and repairs in the total amount of \$13,080,000. SRF Funding in the amount of \$12,325,986 for water and sewer renovations to include the area of Kendall Mill Village and the SCDOT Bypass.

The debt balance for the construction of a new wastewater treatment plant was \$30,073,039 at June 30, 2017. A revenue bond was issued during fiscal year 2010 in the amount of \$3,000,000 for engineering, planning, design and infrastructure related to the new wastewater treatment plant. The debt will be serviced as needed by rate increases for combined utility services with the payment scheduled to begin September 2016.

The debt amount for the upgrades and rehabilitation of several electric projects in 2015/2016 was \$13,080,000 with an interest rate of 2.4% with a 15 year term.

The amount needed to service the combined utility system debt annually for the next five years is approximately \$5,918,345. While the debt coverage ratio for the proprietary fund has been steady for the past four years (see the following chart) this did decrease as expected with the addition of new debt issues.

**Long Term Debt Service Coverage
Proprietary Fund**

	2014	2015	2016	2017
Net Income	\$ 4,469,961	\$ 4,024,699	\$ 6,447,965	\$ 5,287,990
Depreciation	2,553,590	3,805,090	3,877,356	3,938,576
Loss on Disposal of Capital Assets	-	985,139	10,957	-
Interest Expense on Bonds	914,401	1,288,227	1,319,587	1,449,290
Net Available for Debt From Operations	7,937,952	10,103,155	11,655,865	10,675,856
Transfers	(1,510,322)	(2,066,000)	(2,066,000)	(2,066,000)
Net Available After Transfers	<u>\$ 6,427,630</u>	<u>\$ 8,037,155</u>	<u>\$ 9,589,865</u>	<u>\$ 8,609,856</u>
Total Debt Service Requirement	<u>\$ 4,536,964</u>	<u>\$ 4,298,234</u>	<u>\$ 5,439,475</u>	<u>\$ 5,918,345</u>
Coverage Ratio	1.42	1.87	1.76	1.45

Summary of Outstanding Debt

	Governmental Activity		Proprietary Activity		Total City	
	2017	2016	2017	2016	2017	2016
Bond Obligations	\$ 5,340,000	\$ 3,785,000	\$ 62,736,119	\$ 60,226,564	\$ 68,076,119	\$ 64,011,564
Short Term Obligations	947,948	1,149,778	-	-	947,948	1,149,778
Total	<u>\$ 6,287,948</u>	<u>\$ 4,934,778</u>	<u>\$ 62,736,119</u>	<u>\$ 60,226,564</u>	<u>\$ 69,024,067</u>	<u>\$ 65,161,342</u>

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

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, 2017

	Primary Government		Total
	Governmental Activities	Business-Type Activites	
ASSETS			
Cash and Cash Equivalents	\$ 2,330,940	\$ 3,462,613	\$ 5,793,553
Certificates of Deposit	1,356,387	644,192	2,000,579
Investments	3,514,558	2,762,783	6,277,341
Receivable:			
Accounts Receivable, Net	-	2,465,448	2,465,448
Taxes, Net	261,589	-	261,589
Miscellaneous	957,343	7,191,001	8,148,344
Inventory	67,981	970,486	1,038,467
Restricted Assets:			
Cash	2,329,077	-	2,329,077
Certificates of Deposit	-	654,285	654,285
Investments	386,917	10,323,804	10,710,721
Capital Assets:			
Land, Historical Collections and Construction in Progress	3,003,181	7,665,334	10,668,515
Other Capital Assets, Net of Accumulated Depreciation	11,177,766	90,695,351	101,873,117
Total Capital Assets, Net of Depreciation	<u>14,180,947</u>	<u>98,360,685</u>	<u>112,541,632</u>
Total Assets	<u>25,385,739</u>	<u>126,835,297</u>	<u>152,221,036</u>
DEFERRED OUTFLOW OF RESOURCES			
Prepaid Insurance	78,977	-	78,977
Deferred Pension Outflow	1,742,480	796,949	2,539,429
Deferred Charges	-	856,237	856,237
Total Deferred Outflow of Resources	<u>1,821,457</u>	<u>1,653,186</u>	<u>3,474,643</u>
LIABILITIES			
Accounts Payable	461,692	2,207,092	2,668,784
Accrued Liabilities	103,971	43,932	147,903
Notes and Lease Obligations Payable, Current	326,737	-	326,737
Bonds Payable, Current	290,000	4,558,171	4,848,171
Liabilities Payable from Restricted Assets			
Customer Deposits	-	659,035	659,035
Accrued Interest Payable	-	211,436	211,436
Compensated Absences, Non-Current	177,602	88,588	266,190
OPEB Obligation	13,749,953	3,219,509	16,969,462
Net Pension Liability	9,432,538	5,064,167	14,496,705
Notes and Lease Obligations Payable, Non-Current	621,211	-	621,211
Bonds Payable, Non-Current	5,050,000	58,177,949	63,227,949
Total Liabilities	<u>30,213,704</u>	<u>74,229,879</u>	<u>104,443,583</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Revenue	2,297,439	1,058,526	3,355,965
Deferred Pension Inflow	30,630	5,742	36,372
Deferred Gain on Bond Refunding	-	203,927	203,927
Total Deferred Inflow of Resources	<u>2,328,069</u>	<u>1,268,195</u>	<u>3,596,264</u>
NET POSITION			
Net Investment in Capital Assets	7,892,999	36,276,875	44,169,874
Restricted for:			
Law Enforcement	41,641	-	41,641
Special Purposes	71,183	-	71,183
Debt Service	386,917	10,323,804	10,710,721
Unrestricted	(13,727,317)	6,389,730	(7,337,587)
Total Net Position	<u>\$ (5,334,577)</u>	<u>\$ 52,990,409</u>	<u>\$ 47,655,832</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, 2017

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS							
Primary Government:							
General Government	\$ 3,277,175	\$ 1,796,758	\$ 189,858	\$ -	\$ (1,290,559)	\$ -	\$ (1,290,559)
Public Safety							
Police	2,944,599	402,798	68,659	-	(2,473,142)	-	(2,473,142)
Fire	1,704,758	597,314	117,245	-	(990,199)	-	(990,199)
Highways and Streets	1,188,765	-	165,277	-	(1,023,488)	-	(1,023,488)
Sanitation	925,978	1,182,467	51,210	-	307,699	-	307,699
Culture and Recreation	519,211	4,871	7,560	-	(506,780)	-	(506,780)
Interest on Long-Term Debt	120,326	-	-	-	(120,326)	-	(120,326)
Total Governmental Activities	<u>10,680,812</u>	<u>3,984,208</u>	<u>599,809</u>	<u>-</u>	<u>(6,096,795)</u>	<u>-</u>	<u>(6,096,795)</u>
Business-Type Activities:							
Electric Charges	17,474,772	22,231,997	-	-	-	4,757,225	4,757,225
Water Charges	2,972,573	4,133,055	-	11,019	-	1,171,501	1,171,501
Sewer Charges	4,246,411	2,673,863	-	-	-	(1,572,548)	(1,572,548)
Total Business-Type Activities	<u>24,693,756</u>	<u>29,038,915</u>	<u>-</u>	<u>11,019</u>	<u>-</u>	<u>4,356,178</u>	<u>4,356,178</u>
Total Primary Government	<u>\$ 35,374,568</u>	<u>\$ 33,023,123</u>	<u>\$ 599,809</u>	<u>\$ 11,019</u>	<u>(6,096,795)</u>	<u>4,356,178</u>	<u>(1,740,617)</u>

	Primary Government		
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes	3,593,843	-	3,593,843
Franchise Taxes	232,400	-	232,400
Public Service Taxes	1,186,036	-	1,186,036
Unrestricted Investment Earnings	35,528	44,456	79,984
Transfers - Internal Activities	2,066,000	(2,066,000)	-
Miscellaneous	316,036	884,356	1,200,392
Total General Revenues, Special Items and Transfers	<u>7,429,843</u>	<u>(1,137,188)</u>	<u>6,292,655</u>
Change in Net Position	<u>1,333,048</u>	<u>3,218,990</u>	<u>4,552,038</u>
Net Position, Beginning of Year	<u>4,819,350</u>	<u>52,457,400</u>	<u>57,276,750</u>
Prior Period Adjustment, See Note 15	<u>(11,486,975)</u>	<u>(2,685,981)</u>	<u>(14,172,956)</u>
Net Position, End of Year	<u>\$ (5,334,577)</u>	<u>\$ 52,990,409</u>	<u>\$ 47,655,832</u>

