



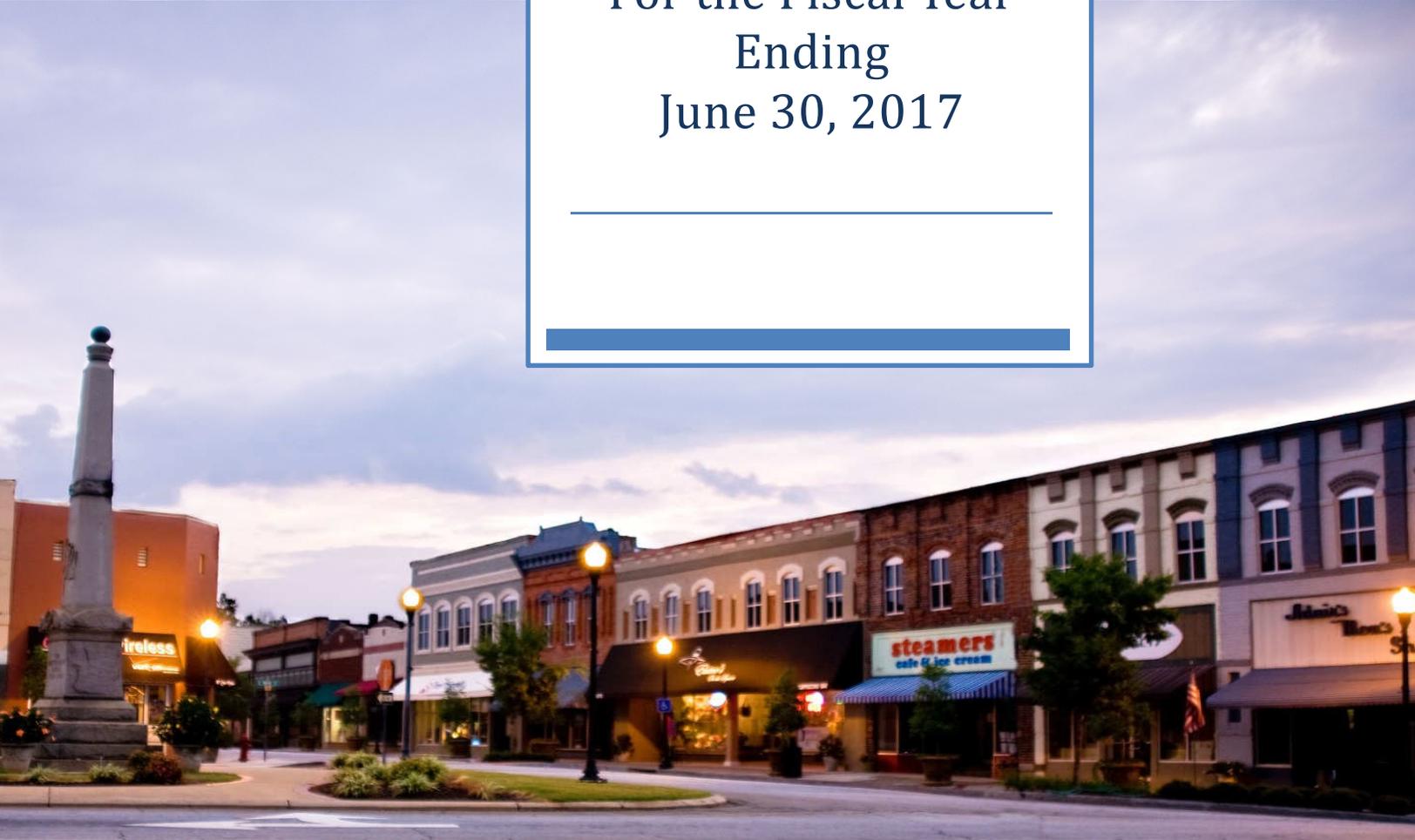
# City of Clinton Comprehensive Annual Financial Report