The Accompanying Notes are an Integral Part of These Financial Statements

CITY of CAMDEN, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2017

	General	Special Revenue	Capital Project Funds	Total Governmental Funds
ASSETS and DEFERRED OUTFLOW				
OF RESOURCES				
Assets				
Cash	\$ 1,040,128	\$ 214,981	\$ 1,075,831	\$ 2,330,940
Restricted Cash	545,365	1,783,712	-	2,329,077
Certificates of Deposit	1,356,387	-	-	1,356,387
Investments	3,514,558	-	-	3,514,558
Restricted Investments	-	386,917	-	386,917
Receivables (Net)				
Taxes	189,003	72,586	-	261,589
Miscellaneous	949,783	-	7,560	957,343
Inventory	67,981	-	-	67,981
Total Assets	<u>7,663,205</u>	<u>2,458,196</u>	<u>1,083,391</u>	<u>11,204,792</u>
Deferred Outflow of Resources:				
Prepaid Insurance	78,977	-	-	78,977
Total Deferred Outflow of Resources	<u>78,977</u>	<u>-</u>	<u>-</u>	<u>78,977</u>
Total Assets and Deferred Outflow of Resources	<u>\$ 7,742,182</u>	<u>\$ 2,458,196</u>	<u>\$ 1,083,391</u>	<u>\$ 11,283,769</u>
LIABILITIES, DEFERRED INFLOW OF				
RESOURCES and FUND BALANCE				
Liabilities				
Accounts Payable	\$ 326,765	\$ 82,354	\$ 52,573	\$ 461,692
Accrued Liabilities	102,305	1,666	-	103,971
Total Liabilities	<u>429,070</u>	<u>84,020</u>	<u>52,573</u>	<u>565,663</u>
Deferred Inflow of Resources				
Deferred Revenue	2,274,663	18,820	3,956	2,297,439
Total Deferred Inflow of Resources	<u>2,274,663</u>	<u>18,820</u>	<u>3,956</u>	<u>2,297,439</u>
FUND BALANCE				
Fund Balance				
Nonspendable	146,958	-	-	146,958
Restricted	-	2,283,453	-	2,283,453
Committed	270,281	15,286	1,026,862	1,312,429
Assigned	-	56,617	-	56,617
Unassigned	4,621,210	-	-	4,621,210
Total Fund Balance	<u>5,038,449</u>	<u>2,355,356</u>	<u>1,026,862</u>	<u>8,420,667</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balance	<u>\$ 7,742,182</u>	<u>\$ 2,458,196</u>	<u>\$ 1,083,391</u>	<u>\$ 11,283,769</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, 2017

Total Fund Balance for Governmental Funds		\$ 8,420,667
Total Net Position reported for governmental activities in the statement of net position is different because:		
Capital assets of \$29,375,635 net of accumulated depreciation of \$15,194,688 are not financial resources and, therefore, are not reported in the funds. (See Note 3 for additional detail).		14,180,947
OPEB Obligation (See Note 6 for additional detail).		(13,749,953)
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		1,742,480
Deferred inflows-pension		(30,630)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Compensated Absences	\$ (177,602)	
Net Pension Liability	(9,432,538)	
Governmental Leases and Bonds Payable	<u>(6,287,948)</u>	<u>(15,898,088)</u>
Total Net Position of Governmental Activities		<u>\$ (5,334,577)</u>

CITY of CAMDEN, SOUTH CAROLINA

STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

	General	Special Revenue	Capital Project Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 2,653,150	\$ 1,029,903	\$ 871,113	\$ 4,554,166
Licenses and Permits	2,029,158	-	-	2,029,158
Intergovernmental Revenues	897,363	100,656	-	998,019
Charges for Services	1,779,781	-	-	1,779,781
Fines and Forfeits	213,833	16,468	-	230,301
Miscellaneous Revenues	322,013	34,425	-	356,438
Total Revenues	<u>7,895,298</u>	<u>1,181,452</u>	<u>871,113</u>	<u>9,947,863</u>
EXPENDITURES				
Current:				
General Government	2,112,212	-	-	2,112,212
Public Safety	4,888,721	16,468	-	4,905,189
Highways and Streets	1,033,621	-	34,752	1,068,373
Sanitation	1,041,422	-	-	1,041,422
Culture and Recreation	300,566	1,846,198	-	2,146,764
Non-Departmental	556,216	72,292	485,731	1,114,239
Total Expenditures	<u>9,932,758</u>	<u>1,934,958</u>	<u>520,483</u>	<u>12,388,199</u>
EXCESS (DEFICIENCY) of REVENUES OVER (UNDER) EXPENDITURES	<u>(2,037,460)</u>	<u>(753,506)</u>	<u>350,630</u>	<u>(2,440,336)</u>
OTHER FINANCING SOURCES (USES)				
Transfer In	2,066,000	-	-	2,066,000
Capital Financing	188,000	1,845,000	-	2,033,000
Total Other Financing Sources (Uses)	<u>2,254,000</u>	<u>1,845,000</u>	<u>-</u>	<u>4,099,000</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	216,540	1,091,494	350,630	1,658,664
FUND BALANCE, Beginning of Year	<u>4,821,909</u>	<u>1,263,862</u>	<u>676,232</u>	<u>6,762,003</u>
FUND BALANCE, End of Year	<u>\$ 5,038,449</u>	<u>\$ 2,355,356</u>	<u>\$ 1,026,862</u>	<u>\$ 8,420,667</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, 2017

Net Changes in Fund Balances - Total Governmental Funds	\$ 1,658,664
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 \$1,982,552 exceeded depreciation of \$686,770 in the current period.	1,295,782
The proceeds of debt issuances provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which debt proceeds of \$2,033,000 exceeded repayments of \$679,830. Also see Note 5 for additional detail.	(1,353,170)
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include: the net increase in compensated absences.	(15,295)
Net increase in net pension liability expenses.	(307,692)
Net decrease in OPEB Obligation.	<u>54,759</u>
Changes in Net Position of Governmental Activities	<u>\$ 1,333,048</u>

CITY of CAMDEN, SOUTH CAROLINA

STATEMENT of NET POSITION - PROPRIETARY FUND
June 30, 2017

ASSETS	
CURRENT ASSETS	
Cash	\$ 3,462,613
Certificates of Deposit	644,192
Investments	2,762,783
Water and Lights Accounts Receivable, Net	2,465,448
Miscellaneous Receivables	7,191,001
Inventories	970,486
Total Current Assets	<u>17,496,523</u>
NON-CURRENT ASSETS	
RESTRICTED ASSETS	
Certificates of Deposit - Customer Deposits	654,285
Investments - Reserve Bond Investment	10,323,804
Total Restricted Assets	<u>10,978,089</u>
CAPITAL ASSETS	
Construction in Process	7,163,418
Buildings and Land	850,864
Furniture, Fixtures and Equipment	3,321,339
Electric System	45,159,769
Water System	29,433,034
Sewer and Wastewater System	59,879,386
Sub-Total	145,807,810
Less Accumulated Depreciation	(47,447,125)
Total Capital Assets	<u>98,360,685</u>
Total Non-Current Assets	<u>109,338,774</u>
Total Assets	<u>126,835,297</u>
DEFERRED OUTFLOW OF RESOURCES	
Deferred Pension Outflow	796,949
Deferred Charges	856,237
Total Deferred Outflow of Resources	<u>1,653,186</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	2,207,092
Other Current Liabilities	43,932
Bonds Payable, Current	4,558,171
Total Current Liabilities	<u>6,809,195</u>
NON-CURRENT LIABILITIES	
Accrued Vacation Pay	88,588
OPEB Obligation	3,219,509
Net Pension Liability	5,064,167
Payable from Restricted Assets	
Customer Deposits	659,035
Accrued Interest Payable	211,436
Bonds Payable, Non-Current	58,177,949
Total Non-Current Liabilities	<u>67,420,684</u>
Total Liabilities	<u>74,229,879</u>
DEFERRED INFLOW OF RESOURCES	
Deferred Revenue	1,058,526
Deferred Pension Inflow	5,742
Deferred Gain on Bond Refunding	203,927
Total Deferred Inflow of Resources	<u>1,268,195</u>
NET POSITION	
Net Investment in Capital Assets	36,276,875
Restricted for Debt Service	10,323,804
Unrestricted	6,389,730
Total Net Position	<u>\$ 52,990,409</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, 2017

OPERATING REVENUES

Charges for Services:

Electric Charges	\$ 21,780,563
Water Charges	4,133,055
Sewer Charges	<u>2,623,363</u>
Total Operating Revenues	<u>28,536,981</u>

OPERATING EXPENSES

Personnel Services	3,395,079
Maintenance, Operations, and Contractual Services	15,319,803
Materials and Supplies	505,790
Depreciation & Amortization	<u>4,023,794</u>
Total Operating Expenses	<u>23,244,466</u>
Operating Income	<u>5,292,515</u>

NON-OPERATING REVENUE (EXPENSE)

Interest Income	44,456
Interest Expense	(1,449,290)
Other Revenue (Expense)	<u>1,397,309</u>
Total Non-Operating Revenue (Expense)	<u>(7,525)</u>

Income (Loss) before Contributions and Transfers	5,284,990
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OPERATING TRANSFERS and CONTRIBUTIONS

Transfers to Other Funds	<u>(2,066,000)</u>
Change in Net Position	<u>3,218,990</u>

NET POSITION, Beginning of Year	<u>52,457,400</u>
Prior Period Adjustment, See Note 15	<u>(2,685,981)</u>
NET POSITION, End of Year	<u>\$ 52,990,409</u>

CITY of CAMDEN, SOUTH CAROLINA

STATEMENT of CASH FLOWS - PROPRIETARY FUND
For the Year Ended June 30, 2017

CASH FLOWS from OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 21,386,266
Cash Payments to Suppliers for Goods and Services	(14,582,025)
Cash Payments to Employees for Services	(3,480,714)
Net Cash Provided by Operating Activities	<u>3,323,527</u>
CASH FLOWS from NON-CAPITAL FINANCING ACTIVITIES:	
Other Non-Operating Revenue	1,397,309
Reclassification of Restricted Cash	3,839,755
Operating Transfers Out	(2,066,000)
Net Cash Provided by Non-Capital Financing Activities	<u>3,171,064</u>
CASH FLOWS from CAPITAL and RELATED FINANCING ACTIVITIES:	
Purchase of Assets	(11,910,294)
Proceeds from Debt Issued	6,564,565
Principal Paid on Revenue Bond Maturities	(4,055,010)
Interest Paid on Debt Service	(1,449,290)
Net Cash Used in Capital and Related Financing Activities	<u>(10,850,029)</u>
CASH FLOWS from INVESTING ACTIVITIES:	
Interest and Dividends on Investments	44,456
Net Cash Provided by Investing Activities	<u>44,456</u>
Net Decrease in Cash and Cash Equivalents	(4,310,982)
Cash and Cash Equivalents at Beginning of Year	7,773,595
Cash and Cash Equivalents at End of Year	<u>\$ 3,462,613</u>
RECONCILIATION of OPERATING INCOME to NET CASH PROVIDED by OPERATING ACTIVITIES:	
Operating Income	\$ 5,292,515
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Amortization	85,218
Depreciation	3,938,576
Bad Debt Expense	78,800
Changes in Assets and Liabilities:	
Accounts Receivable	(33,463)
Miscellaneous Accounts Receivable	(7,096,159)
Inventory	23,584
Deferred Pension Outflow	(393,190)
Accounts Payable	66,451
Interest Payable	(22,184)
Other Liabilities	478,825
Customer Deposits	(21,093)
Deferred Inflows	925,647
Net Cash Provided by Operating Activities	<u>\$ 3,323,527</u>

CITY of CAMDEN, SOUTH CAROLINA

NOTES to FINANCIAL STATEMENTS

June 30, 2017

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 Prepaids

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

Prepaids 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, 2017 is \$361,372.

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, 2017 was \$85,218 in the proprietary fund.

K. Fund Equity

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

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

Committed Fund Balance

City Council increased its tax millage specifically for road paving. The balance unspent at June 30, 2017 was \$730,111. City Council increased its tax millage specifically for capital. The balance unspent at June 30, 2017 was \$296,751. 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, 2017 was \$2,240,341. City Council passed an ordinance committing \$270,281 of proceeds from the sale of its Watershed property. This money cannot be spent without an ordinance authorizing it by City Council and is recorded in the General Fund.

NOTE 1 SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position - Proprietary Fund

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

Capital Assets, Net of Related Debt at June 30, 2016	<u>\$ 30,899,930</u>
Maximum Amount that can be Transferred during the Year Ended June 30, 2017	<u>\$ 6,179,986</u>
Amount Transferred during the Year Ended June 30, 2017	<u>\$ 2,066,000</u>

L. Revenue Recognition - Property Taxes

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

Penalty Dates and Amounts

January 15, 15%

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

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

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

M. Compensated Absences

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

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

As of June 30, 2017, the liability for accrued vacation is \$266,190. The amount applicable to the Proprietary Fund is \$88,588 and the amount applicable to the General Fund is \$177,602. Compensated absences are reported as accrued in the government-wide and proprietary financial statements. Governmental funds report out only matured compensated absences payable to currently terminating employees and are included in the wages and benefits payable.

NOTE 1 SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Statement of Cash Flows

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

O. Accounting Estimates

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

P. Grants

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

NOTE 2 DEPOSITS and INVESTMENTS

Deposits are shown at carrying value at June 30, 2017 as follows:

	Category			Bank Balance	Total Carrying Amount
	1	2	3		
Checking Accounts	\$ 310,811	\$ 8,579,199	\$ -	\$ 8,890,010	\$ 8,019,865
Savings Accounts	101,132	-	-	101,132	101,516
Certificates of Deposit	402,225	2,252,639	-	2,654,864	2,654,864
	<u>\$ 814,168</u>	<u>\$ 10,831,838</u>	<u>\$ -</u>	<u>\$ 11,646,006</u>	<u>\$ 10,776,245</u>

Custodial Risk-Deposits - Deposits in financial institutions, reported as components of cash, cash equivalents and investments, had a bank balance of \$11,646,006 at June 30, 2017, 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, 2017 as follows:

	Category			Fair Value
	1	2	3	
U.S. Government Securities	\$ -	\$ 10,710,721	\$ -	\$ 10,710,721
	<u>\$ -</u>	<u>\$ 10,710,721</u>	<u>\$ -</u>	
S.C. Local Government Investment Pool (Fair value substantially equivalent to the value of the pool shares)				<u>\$ 6,277,341</u>
Total				<u>\$ 16,988,062</u>

The City's investments are categorized to indicate the level of risk assumed by the City at June 30, 2017. Category 1 includes investments that are insured or registered for which the securities are held by the City or its agent in the City's name. Category 2 includes investments that are uninsured and unregistered, with the securities held by the counterparty's trust department or agent in the City's name. Category 3 includes investments that are uninsured and unregistered with securities held by the counterparty or by its trust department or agent but not in the City's name. The South Carolina Local Government Investment Pool is run by the State Treasurer's Office and can invest only in the same type of instruments allowed by the City.

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

NOTE 2 DEPOSITS and INVESTMENTS (Continued)

A reconciliation of cash, cash equivalents and investments as shown in the combined statement of net position for the primary government as of June 30, 2017 is as follows:

Petty Cash and Other	\$ 1,250
Carrying Amount of Deposits	10,776,245
Carrying Amount of Investments	16,988,062
Total	<u>\$ 27,765,557</u>
Cash and Cash Equivalents	\$ 5,793,553
Certificates of Deposit	2,000,579
Cash and Cash Equivalents - Local Option Sales Tax	2,329,077
Certificates of Deposit - Restricted for Customer Deposits	654,285
Investments	6,277,341
Investments - Restricted for Debt Service	10,710,721
Total	<u>\$ 27,765,556</u>

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017, was as follows:

	Primary Government				Ending Balance
	Beginning Balance	Increases	Decreases	Tranfers	
GOVERNMENTAL ACTIVITIES:					
Capital Assets not Being Depreciated:					
Land	\$1,493,925	\$ 34,493	\$ -	\$ 6,961	\$ 1,535,379
Historical Collections	700,000	-	-	-	700,000
Construction in Progress	6,961	767,802	-	(6,961)	767,802
Total Capital Assets not Being Depreciated	<u>2,200,886</u>	<u>802,295</u>	<u>-</u>	<u>-</u>	<u>3,003,181</u>
Other Capital Assets:					
Building and Improvements	12,618,262	601,296	-	-	13,219,558
Equipment	1,494,591	8,207	-	-	1,502,798
Automotive Equipment	4,715,767	570,754	(51,939)	-	5,234,582
Streets, Sidewalks, Etc.	6,415,516	-	-	-	6,415,516
Total Other Capital Assets at Historical Cost	<u>25,244,136</u>	<u>1,180,257</u>	<u>(51,939)</u>	<u>-</u>	<u>26,372,454</u>
Less Accumulated Depreciation for:					
Buildings and Improvements	(7,218,631)	(226,635)	-	-	(7,445,266)
Equipment	(1,339,254)	(86,652)	-	-	(1,425,906)
Automotive Equipment	(4,005,379)	(266,199)	51,939	-	(4,219,639)
Streets, Sidewalks, Etc.	(1,996,593)	(107,284)	-	-	(2,103,877)
Total Accumulated Depreciation	<u>(14,559,857)</u>	<u>(686,770)</u>	<u>51,939</u>	<u>-</u>	<u>(15,194,688)</u>
Other Capital Assets, Net	<u>10,684,279</u>	<u>493,487</u>	<u>-</u>	<u>-</u>	<u>11,177,766</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,885,165</u>	<u>\$ 1,295,782</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,180,947</u>