CLINTON  
*South Carolina*



For the Fiscal Year  
Ending  
June 30, 2017





**CITY OF CLINTON,  
CLINTON, SOUTH CAROLINA**

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**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Submitted By:  
Finance Department**

**CITY OF CLINTON  
CLINTON, SOUTH CAROLINA**

**TABLE OF CONTENTS**

	<u>PAGE</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	1-4
Organizational Chart and Principal Officials	5
GFOA Certificate of Achievement	6
<b>FINANCIAL SECTION</b>	
Independent Auditor’s Report	7-9
Management’s Discussion and Analysis	10-20
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	21
Statement of Activities	22
Fund Financial Statements	
Balance Sheet – Governmental Fund	23
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	24
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Fund	25
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Fund to the Statement of Activities	26
Statement of Net Position – Proprietary Fund	27
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund	28
Statement of Cash Flows – Proprietary Fund	29-30
Notes to Financial Statements	31-59
Required Supplementary Information	
General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	60
Schedule of Funding Progress for Retiree Health Plan	61
Schedule of Pension Plan Contributions	62
Schedule of Proportionate Share of Net Pension Liability	63
Other Supplementary Information	
General Fund Schedule of Expenditures by Department – Budget and Actual	64-65
Schedule of Fines, Assessments and Surcharges	66
<b>STATISTICAL SECTION (UNAUDITED)</b>	
Net Position by Component	67
Changes in Net Position	68-69
Program Revenues by Function/Program	70
Fund Balances - Governmental Funds	71
Changes in Fund Balances - Governmental Funds	72
Assessed Value and Estimated Actual Value of Taxable Property	73
Direct and Overlapping Property Tax Rates	74

(Continued)

**CITY OF CLINTON  
CLINTON, SOUTH CAROLINA**

**TABLE OF CONTENTS CONTINUED**

**STATISTICAL SECTION (UNAUDITED), CONTINUED**

Principal Property Taxpayers	75
City Property Tax Levies and Collections	76
Ratios of General Bonded Debt Outstanding	77
Ratios of Outstanding Debt by Type	78
Legal Debt Margin Information	79
Direct and Overlapping Debt	80
Pledged Revenue Coverage	81
Demographic and Economic Statistics	82
Principal Employers	83
Full-time Equivalent City Employees by Function	84
Operating Indicators by Function/Program	85
Capital Asset Statistics by Function/Program	86



CLINTON  
*South Carolina*

Robert T. McLean  
Mayor

November 27, 2017

Dale Satterfield  
Interim City Manager

To the Honorable Mayor, Members of the City Council,  
and Citizens of the City of Clinton:

Daniel O. Cook, Jr.  
City Council Member

Shirley Y. Jenkins  
City Council Member

Gary I. Kuykendall  
City Council Member

Robbie N. Neal  
City Council Member

Ronnie D. Roth  
City Council Member

Jimmy M. Young  
City Council Member

Jerre Threatt, AICP  
Assistant City Manager

Joey Meadors  
Director  
Dept. of Administrative  
Services

Renee Morrow  
Chief Financial Officer

Robin Morse  
Director  
Dept. of Public Safety

Dale Satterfield  
Director  
Dept. of Public Works

South Carolina state law requires that all municipal governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, it is my privilege to present to you the comprehensive annual financial report of the City of Clinton for the fiscal year ended June 30, 2017.

This report consists of management's representation concerning the finances of the City of Clinton. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The independent certified public accounting firm of McKinley Cooper, Certified Public Accountants, has audited the City of Clinton's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Clinton for the fiscal year ended June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Clinton's financial statements for the fiscal year ended June 30, 2017, are fairly presented in conformity with GAAP in all material respects. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Clinton's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the Government**

The City of Clinton was established in 1852 and incorporated in 1890 and is the second largest municipality in Laurens County. The City lies in the upstate region of South Carolina approximately 40 miles south of Greenville. The City has a population of approximately 8,550 and presently covers a land area of 10 square miles. The City of Clinton is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically. The City has a council/manager form of government. The City Council (“Council”) is the policy making and legislative body of city government and includes a mayor and six council members. The Mayor is elected at large with the Council elected by districts on a non-partisan basis. The Council members serve staggered four-year terms. Elections are held in March of odd numbered years. The City Manager, the chief administrative officer, is appointed by and serves at the pleasure of the Council and is responsible for carrying out the policies and ordinances of the Council and administering the daily operations and programs of the City through department directors and staff members.