NOTE 3 CAPITAL ASSETS (Continued)

	Primary Government				Ending Balance
	Beginning Balance	Increases	Decreases	Tranfers	
BUSINESS-TYPE ACTIVITIES:					
Capital Assts not Being Depreciated:					
Land and Improvements	\$501,916	\$ -	\$ -	\$ -	\$ 501,916
Construction in Progress	2,212,178	6,371,176	-	(1,419,936)	7,163,418
Total Capital Assets not Being Depreciated	<u>\$2,714,094</u>	<u>6,371,176</u>	<u>-</u>	<u>(1,419,936)</u>	<u>7,665,334</u>
Other Capital Assets:					
Electric System	39,261,312	4,098,131	-	1,419,936	44,779,379
Water System	28,395,217	607,458	-	-	29,002,675
Sewer System	19,863,571	288,809	-	-	20,152,380
Electric Instruments	770,773	-	-	-	770,773
Water Instruments	430,358	-	-	-	430,358
Sewer Instruments	302,842	391,832	-	-	694,674
Automotive Equipment	2,810,889	147,030	(148,255)	-	2,809,664
Office Machines	115,435	5,858	-	-	121,293
Buildings	348,948	-	-	-	348,948
Wastewater Treatment Plant	39,032,332	-	-	-	39,032,332
Total Other Capital Assets at Historical Cost	<u>131,331,677</u>	<u>5,539,118</u>	<u>(148,255)</u>	<u>1,419,936</u>	<u>138,142,476</u>
Less Accumulated Depreciation	<u>(43,656,804)</u>	<u>(3,938,576)</u>	<u>148,255</u>	<u>-</u>	<u>(47,447,125)</u>
Other Capital Assets, Net	<u>87,674,873</u>	<u>1,600,542</u>	<u>-</u>	<u>1,419,936</u>	<u>90,695,351</u>
Business-Type Activities Capital Assets, Net	<u>\$90,388,967</u>	<u>\$ 7,971,718</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,360,685</u>

Depreciation expense was charged to functions as follows:

GOVERNMENT ACTIVITIES:

General Government	\$ 202,357
Public Safety	177,406
Highways and Streets	112,248
Sanitation	75,451
Culture and Recreation	119,308
Total Governmental Activities Depreciation Expense	<u>\$ 686,770</u>

BUSINESS-TYPE ACTIVITIES:

Electric Department	\$ 1,279,113
Water Department	821,721
Sewer Department	1,837,742
Total Business-Type Activities Depreciation Expense	<u>\$ 3,938,576</u>

Insurance recoveries for the year ended June 30, 2017, amounted to \$52,587 for the general fund and \$646,088 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, 2017 was as follows:

	Balance 6/30/2016	Issued	Retired	Balance 6/30/2017	Due Within One Year
Combined Public Utility System Refunding Revenue Bond, Series 2013A	\$3,140,000	\$ -	\$ 365,000	\$ 2,775,000	\$ 375,000
Combined Public Utility Revenue Bond 2007	293,505	-	144,044	149,461	149,461
Combined Public Utility System Improvement Revenue Bond Series 2010, Reissue	2,355,293	-	137,008	2,218,285	141,242
Combined Public Utility System Refunding Revenue Bond, Series 2012A	1,657,882	-	262,113	1,395,769	267,635
Combined Public Utility System Refunding Revenue Bond, Series 2014A	8,580,000	-	995,000	7,585,000	1,010,000
State Revolving Fund Loan, Series 2012B	31,509,884	-	1,436,845	30,073,039	1,469,447
State Revolving Fund Loan, Sewer Rehab	-	3,289,035	-	3,289,035	194,468
State Revolving Fund Loan, Water Rehab	-	3,275,530	-	3,275,530	190,918
Combined Public Utility System Refunding Revenue Bond, Series 2015 Issue	5,610,000	-	340,000	5,270,000	350,000
Combined Public Utility System Refunding Revenue Bond, Series 2016 Issue	7,080,000	-	375,000	6,705,000	410,000
Total Revenue and Lease Obligations Payable	<u>\$60,226,564</u>	<u>6,564,565</u>	<u>4,055,010</u>	<u>62,736,119</u>	<u>4,558,171</u>
Compensated Absences	87,054	1,534	-	88,588	-
Total Proprietary Fund Long-Term Debt	<u>\$60,313,618</u>	<u>\$ 6,566,099</u>	<u>\$ 4,055,010</u>	<u>\$ 62,824,707</u>	<u>\$ 4,558,171</u>

Long-Term Debt at June 30, 2017 consisted of the following:

Refunding Revenue Bond, Series 2013A dated March 27, 2013, payable \$60,000 to \$415,000 each March 1, 2014 through 2024. Interest at 1.87%, payable each March 1 and September 1.	\$ 2,775,000
Revenue Bond, Series 2012A dated February 29, 2012, payable \$297,044 each March 1, 2013 through 2022. Interest at 2.107% payable March 1.	1,395,769
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%.	149,461
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%.	2,218,285
State Revolving Fund Loan, Series 2012B payable \$560,220 quarterly beginning September 2014 through June 2034 at 2.25% interest.	30,073,039
State Revolving Fund Loan, Sewer Rehab payable \$79,332 quarterly beginning November 2017 through August 2037 at 1.80% interest.	3,289,035
State Revolving Fund Loan, Water Rehab payable \$78,094 quarterly beginning November 2017 through May 2037 at 1.80% interest.	3,275,530
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.	7,585,000
Refunding Revenue Bond, Series 2015 dated July 29, 2015, payable \$390,000 to \$465,000 each March 1, 2016 through 2030. Interest at 2.40%, payable each March 1.	5,270,000
Refunding Revenue Bond, Series 2016 dated January 15, 2016, payable \$375,000 to \$555,000 each March 1, 2017 through 2031. Interest at 2.40%, payable each March 1.	6,705,000
Total	<u>\$ 62,736,119</u>

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

The annual requirements to amortize all bonds outstanding as of June 30, 2017 follows:

COMBINED PUBLIC UTILITY SYSTEM IMPROVEMENT REVENUE BONDS

Year Ending	Series 2012B		Series 2013A		Series 2012A	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 1,469,447	\$ 664,303	\$ 375,000	\$ 51,892	\$ 267,635	\$ 29,409
2019	1,502,790	630,960	380,000	44,880	273,275	23,770
2020	1,536,889	596,861	390,000	37,774	279,032	18,012
2021	1,571,762	561,988	400,000	15,240	284,912	12,133
2022	1,607,426	526,324	405,000	26,740	290,915	6,130
2023-2027	8,601,068	2,067,683	825,000	34,690	-	-
2028-2032	9,622,183	1,046,569	-	-	-	-
2033-2034	4,161,474	106,027	-	-	-	-
Totals	<u>\$ 30,073,039</u>	<u>\$ 6,200,715</u>	<u>\$ 2,775,000</u>	<u>\$ 211,216</u>	<u>\$ 1,395,769</u>	<u>\$ 89,454</u>

Year Ending	Series 2010		Series 2007		Series 2014A	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 141,242	\$ 68,545	\$ 149,461	\$ 5,620	\$ 1,010,000	\$ 166,112
2019	145,606	64,181	-	-	1,035,000	143,993
2020	150,106	59,681	-	-	1,065,000	121,326
2021	154,743	55,043	-	-	1,085,000	98,002
2022	159,525	50,262	-	-	1,110,000	74,240
2023-2027	874,683	174,250	-	-	2,280,000	75,118
2028-2032	592,380	36,980	-	-	-	-
2033-2034	-	-	-	-	-	-
Totals	<u>\$ 2,218,285</u>	<u>\$ 508,942</u>	<u>\$ 149,461</u>	<u>\$ 5,620</u>	<u>\$ 7,585,000</u>	<u>\$ 678,791</u>

Year Ending	Series 2015		Series 2016		SRF Sewer Rehab	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 350,000	\$ 126,480	\$ 410,000	\$ 160,920	\$ 194,468	\$ 43,530
2019	360,000	118,080	420,000	151,080	263,399	53,932
2020	365,000	109,440	430,000	141,000	268,272	49,158
2021	375,000	100,680	440,000	130,680	273,031	44,297
2022	385,000	91,680	450,000	120,120	277,979	39,350
2023-2027	2,070,000	315,120	2,410,000	433,680	1,467,311	119,337
2028-2032	1,365,000	66,000	2,145,000	130,320	544,575	9,833
2033-2034	-	-	-	-	-	-
Totals	<u>\$ 5,270,000</u>	<u>\$ 927,480</u>	<u>\$ 6,705,000</u>	<u>\$ 1,267,800</u>	<u>\$ 3,289,035</u>	<u>\$ 359,437</u>

Year Ending	SRF Water Rehab		Total	
	Principal	Interest	Principal	Interest
2018	\$ 190,918	\$ 43,363	\$ 4,558,171	\$ 1,360,174
2019	258,590	53,784	4,638,660	1,284,660
2020	263,276	29,098	4,747,575	1,162,350
2021	268,047	44,327	4,852,495	1,062,390
2022	272,905	39,469	4,958,750	974,315
2023-2027	1,440,524	121,347	19,968,586	3,341,225
2028-2032	581,270	11,330	14,850,408	1,301,032
2033-2034	-	-	4,161,474	106,027
Totals	<u>\$ 3,275,530</u>	<u>\$ 342,718</u>	<u>\$ 62,736,119</u>	<u>\$ 10,592,173</u>

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

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

NOTE 5 CHANGES in GOVERNMENTAL FUND DEBT

A summary of the Governmental Fund Debt at June 30, 2017 is as follows:

Lease Obligation Payable, May 15, Annually at 1.62% Interest	\$ 124,738
Lease Obligation Payable, May 12, Annually at 2.25% Interest	205,361
Lease Obligation Payable, July 1, Annually at 1.52% Interest	86,473
Lease Obligation Payable, July 1, Annually at 1.62% Interest	105,343
Lease Obligation Payable, July 1, Annually at 2.15% Interest	426,033
Bond Obligation Payable Quarterly at 0.00% Interest	400,000
Bond Obligation Payable, Semiannually at 3.18% Interest	3,095,000
Bond Obligation Payable, Semiannually at 2.49% Interest	<u>1,845,000</u>
Total Lease and Bond Obligations	6,287,948
Liability for Compensated Absences	<u>177,602</u>
Total Long-Term Debt	<u><u>\$ 6,465,550</u></u>

The following is a summary of the changes at June 30, 2017 in General Fund Debt:

	Payable 6/30/2016	Additions	Reductions	Balance 6/30/2017	Due Within One Year
Bond Obligations	\$ 3,785,000	\$ 1,845,000	\$ 290,000	\$ 5,340,000	\$ 290,000
Capital Leases	1,149,778	188,000	389,830	947,948	326,737
Total Bond & Lease Obligations	<u>4,934,778</u>	<u>2,033,000</u>	<u>679,830</u>	<u>6,287,948</u>	<u>616,737</u>
Compensated Absences	162,307	15,295	-	177,602	-
Total Governmental Activities Long-Term Debt	<u>\$ 5,097,085</u>	<u>\$ 2,048,295</u>	<u>\$ 679,830</u>	<u>\$ 6,465,550</u>	<u>\$ 616,737</u>

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

Year Ended June 30,	Principal	Interest
2018	\$ 623,502	\$ 161,784
2019	635,642	150,243
2020	540,721	136,980
2021	552,318	125,071
2022	383,252	112,843
2023-2027	2,030,513	394,233
2028-2032	1,522,000	105,843
Totals	<u>\$ 6,287,948</u>	<u>\$ 1,186,997</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, 2017.

<u>Year Ended June 30,</u>	<u>Total</u>
2018	\$ 242,328
2019	242,346
2020	134,225
2021	134,248
2022	52,554
2023-2027	<u>210,346</u>
	1,016,047
Less: Interest	<u>(68,099)</u>
Present Value of Minimum Lease Payments	<u>\$ 947,948</u>

The value of leased equipment less accumulated depreciation under capital leases at June 30, 2017 totals \$798,961. Amortization of leased equipment under capital leases is included with depreciation expense.

NOTE 6 POST-EMPLOYMENT BENEFITS

The City has implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This standard has substantially revised the accounting requirements previously mandated under GASB Statement 45. The most notable change is that the Annual Required Contribution (ARC) has been eliminated and the Net OPEB Liability will be an item on the employer's financial statement rather than a footnote entry.

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

Plan Description: In accordance with the South Carolina Code of Laws and the annual Appropriation Act, the City has autonomy in establishing retiree and post-employment benefits. The City provides certain health insurance benefits to certain active and retired City employees and certain surviving dependents or retirees. The City provides post-retirement healthcare insurance to all employees who retire from the City with fifteen or more years of service regardless of age and who were employed as of May, 1992. The City pays 100% for medical and hospitalization insurance for pre-Medicare retirees and their dependents. As of July 1, 2016, the valuation date, one hundred seven (107) retirees and one hundred eleven (111) active members met the eligibility requirement for the plan.

Funding Policy: Employer and employee contribution rates are established by the State of South Carolina Employee Insurance Plan. The City currently funds the plan on a pay-as-you go basis. As of July 1, 2016, the valuation date, the City pays 100% of the premium cost.

NOTE 6 POST-EMPLOYMENT BENEFITS (Continued)

Total OPEB Liability

Total OPEB Liability	<u>June 30, 2016</u>	<u>June 30, 2017</u>
Total OPEB Liability	\$ 17,032,647	\$ 16,969,463
Covered Payroll		\$ 4,573,013
Total OPEB Liability as a % of Covered Payroll		371.08%

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

Discount Rate	<u>June 30, 2016</u>	<u>June 30, 2017</u>
Discount Rate:	3.50%	3.50%
20 Year Tax-Exempt Municipal Bond Yield	3.50%	3.50%

The discount rate was based on the Bond Buyer 20-Year Bond GO Index as of June 30, 2017.

Other Key Actuarial Assumptions

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

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

Changes in Total OPEB Liability

Changes in Total OPEB Liability	<u>Increase or (Decrease)</u>
Balance as of June 30, 2016	\$ 17,032,647
Changes during Year:	
Service Cost	54,538
Interest on Total OPEB Liability	585,844
Benefit Payments	<u>(703,566)</u>
Balance as of June 30, 2017	<u>\$ 16,969,463</u>

Sensitivity Analysis

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

	<u>1% Decrease 2.50%</u>	<u>Discount Rate 3.50%</u>	<u>1% Increase 4.50%</u>
Total OPEB Liability	\$19,698,380	\$ 16,969,463	\$ 14,799,516

NOTE 6 POST-EMPLOYMENT EMPLOYEE BENEFITS (Continued)

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

	<u>1% Decrease in Trend Rate</u>		<u>Current Trend Rate</u>		<u>1% Increase in Trend Rate</u>
Total OPEB Liability	\$14,702,627	\$	16,969,463	\$	19,785,248

NOTE 7 RETIREMENT PLAN

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

Description of the Entity

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the Systems and serves as a co-trustee of the Systems in conducting that review. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available on the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, 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, 2017: (includes group life insurance)

<u>Retirement System</u>	<u>Covered</u>	<u>Employee</u>	<u>Employer</u>	<u>Total</u>
	<u>Salaries</u>	<u>Contributions</u>	<u>Contributions</u>	<u>Contributions</u>
SCRS	\$ 4,731,003	\$ 408,897	\$ 546,904	\$ 955,801
PORS	\$ 2,692,784	\$ 248,412	\$ 383,452	\$ 631,864
<u>Contribution Rates</u>				
		<u>Employee</u>	<u>Employer</u>	<u>Total</u>
SCRS		8.66%	11.41%	20.07%
PORS		9.24%	13.84%	23.08%

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

At June 30, 2017, the City reported a liability of \$14,496,705 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. The City's proportion was .045% for the SCRS and .19% for the PORS.

For the year ended June 30, 2017, the City recognized pension expense of \$1,413,119. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows of</u>	<u>Inflows of</u>
	<u>Resources</u>	<u>Resources</u>
Difference Between Expected and Actual Experience	\$ -	\$ 36,372
Liability Experience	1,625,873	-
City Contributions Subsequent to the Measurement Date	913,556	-
Total	<u>\$ 2,539,429</u>	<u>\$ 36,372</u>

NOTE 7 RETIREMENT PLAN (Continued)

The \$913,556 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ended June 30,

2018	\$ 394,634
2019	338,627
2020	549,593
2021	306,647

Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of July 1, 2015. The June 30, 2016, total pension liability, net pension liability, and sensitivity information were determined by the Systems consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on the July 1, 2015, actuarial valuations, as adopted by the PEBA Board and SFAA which utilized membership data as of July 1, 2015. The total pension liability was rolled-forward from the valuation date to the Systems' fiscal year ended June 30, 2016, using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS.