The City provides a wide range of services for its citizens, including law enforcement, fire protection, public safety, planning and developmental services, sanitation, street maintenance, cemeteries, cultural and recreational activities, general administration, and community development. In addition to these general government activities, the City provides and maintains water, sewer, and electric utilities for the benefit of its citizens. The City also jointly participates in the Clinton Newberry Natural Gas Authority with the City of Newberry. This report includes all of the City’s fiscal activities in maintaining these services. The City also extends financial support to certain boards, agencies and commissions to assist their efforts in serving citizens. Among these are the Laurens County Library, Laurens County Chamber of Commerce, Clinton YMCA, and the Clinton Economic Development Corporation.

The annual budget serves as the foundation for the City of Clinton’s financial planning and control. All departments of the City are required to submit requests for appropriation to the City Manager who is also the City’s Budget Officer. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the Council for review. The Council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than June 30, the close of the City’s fiscal year. The City Manager is authorized to make transfers of appropriations within a department as necessary. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Clinton operates.

### ***Local Economy***

Located in the southern half of Laurens County, the City is situated between two of the largest metropolitan areas in South Carolina - the Columbia Metro region and the Greenville/Spartanburg region. Interstates 26 and 385 converge in Clinton as do US Highways 72, 76 and SC Highway 56. These roadways provide direct access to Greenville, Spartanburg, Columbia, Greenwood, Charleston, and Asheville, NC. The City’s proximity to the interstates and these roadways makes it an ideal location to take advantage of the Upstate region’s strong commercial, financial, automotive, manufacturing and distribution markets. The County has a diverse job base with no dependence on any one industry. Much of the local economy revolves around a number of public and private institutions. These include the Laurens County School District 56, The Presbyterian Home, Presbyterian College, and the Whitten Center. All of these institutions are inside the City limits and are full service customers of the City’s utility system. Several of the City’s large industrial customers

include Asten Johnson, Renfro Distribution, Shaw, Avery Dennison, and Aaron Industries. All of these industries are served by at least one of the City's utilities. The City is served by Laurens County Memorial Hospital, a satellite branch of the Greenville Hospital System, for health and emergency care. The availability of an educated work force is always a concern to any new business or industry desiring to locate within the County. Vocational education programs are offered through the public schools and Piedmont Technical College. While many of these entities contribute to the financial health of the community, a majority of them, up to 50.2% of all property inside the corporate limits, is exempted by South Carolina State Law from paying local property taxes.

The City once had a traditional textile-manufacturing base, but has been hit especially hard by the loss of textile jobs. The economic down turn that began in 2008 has also hurt the other industries in Clinton and Laurens County, as numerous other facilities have continued to downsize their operations. The City continues to take steps to improve the local economy with the marketing of its multi-phased corporate/industrial parks located in close proximity to I-26. As the national economy rebounds, so will our local economy as we continue to aggressively market our community and assets. In the past twelve months, a "Spec Building" was constructed by private investments in one of the City of Clinton's industrial parks. As a result, the research and development division of General Electric has committed to move into this new Spec Building. The Economic Development department of the city is presently working on a project to build another Spec Building close to the existing one.

The local economy has benefited over the past four years from the growth and development of the Presbyterian College School of Pharmacy in the central business district of the city. The graduate school has resulted in an infusion of investment and people which spurred housing and retail growth in our community. This growth related to the opening and operation for the Pharmacy School has now tapered off.

### ***Long-term Financial Planning***

The City of Clinton treats its budget document as a strategic operating plan incorporating input from the Mayor, City Council, staff, and the general public. The budget plan focuses on five keys areas including creating a city with exceptional infrastructure, improving fiscal stability, growing the local economy, spurring community development, and creating a first class city for our residents to live in.