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2015, valuations for SCRS and PORS.

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

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from Year 2000. Assumptions used in the July 1, 2015, valuations for SCRS and PORS are as follows.

Former Job Class	Males	Females
Educators	RP-2000 Males (with White Collar adjustment) multiplied by 110%	RP-2000 Females (with White Collar adjustment) multiplied by 95%
General Employees and Members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public Safety and Firefighters	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

NOTE 7 RETIREMENT PLAN (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the fourth quarter 2015. The actuarial long-term expected rates of return represent assumptions developed using an arithmetic building block approach, primarily based on consensus expectations and market based inputs. Expected returns are net investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted beginning January 1, 2016. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation which is summarized in the following table. For actuarial purposes, the 7.50% assumed annual investment rate of return set in the statute and used in the calculation of the total pension liability includes a 4.75% real rate of return and a 2.75% inflation component.

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

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Equity	43.0%		
Global Public Equity	34.0%	6.52%	2.22%
Private Equity	9.0%	9.30%	0.84%
Real Assets	8.0%		
Real Estate	5.0%	4.32%	0.22%
Commodities	3.0%	4.53%	0.13%
Opportunistic	20.0%		
GTAA/Risk Parity	10.0%	3.90%	0.39%
HF (Low Beta)	10.0%	3.87%	0.39%
Diversified Credit	17.0%		
Mixed Credit	5.0%	3.52%	0.17%
Emerging Markets Debt	5.0%	4.91%	0.25%
Private Debt	7.0%	4.47%	0.31%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	1.72%	0.17%
Cash and Short Duration (Net)	2.0%	0.71%	0.01%
Total Expected Real Return	100%		5.10%
Inflation for Actuarial Purposes			2.75%
Total Expected Nominal Return			7.85%

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
	Rate	(in Thousands)
1% Decrease	6.50%	\$ 18,384
Current Discount Rate	7.50%	\$ 14,497
1% Increase	8.50%	\$ 11,154

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, 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, 2017 were as follows:

Cash	Local Option Sales Tax
	<u>\$ 545,365</u>

Special Revenue Fund

U.S. Government Securities	Revenue Bond Sinking and Revenue Fund
Total	<u>\$ 2,170,629</u>
	<u>\$ 2,170,629</u>

NOTE 8 COMPONENTS of RESTRICTED ASSETS (Continued)

Proprietary Fund

Restricted Assets at June 30, 2017 were as follows:

	Revenue Bond Sinking and Revenue Fund	Customer Deposits	Total
Cash and Certificates of Deposits	\$ -	\$ 654,285	\$ 654,285
U.S. Government Securities	10,323,804	-	10,323,804
Total	<u>\$ 10,323,804</u>	<u>\$ 654,285</u>	<u>\$ 10,978,089</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, 2017, 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 2017 were as follows:

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

NOTE 10 CAPITALIZED INTEREST

The City capitalizes net interest costs as part of the cost of constructing various water and sewer projects when material. Interest earned on proceeds of the revenue bonds used for construction are offset against interest costs in determining the amount to be capitalized. Interest costs expensed in the proprietary fund for the year ended June 30, 2017 were \$1,449,290 and none was capitalized.

NOTE 11 COMMITMENTS and CONTINGENCIES

The City is a defendant in various lawsuits and asserted claims. Although the outcome of these lawsuits and asserted claims is not presently determinable, in the opinion of the City's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

The City receives state and federal grants for specific purposes that are subject to review and audit by state and federal agencies. Such audits could result in a request for reimbursement by the state and federal agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of City management, such disallowances, if any, will not be significant.

NOTE 12 RISK MANAGEMENT

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

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

NOTE 13 EXCESS of EXPENDITURES over APPROPRIATIONS

The expenditures for the general fund of \$9,932,758 exceeded appropriations of \$9,553,257 by \$379,501 for the year ended June 30, 2017. This is due to expenditures for capital outlay and grants, which are typically not included in the budget. For the year ended June 30, 2017, revenue for the general fund, including capital financing of \$188,000 exceeded the budget of \$7,487,257 by \$596,041.

NOTE 14 SUBSEQUENT EVENTS

The City evaluated all events or transactions that occurred after June 30, 2017, through the date the City issued these financial statements on November 9, 2017. During this period, the City did not have any material subsequent events that required recognition in the City's disclosures to the June 30, 2017, financial statements.

NOTE 15 PRIOR PERIOD ADJUSTMENT

The City implemented GASB 75 as of July 1, 2016, which required a prior period adjustment totaling \$14,172,956. See note 6 on GASB 75 for more information.

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, 2017

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 2,720,933	\$ 2,720,933	\$ 2,653,150	\$ (67,783)
Licenses and Permits	1,985,600	1,985,600	2,029,158	43,558
Intergovernmental Revenues	565,424	565,424	897,363	331,939
Charge for Services	1,827,000	1,827,000	1,779,781	(47,219)
Fines and Forfeits	220,000	220,000	213,833	(6,167)
Miscellaneous	168,300	168,300	322,013	153,713
Total Revenues	7,487,257	7,487,257	7,895,298	408,041
EXPENDITURES				
General Government	2,264,668	2,264,668	2,112,212	152,456
Public Safety	4,406,308	4,406,308	4,888,721	(482,413)
Highways and Streets	878,646	878,646	1,033,621	(154,975)
Sanitation	1,115,422	1,115,422	1,041,422	74,000
Culture and Recreation	288,359	288,359	300,566	(12,207)
Non-Departmental	599,854	599,854	556,216	43,638
Total Expenditures	9,553,257	9,553,257	9,932,758	(379,501)
EXCESS (DEFICIENCY) of REVENUES OVER EXPENDITURES	(2,066,000)	(2,066,000)	(2,037,460)	28,540
OTHER FINANCING SOURCES (USES)				
Capital Financing	-	-	188,000	188,000
Transfer In	2,066,000	2,066,000	2,066,000	-
Total Other Financing Sources (Uses)	2,066,000	2,066,000	2,254,000	188,000
EXCESS (DEFICIENCY) of REVENUES and OTHER SOURCES OVER EXPENDITURES and OTHER USES	\$ -	\$ -	216,540	\$ 216,540
FUND BALANCE, Beginning of Year			4,821,909	
FUND BALANCE, End of Year			\$ 5,038,449	

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, 2017

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Taxes	\$ 771,000	\$ 771,000	\$ 898,111	\$ 127,111
Licenses and Permits	9,000	9,000	9,000	-
Intergovernmental Revenues	30,000	30,000	66,148	36,148
Miscellaneous	45,000	45,000	91,488	46,488
Total Revenues	<u>855,000</u>	<u>855,000</u>	<u>1,064,747</u>	<u>209,747</u>
EXPENDITURES				
Culture and Recreation	855,000	855,000	1,846,198	(991,198)
Total Expenditures	<u>855,000</u>	<u>855,000</u>	<u>1,846,198</u>	<u>(991,198)</u>
EXCESS (DEFICIENCY) of REVENUES OVER EXPENDITURES				
	<u>-</u>	<u>-</u>	<u>(781,451)</u>	<u>(781,451)</u>
OTHER FINANCING SOURCES (USES)				
Capital Financing	-	-	1,845,000	1,845,000
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>1,845,000</u>	<u>\$ 1,845,000</u>
FUND BALANCE, Beginning of Year			<u>1,176,792</u>	
FUND BALANCE, End of Year			<u><u>\$ 2,240,341</u></u>	

CITY of CAMDEN, SOUTH CAROLINA
Camden, South Carolina

SCHEDULE of CHANGES in TOTAL OPEB LIABILITY AND RELATED RATIOS
Year Ended June 30, 2017

	2017
Total OPEB Liability	
Service Cost	\$ 54,538
Interest on Total OPEB Liability	585,844
Benefit Payments	<u>(703,566)</u>
Net Change in Total OPEB Liability	<u>(63,184)</u>
Total OPEB Liability, Beginning of Year	<u>17,032,647</u>
Total OPEB Liability, End of Year	<u><u>\$ 16,969,463</u></u>
Covered Payroll	\$ 4,573,013
Total OPEB Liability as a % of Covered Payroll	371.08%

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

CITY of CAMDEN, SOUTH CAROLINA
Camden, South Carolina

SCHEDULE of the CITY'S CONTRIBUTIONS
South Carolina Retirement System
Years Ended June 30, 2017