In conjunction with this plan, the City of Clinton continues to aggressively market the City and land owned by the City and the Clinton Economic Development Corporation for potential development. Future investment into infrastructure to serve these properties will be a priority for the City in the future years. Immediate infrastructure improvements, required by industrial projects, are currently funded by direct allocations from state and federal agencies.

Downtown redevelopment will continue to be a priority for the City. This will include continued streetscape improvements, downtown business recruitment and retention, and development of downtown living spaces. The primary source of funding for this redevelopment has been and will continue to be state and federal grants, requiring a minimal investment of the City.

### ***Financial Policies and Budgetary Initiatives***

Some policies and budgetary initiatives implemented during the year have a direct impact on the attached financial statements. These policies and initiatives include the development of a utility rate stabilization fund and the implementation of a sanitary sewer cost adjustment rate.

During the fiscal year, the City of Clinton took the steps needed to create a utility rate stabilization fund for the purpose of setting aside funds to use to mitigate the impacts of monthly changes in the cost of purchasing utilities, namely power for resale. The rate stabilization fund created a restricted pool of money to be utilized only for the purpose of rate stabilization.

Also, in a continuing effort to ensure that enterprise funds cover the costs of providing enterprise services, the city created a Sewer Treatment Cost Adjustment charge that is reset each six months and added to each sewer customer's bill for the express purpose of recovering costs associated with the treatment of sanitary sewer that exist beyond those costs recovered in the standard per 1,000 gallons sanitary sewer treatment rate.

### **Internal Controls**

Management of the City of Clinton is responsible for establishing and maintaining a system of internal controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the readability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that: (1) the cost of internal control should not exceed the benefits likely to be delivered; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. The City's internal accounting controls are considered to be adequate to safeguard the assets and provide reasonable assurance of proper financial transactions.

### **Awards and Acknowledgments**

The Governmental Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Clinton for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2016. This was the 28th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

We wish to thank the Mayor and members of City Council for their support and interest in planning and conducting the financial operations of the City in a responsible and progressive manner. We also thank them for the trust they have given City administration. The preparation of this report has been accomplished through the dedicated efforts of the City Clerk and Chief Financial Officer with the guidance of the independent auditors, McKinley Cooper. We would like to express our appreciation to all personnel who assisted and contributed to the preparation of this report.

Respectfully submitted,



Dale Satterfield  
Interim City Manager



Renee Morrow  
Chief Financial Officer



**Principal Officers**

*Robert McLean, Mayor*  
*Jimmy Young, Mayor Pro-Tem*  
*Daniel O. Cook, Jr., Council Member*  
*Gary Kuykendall, Council Member*  
*Shirley Jenkins, Council Member*  
*Robbie Neal, Council Member*  
*Ronnie Roth, Council Member*

*Dale Satterfield, Interim City Manager*  
*Renee Morrow, Chief Financial Officer*  
*Tammy Templeton, City Clerk/Treasurer*



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Clinton  
South Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of City Council  
City of Clinton  
Clinton, South Carolina

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 Clinton 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 an opinion 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. 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 opinion.

Members  
American Institute of Certified Public Accountants  
S.C. Association of Certified Public Accountants



To the Honorable Mayor and Members of City Council  
City of Clinton  
November 27, 2017

## **Opinion**

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 Clinton, 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.

## **Emphasis of Matter – Change in Accounting Principle**

As discussed in Note 4 to the financial statements, the City previously reported the activities of the Sanitation Fund as part of the General Fund. Beginning in the fiscal year 2016-2017, the activities of the Sanitation Fund are reported as an enterprise fund. Fund balance amounts in the fund financial statements and net position amounts in the government-wide financial statements have been restated as of the beginning of the fiscal year to reflect this change in accounting principle. Our opinion is not modified with respect to this matter.

## **Emphasis of Matter – Change in Reporting Entity**

As discussed in Notes 1 and 4 to the financial statements, the activity of the Clinton Economic Development Corporation (the “CEDC”) has previously been reported as a discretely presented component unit of the City. The CEDC is a separate legal entity with an independent governing body. Because the CEDC has become fiscally independent from the City, the activity of the CEDC is no longer reported as a component unit of the City. Assets of the City that were combined with the CEDC have been separated and included in the City’s financial statements. Accordingly, the beginning fund balance amounts in the fund financial statements and the net position amounts in the government-wide financial statements have been restated as of the beginning of the fiscal year to reflect this change. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 10-20 and required supplementary information on pages 60-63, as listed in the table of contents, 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 an opinion on the financial statements that collectively comprise the City of Clinton’s basic financial statements. The introductory section, other

To the Honorable Mayor and Members of City Council  
City of Clinton  
November 27, 2017

supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Mckinley, Cooper & Co., LLC*

Greenville, South Carolina  
November 27, 2017

## Management's Discussion and Analysis

As management of the City of Clinton, we offer readers of the City of Clinton's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2017. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

### Financial Highlights

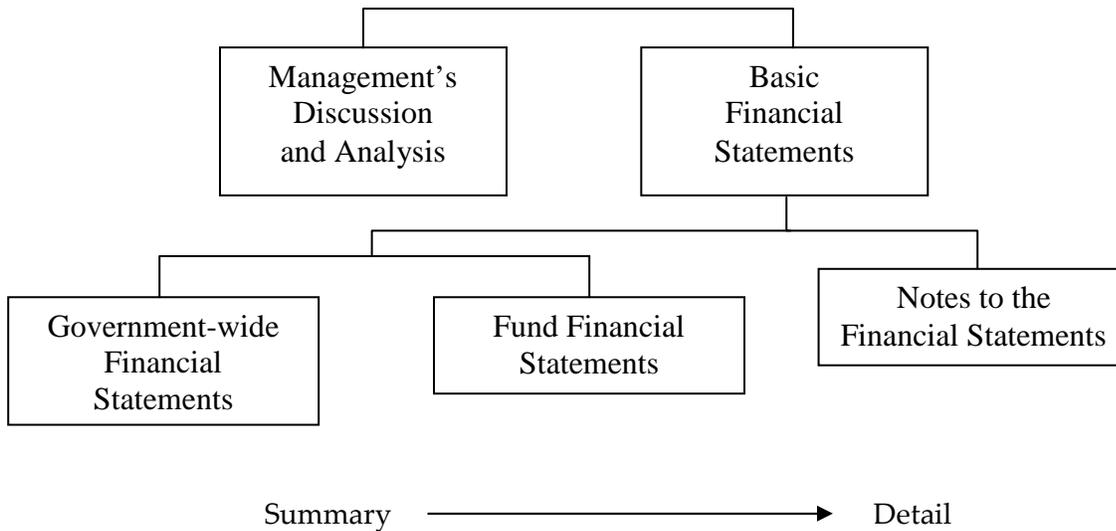
- The net position of the City of Clinton totaled \$22,957,537 at the close of the fiscal year.
- The government's total net position increased by \$1,571,088 due to increases in the both business-type activities, and governmental activities during the current fiscal year.
- As of the close of the current fiscal year, the City's governmental fund reported an ending fund balance of \$8,486,103, a decrease of \$3,505 from the prior year. The City's unassigned fund balance is \$2,186,827.
- The City recorded a prior period adjustment to the financial statements to restate beginning fund balances and net position for a change in accounting principles due to the transfer of the Sanitation Fund from the General Fund to an enterprise fund. The impact of the change is to increase the net position of the governmental activities by \$220,542. Also, the fund balance of the Sanitation Fund was decreased by \$220,542, and the net position of the business-type activities was decreased by \$220,542. The reporting change had no effect on current year operations or cash flows of the City.
- The activity of the Clinton Economic Development Corporation (the "CEDC") has previously been reported as a discretely presented component unit of the City. Because the CEDC has become fiscally independent from the City, the activity of the CEDC is no longer reported as a component unit of the City. Assets of the City that were combined with the CEDC have been separated and included in the City's financial statements. Accordingly, the beginning fund balance amounts in the fund financial statements and the net position amounts of the government-wide financial statements have been restated as of the beginning of the fiscal year to reflect this change. The impact of the change is to increase fund balance of the general fund by \$2,003,133 at July 1, 2016 and increase net position of the governmental activities by \$2,457,669 at July 1, 2016. The change had no effect on current year operations or cash flow of the City.
- The City spent \$1,993,535 for capital outlay related to economic development initiatives.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to City of Clinton's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Clinton.