	2017	2016	2015
Statutorily Required Contributions	\$ 813,145	\$ 775,534	\$ 716,089
Contributions in Relation to Statutorily Required Contributions	813,145	775,534	716,089
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Reporting Unit's Covered-Employee Payroll	\$ 7,423,787	\$ 6,808,187	\$ 6,615,666
Contributions as a Percentage of Covered Employee Payroll	11.0%	11.4%	10.8%

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

CITY of CAMDEN, SOUTH CAROLINA
Camden, South Carolina

SCHEDULE of the CITY'S PROPORTIONATE
SHARE of the NET PENSION LIABILITY
South Carolina Retirement System
Years Ended June 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Reporting Unit's Proportion of SCRS Net Pension Liability (%)	0.04526%	0.0454%	0.0448%
Reporting Unit's Proportion of PORS Net Pension Liability (%)	0.1903%	0.1903%	0.1873%
Reporting Unit's Proportionate Share of Net Pension Liability	<u>\$ 14,496,705</u>	<u>\$ 12,764,021</u>	<u>\$ 11,302,929</u>
Reporting Unit's Covered Employee Payroll	<u>\$ 7,423,787</u>	<u>\$ 6,808,187</u>	<u>\$ 6,615,666</u>
Reporting Unit's Proportionate Share of Net Pension Liability as a Percentage of its Covered Employee Payroll (%)	195.3%	187.5%	170.9%

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

SUPPLEMENTAL INFORMATION (OPTIONAL)

GENERAL FUND

CITY of CAMDEN, SOUTH CAROLINA
GENERAL FUND

BALANCE SHEET
June 30, 2017

ASSETS and DEFERRED OUTFLOW OF RESOURCES

Assets:

Cash	\$	1,040,128
Restricted Cash		545,365
Certificates of Deposit		1,356,387
Investments		3,514,558
Receivables (Net of Allowance for Uncollectibles)		
Taxes		189,003
Miscellaneous		949,783
Inventory		<u>67,981</u>
Total Assets		<u>7,663,205</u>

Deferred Outflow of Resources:

Prepaid Insurance		<u>78,977</u>
Total Deferred Outflow of Resources		<u>78,977</u>
Total Assets and Deferred Outflow of Resources	\$	<u><u>7,742,182</u></u>

LIABILITIES, DEFERRED INFLOW OF RESOURCES, and FUND BALANCE

Liabilities:

Accounts Payable	\$	326,765
Accrued Liabilities		<u>102,305</u>
Total Liabilities		<u>429,070</u>

Deferred Inflow of Resources:

Deferred Revenues		
Local Option Sales Tax		545,365
Business Licenses		1,709,514
Other		<u>19,784</u>
Total Deferred Inflow of Resources		<u>2,274,663</u>

Fund Balance

Nonspendable		146,958
Committed		270,281
Unassigned		<u>4,621,210</u>
Total Fund Balance		<u>5,038,449</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balance	\$	<u><u>7,742,182</u></u>

CITY of CAMDEN, SOUTH CAROLINA
GENERAL FUND

STATEMENT of REVENUES COMPARED to BUDGET (GAAP BASIS)
For the Year Ended June 30, 2017

	Revised Budget	Actual	Variance Favorable (Unfavorable)
LOCAL SOURCES			
Property Taxes	\$ 1,281,808	\$ 1,033,868	\$ (247,940)
Vehicle Taxes	160,000	174,810	14,810
Local Option Sales Tax	1,204,125	1,373,549	169,424
Penalties and Delinquent Taxes	75,000	70,923	(4,077)
Fines and Forfeitures	220,000	213,833	(6,167)
Business Licenses	1,719,300	1,796,758	77,458
Franchise Fees	266,300	232,400	(33,900)
Fire Service	637,000	597,314	(39,686)
Sanitation	1,190,000	1,182,467	(7,533)
Archives	7,500	4,871	(2,629)
Sale/Use Equipment	3,000	4,756	1,756
Interest	12,000	35,344	23,344
Miscellaneous	145,800	277,042	131,242
Sub-Total	<u>6,921,833</u>	<u>6,997,935</u>	<u>76,102</u>
STATE and LOCAL GOVERNMENT SOURCES			
Local Government Fund	148,000	156,133	8,133
Merchant's Inventory Tax	48,000	48,495	495
Grants and Donations	8,000	311,848	303,848
Accommodations	27,500	28,645	1,145
Kershaw County School Resource Officer	188,924	188,965	41
Kershaw County Road Maintenance Fee	145,000	163,277	18,277
Sub-Total	<u>565,424</u>	<u>897,363</u>	<u>331,939</u>
Total Revenues	<u>\$ 7,487,257</u>	<u>\$ 7,895,298</u>	<u>\$ 408,041</u>

The Accompanying Notes are an Integral Part of These Financial Statements

CITY of CAMDEN, SOUTH CAROLINA
GENERAL FUND

STATEMENT of EXPENDITURES COMPARED to BUDGET (GAAP BASIS)
For the Year Ended June 30, 2017

	Revised Budget	Actual	Variance Favorable (Unfavorable)
GENERAL GOVERNMENT			
Legislature	\$ 168,523	\$ 163,695	\$ 4,828
Court	201,372	178,440	22,932
Legal	40,000	15,860	24,140
Elections	3,500	-	3,500
Administration	351,310	353,109	(1,799)
Finance	893,277	824,512	68,765
Zoning/Code Enforcement	205,948	202,138	3,810
Garage Services	177,545	221,489	(43,944)
Downtown Development	103,800	27,545	76,255
Planning	119,393	125,424	(6,031)
Sub-Total	<u>2,264,668</u>	<u>2,112,212</u>	<u>152,456</u>
PUBLIC SAFETY			
Police Department	2,560,783	2,911,754	(350,971)
Fire Department			
Administration	356,817	384,205	(27,388)
Fire Fighting	1,488,708	1,592,762	(104,054)
Sub-Total	<u>4,406,308</u>	<u>4,888,721</u>	<u>(482,413)</u>
HIGHWAYS and STREETS			
Streets Maintenance	374,350	500,961	(126,611)
Park Maintenance	504,296	532,660	(28,364)
Sub-Total	<u>878,646</u>	<u>1,033,621</u>	<u>(154,975)</u>
SANITATION			
Administration	20,207	22,231	(2,024)
Trash Collection	1,095,215	1,019,191	76,024
Sub-Total	<u>1,115,422</u>	<u>1,041,422</u>	<u>74,000</u>
CULTURE and RECREATION			
Community Promotion	45,000	45,000	-
Archives	243,359	255,566	(12,207)
Sub-Total	<u>288,359</u>	<u>300,566</u>	<u>(12,207)</u>
NON-DEPARTMENTAL			
Other Non-Departmental	599,854	556,216	43,638
Sub-Total	<u>599,854</u>	<u>556,216</u>	<u>43,638</u>
Totals	<u>\$ 9,553,257</u>	<u>\$ 9,932,758</u>	<u>\$ (379,501)</u>

The Accompanying Notes are an Integral Part of These Financial Statements

SPECIAL REVENUE FUNDS

Special Revenue Funds

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

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

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

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

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

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

CITY of CAMDEN, SOUTH CAROLINA
SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET
June 30, 2017

	Local Tax Fund	Drug Fund	Police Department Recreation Fund	Fireman's Fund	Total
ASSETS					
Cash	\$ 99,966	\$ 41,641	\$ 2,191	\$ 71,183	\$ 214,981
Restricted Cash and Investments	2,170,629	-	-	-	2,170,629
Accounts Receivable	72,586	-	-	-	72,586
Total Assets	<u>\$ 2,343,181</u>	<u>\$ 41,641</u>	<u>\$ 2,191</u>	<u>\$ 71,183</u>	<u>\$ 2,458,196</u>
LIABILITIES					
Accounts Payable	\$ 82,354	\$ -	\$ -	\$ -	\$ 82,354
Accrued Salaries	1,666	-	-	-	1,666
Total Liabilities	<u>84,020</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,020</u>
DEFERRED INFLOW OF RESOURCES					
Deferred Revenue	18,820	-	-	-	18,820
Total Deferred Inflow of Resources	<u>18,820</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,820</u>
FUND BALANCES					
Restricted	2,170,629	41,641	-	71,183	2,283,453
Committed	15,286	-	-	-	15,286
Assigned	54,426	-	2,191	-	56,617
Total Fund Balances	<u>2,240,341</u>	<u>41,641</u>	<u>2,191</u>	<u>71,183</u>	<u>2,355,356</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	<u>\$ 2,343,181</u>	<u>\$ 41,641</u>	<u>\$ 2,191</u>	<u>\$ 71,183</u>	<u>\$ 2,458,196</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, 2017