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

The first two statements (pages 21-22) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City's financial status.

The next statements (pages 23-30) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the proprietary fund statements.

The next section of the basic financial statements is the **Notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, the **Required Supplementary Information** and **Other Supplementary Information** are provided to show details about the City's individual funds. Budgetary information required by state statutes also can be found in this part of the statements.

### Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The government-wide financial statements include two statements:

The statement of net position presents information on all of the City's assets, deferred outflows of resources, and liabilities with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating, respectively. To assess the overall health of the City, the reader should consider additional non-financial factors such as the City's tax base.

The statement of activities presents information that shows how the government's net position changed during each fiscal year. All changes in net position are reported as soon as the underlying event that gives rise to the change occurs, regardless of the timing of related cash flows. This statement also presents a comparison between direct expenses and program revenues for each function of the City.

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include most of the City's basic services such as, general government, public safety, streets and sanitation, and parks and recreation. Property taxes, licenses and permits, intergovernmental revenues, charges for services and contributions finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the water, sewer and electric services offered by the City of Clinton. In addition to the City of Clinton (known as the primary government), the government-wide financial statements also include information for the Economic Development Corporation (EDC). The EDC is a legally separate entity for which the City is financially accountable and is thus reported as a component unit of the City.

### **Fund Financial Statements**

The fund financial statements provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Clinton, like all other governmental entities in South Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the state statutes or the City's budget ordinance. All of the funds of City of Clinton can be divided into two categories: governmental funds and proprietary funds.

#### **Governmental Funds**

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Clinton adopts an annual budget for its General Fund, as required by South Carolina State Law. The budget is a legally adopted document that incorporates input from the management of the City, the City Council and the citizens of the City, about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the City Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the

actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

### **Proprietary Funds**

The City of Clinton Combined Utility Enterprise Fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Clinton uses the enterprise fund to account for its water, sewer and electric operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 31-59 of this report.

## **Government-Wide Financial Analysis**

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**City of Clinton**  
**Summary Statement of Net Position**  
**Figure 2**

	<b>Primary Government</b>					
	Governmental Activities		Business-type Activities		Total	
	2017	2016, as restated	2017	2016, as restated	2017	2016, as restated
Current and Other Assets	\$ 8,895,549	\$ 9,637,586	\$ 9,953,977	\$ 10,327,966	\$ 18,849,526	\$ 19,965,552
Capital Assets	8,310,506	6,788,714	12,344,765	11,920,333	20,655,271	18,709,047
Total Assets	<u>17,206,055</u>	<u>16,426,300</u>	<u>22,298,742</u>	<u>22,248,299</u>	<u>39,504,797</u>	<u>38,674,599</u>
Deferred Outflows of Resources	1,046,736	420,787	794,563	514,218	1,841,299	935,005
Long-term Liabilities						
Outstanding	5,974,060	5,278,534	10,345,545	10,193,872	16,319,605	15,472,406
Other Liabilities	365,724	1,105,740	1,642,451	1,561,852	2,008,175	2,667,592
Total Liabilities	<u>5,344,714</u>	<u>6,384,274</u>	<u>11,987,996</u>	<u>11,755,724</u>	<u>18,327,780</u>	<u>18,139,998</u>
Deferred Inflows of Resources	53,903	73,422	6,876	9,735	665,849	83,157
Net Position						
Invested in capital assets, net of related debt	7,893,831	5,749,034	6,576,967	5,624,722	14,470,798	11,373,756
Restricted	4,665,358	4,176,097	1,412,900	1,423,153	6,078,258	5,599,250
Unrestricted	(700,085)	(2,213,951)	3,108,566	4,169,725	2,408,481	1,955,774
	<u>11,859,104</u>	<u>7,711,180</u>	<u>11,098,433</u>	<u>11,217,600</u>	<u>22,957,537</u>	<u>18,928,780</u>
Prior Period Adjustment	-	2,678,211	-	(220,542)	-	2,457,669
Total Net Position	<u>\$ 11,859,104</u>	<u>\$ 10,389,391</u>	<u>\$ 11,098,433</u>	<u>\$ 10,997,058</u>	<u>\$ 22,957,537</u>	<u>\$ 21,386,449</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the City of \$39,504,797 and \$1,841,299, respectively, exceeded liabilities and deferred inflows by \$22,957,537 as of June 30, 2017. The City's net position increased by \$1,571,088 for the fiscal year ended June 30, 2017. However, the largest portion of net position (63%) reflects the City's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The City of Clinton uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Clinton's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The unrestricted net position balance of the City is \$2,408,481 as of June 30, 2017.

### **Impact of GASB Statement No. 68 on Net Position of the City**

The GASB (Government Accounting Standards Board) Statement No. 68, "Accounting and Financial Reporting for Pensions" is effective for the City for the fiscal year ended June 30, 2015.

Employers who participate in a cost-sharing multiple employer plan are now required to recognize a liability for the employer's proportionate share of the net pension liability of that plan. It is GASB's intention that GASB No. 68 will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the City's financial obligations to current and former employees for past services rendered.

Following is the City's net position with the GASB 68 impact reported discretely.

	2017	2016, as restated	Increase/ (Decrease)
<b>Net Position</b>			
Net Investment in Capital Assets	\$ 14,470,798	\$ 11,828,292	\$ 2,642,506
Restricted	6,078,258	5,599,250	479,008
Unrestricted (exclusive of GASB 68)	9,932,345	11,151,977	(1,219,632)
Unrestricted (GASB 68 portion)	<u>(7,523,864)</u>	<u>(7,193,070)</u>	<u>(330,794)</u>
Total Net Position	<u>\$ 22,957,537</u>	<u>\$ 21,386,449</u>	<u>\$ 1,571,088</u>

**City of Clinton**  
**Changes in Net Position**  
**Figure 3**

	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 1,549,948	\$ 1,924,377	\$ 21,295,310	\$ 21,414,965	\$ 22,845,258	\$ 23,339,342
Operating grants and contributions	579,379	540,041	-	-	579,379	540,041
Capital grants and contributions	1,627,087	-	465,553	12,849	2,092,640	12,849
General revenues:						
Property taxes	805,380	848,444	-	-	805,380	848,444
Other taxes	1,403,180	1,351,370	-	-	1,403,180	1,351,370
Intergovernmental revenues not restricted to specific programs	192,281	183,150	-	-	192,281	183,150
Other	<u>601,461</u>	<u>134,696</u>	<u>269,876</u>	<u>95,620</u>	<u>871,337</u>	<u>230,316</u>
Total revenues	<u>6,758,716</u>	<u>4,982,078</u>	<u>22,030,739</u>	<u>21,523,434</u>	<u>28,789,455</u>	<u>26,505,512</u>
Expenses:						
General government	2,105,573	1,653,849	-	-	2,105,573	1,653,849
Public safety	3,379,319	3,106,087	-	-	3,379,319	3,106,087
Streets	444,001	792,868	-	-	444,001	792,868
Museum	12,284	35,460	-	-	12,284	35,460
Cultural and recreation	395,167	422,383	-	-	395,167	422,383
Economic Development	603,582	-	-	-	603,582	-
Interest on Long-term debt	12,077	15,161	-	-	12,077	15,161
Public works	-	-	1,617,826	1,261,039	1,617,826	1,261,039
Water and sewer	-	-	4,020,737	4,053,908	4,020,737	4,053,908
Electric	-	-	14,114,529	13,846,847	14,114,529	13,846,847
Sanitation	-	-	513,272	-	513,272	-
Total expenses	<u>6,952,003</u>	<u>6,025,808</u>	<u>20,266,364</u>	<u>19,161,794</u>	<u>27,218,367</u>	<u>25,187,602</u>
Changes in net position before transfers	(193,287)	(1,043,730)	1,764,375	2,361,640	1,571,088	1,317,910
Transfers	<u>1,663,000</u>	<u>2,001,267</u>	<u>(1,663,000)</u>	<u>(2,001,267)</u>	-	-
Change in net position	1,469,713	957,537	101,375	360,373	1,571,088	1,317,910
Net Position, Beginning	7,711,180	6,753,643	11,217,600	10,857,227	18,928,780	17,610,870
Prior Period Adjustment	<u>2,678,211</u>	<u>-</u>	<u>(220,542)</u>	<u>-</u>	<u>2,457,669</u>	<u>-</u>
Net Position, Ending	<u>\$ 11,859,104</u>	<u>\$ 7,711,180</u>	<u>\$ 11,098,433</u>	<u>\$ 11,217,600</u>	<u>\$ 22,957,537</u>	<u>\$ 18,928,780</u>