	Local Tax Fund	Drug Fund	Police Department Recreation Fund	Fireman's Fund	Victim's Assistance	Total
REVENUES						
State	34,844	14,669	-	51,143	-	100,656
Local	1,029,903	-	-	-	-	1,029,903
Interest	-	15	3	166	-	184
Miscellaneous	-	-	7,017	27,224	16,468	50,709
Total Revenues	1,064,747	14,684	7,020	78,533	16,468	1,181,452
EXPENDITURES						
Public Safety	-	-	-	-	16,468	16,468
Culture and Recreation	1,846,198	-	-	-	-	1,846,198
Non-Departmental	-	-	5,625	66,667	-	72,292
Total Expenditures	1,846,198	-	5,625	66,667	16,468	1,934,958
EXCESS (DEFICIENCY) of REVENUES over EXPENDITURES	(781,451)	14,684	1,395	11,866	-	(753,506)
OTHER FINANCING SOURCES (USES)						
Capital Financing	1,845,000	-	-	-	-	1,845,000
Total Other Financing Sources (Uses)	1,845,000	-	-	-	-	1,845,000
EXCESS (DEFICIENCY) of REVENUES and OTHER SOURCES over EXPENDITURES and OTHER USES	1,063,549	14,684	1,395	11,866	-	1,091,494
FUND BALANCE, Beginning of Year	1,176,792	26,957	796	59,317	-	1,263,862
FUND BALANCE, End of Year	\$ 2,240,341	\$ 41,641	\$ 2,191	\$ 71,183	\$ -	\$ 2,355,356

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, 2017

COURT FINES	
Court Fines Collected	\$ 91,226
Court Fines Retained by City	<u>(91,226)</u>
Court Fines Remitted to the State Treasurer	<u><u>\$ -</u></u>
COURT ASSESSMENTS	
Court Assessments and Surcharges Collected	\$ 139,075
Court Assessments and Surcharges Retained by City	<u>(16,468)</u>
Court Assessments Remitted to the State Treasurer	<u><u>\$ 122,607</u></u>
VICTIMS SERVICES	
Court Assessments and Surcharges Allocated to Victim Services	<u>\$ 16,468</u>
Funds Allocated to Victim Services	
Victim Services Expenditures	<u>16,468</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, 2017

ASSETS

Cash and Cash Equivalents	\$ 1,075,831
Grants Receivable	<u>7,560</u>
Total Assets	<u><u>\$ 1,083,391</u></u>

LIABILITIES

Accounts Payable	\$ <u>52,573</u>
Total Liabilities	<u>52,573</u>

DEFERRED INFLOW OF RESOURCES

Deferred Revenue	<u>3,956</u>
Total Deferred Inflow of Resources	<u>3,956</u>

FUND BALANCE

Committed For:	
Roads	730,111
Project Improvement	<u>296,751</u>
Total Fund Balance	<u>1,026,862</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balance	<u><u>\$ 1,083,391</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, 2017

	Road Fund	Project Improvement Fund	Total Capital Projects
REVENUES			
Road Revenue	\$ 367,010	\$ -	\$ 367,010
Capital Revenue	-	496,543	496,543
Grant Revenue	-	7,560	7,560
Total Revenues	367,010	504,103	871,113
EXPENDITURES			
Highways and Streets	34,752	-	34,752
Non-Departmental	-	485,731	485,731
Total Expenditures	34,752	485,731	520,483
Excess (Deficiency) of Revenues Over Expenditures	332,258	18,372	350,630
FUND BALANCE, Beginning of Year	397,853	278,379	676,232
FUND BALANCE, End of Year	\$ 730,111	\$ 296,751	\$ 1,026,862

PROPRIETARY FUNDS

CITY of CAMDEN, SOUTH CAROLINA
STATEMENT of NET POSITION
June 30, 2017

ASSETS	
CURRENT ASSETS	
Cash	\$ 3,462,613
Certificates of Deposit	644,192
Investments	2,762,783
Water and Lights Accounts Receivable, Net	2,465,448
Miscellaneous Receivables	7,191,001
Inventories	970,486
Total Current Assets	<u>17,496,523</u>
NON-CURRENT ASSETS	
RESTRICTED ASSETS	
Certificates of Deposit - Customer Deposits	654,285
Investments - Reserve Bond Funds	10,323,804
Total Restricted Assets	<u>10,978,089</u>
CAPITAL ASSETS	
Construction in Process	7,163,418
Buildings and Land	850,864
Furniture, Fixtures and Equipment	3,321,339
Electric System	45,159,769
Water System	29,433,034
Sewer and Wastewater System	59,879,386
Sub-Total	<u>145,807,810</u>
Less Accumulated Depreciation	<u>(47,447,125)</u>
Total Capital Assets	<u>98,360,685</u>
Total Non-Current Assets	<u>109,338,774</u>
Total Assets	<u>126,835,297</u>
DEFERRED OUTFLOW OF RESOURCES	
Deferred Pension Outflow	796,949
Deferred Charges	856,237
Total Deferred Outflow of Resources	<u>1,653,186</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	2,207,092
Other Current Liabilities	43,932
Bonds Payable, Current	4,558,171
Total Current Liabilities	<u>6,809,195</u>
NON-CURRENT LIABILITIES	
Accrued Vacation Pay	88,588
OPEB Obligation	3,219,509
Net Pension Liability	5,064,167
Payable from Restricted Assets	
Customer Deposits	659,035
Accrued Interest Payable	211,436
Bonds Payable, Non-Current	58,177,949
Total Non-Current Liabilities	<u>67,420,684</u>
Total Liabilities	<u>74,229,879</u>
DEFERRED INFLOW OF RESOURCES	
Deferred Revenue	1,058,526
Deferred Pension Inflow	5,742
Deferred Gain on Bond Refunding	203,927
Total Deferred Inflow of Resources	<u>1,268,195</u>
NET POSITION	
Net Investment in Capital Assets	36,276,875
Restricted for Debt Service	10,323,804
Unrestricted	6,389,730
Total Net Position	<u>\$ 52,990,409</u>

The Accompanying Notes are an Integral Part of These Financial Statements

CITY of CAMDEN, SOUTH CAROLINA
PROPRIETARY FUNDS

STATEMENT of REVENUES, EXPENSES and CHANGES in
NET POSITION -BUDGET and ACTUAL (BUDGETARY BASIS)
For the Year Ended June 30, 2017

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
OPERATING REVENUES			
Electric Division	\$ 24,090,374	\$ 21,780,563	\$ (2,309,811)
Less: Direct Cost	<u>18,758,572</u>	<u>17,148,500</u>	<u>1,610,072</u>
Income from Electric Division	<u>5,331,802</u>	<u>4,632,063</u>	<u>(699,739)</u>
 Water Division	 4,295,000	 4,133,055	 (161,945)
Less: Direct Cost	<u>2,341,924</u>	<u>2,802,245</u>	<u>(460,320)</u>
Income from Water Division	<u>1,953,076</u>	<u>1,330,810</u>	<u>(622,265)</u>
 Sewer Division	 2,541,500	 2,623,363	 81,863
Less: Direct Cost	<u>2,282,299</u>	<u>3,293,721</u>	<u>(1,011,422)</u>
Income from Sewer Division	<u>259,201</u>	<u>(670,358)</u>	<u>(929,559)</u>
 Operating Income	 <u>7,544,079</u>	 <u>5,292,515</u>	 <u>(2,251,564)</u>
NON-OPERATING REVENUE (EXPENSE)			
Interest Income	20,000	44,456	24,456
Interest Expense	(6,081,079)	(1,449,290)	4,631,789
Other Revenue (Expenses)	<u>583,000</u>	<u>1,397,309</u>	<u>814,309</u>
Total Non-Operating Revenues (Expense)	<u>(5,478,079)</u>	<u>(7,525)</u>	<u>5,470,554</u>
Income (Loss) before Contributions and Transfers	<u>2,066,000</u>	<u>5,284,990</u>	<u>3,218,990</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>3,218,990</u>	 <u>\$ 3,218,990</u>
 NET POSITION, Beginning of Year		 52,457,400	
Prior Period Adjustment, See Note 15		<u>(2,685,981)</u>	
NET POSITION, End of Year		<u>\$ 52,990,409</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, 2017

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Reconnections/Penalties	\$ 385,000	\$ 379,044	\$ (5,956)
Setoff Debt Collections	6,500	11,522	5,022
Pole Rental	70,000	72,390	2,390
Handling and Return Fees	8,000	6,900	(1,100)
Use of Labor and Equipment	10,000	19,410	9,410
Miscellaneous	43,500	857,543	814,043
Septic Tank Hauler Fees	60,000	50,500	(9,500)
Total	\$ 583,000	\$ 1,397,309	\$ 814,309

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, 2017, 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 9, 2017.

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 9, 2017