### **Governmental Activities**

Governmental activities increased the City's net position by \$1,469,713. Net position decreased by \$193,287 before transfers of \$1,663,000 from business-type activities. Significant receipts were from private contributions of \$1,627,087.

### **Business-type Activities**

Business-type activities increased the City of Clinton's net position by \$1,764,375 before transfers of \$1,663,000 to governmental activities. The key elements of this increase are:

- Utility revenue was slightly less during the current fiscal year compared to the prior year, however, expenses were under budget, which contributed to the increased net position.
- Grant funds of \$465,553 were received in the current year compared to \$12,849 in the previous year.
- The Sanitation Fund was reported as a business-type activity beginning July 1, 2016. The revenues for the sanitation department were under expenses by \$74,647.

### **Financial Analysis of the City's Funds**

As noted earlier, the City of Clinton uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental Funds**

The focus of the City of Clinton's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Clinton's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the City of Clinton. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$2,186,827 while total fund balance was \$8,486,103. The General Fund is able to meet its cash flow needs by borrowing from the Proprietary Fund.

During the current fiscal year, the fund balance of the City of Clinton's general fund decreased by \$3,505. Key factors are as follows:

- Expenditures were over revenues by \$1,666,505, however, transfers of \$1,663,000 were received from the Utility Fund.
- Collections from Hospitality and State and Local Accommodations taxes totaled \$665,378. Since these funds have restrictions imposed on them, most was retained and added to restricted fund balance.
- Business License and Franchise Fee Revenues totaled \$899,002 which is an increase of \$49,875 over the prior fiscal year. The reallocation of staff time used to actively pursue delinquent and non-paying businesses contributed to a portion of this increase.

### **General Fund Budgetary Highlights**

Revenues were greater than the budgeted amounts for several revenue sources. The revenues that exceeded budgeted amounts included Business License fees, Property Taxes, State Shared revenues, Local Option Sales, Hospitality, and Accommodations Taxes. Local Option Sales taxes were over budget by \$87,000 mainly due to improvement in the economy resulting in increased sales for local businesses. Business License Revenues and Hospitality and Accommodations Sales Taxes are discussed in the preceding paragraph.

Expenditures for the General Fund department/functions that were over budget are explained as follows:

- Administration is over budget by \$47,687 partly due to professional and legal services needed to analyze the possibilities of additional recreational parks. Also, membership dues and special events exceeded the budget by \$9,500.
- The Municipal Court is over budget by \$30,275 due to State fine transfers.
- The Department of Planning and Inspection is over budget due to aggressive actions to demolish houses during the final quarter of the fiscal year.
- Public Safety is over budget in several areas. Building and Grounds expenditures are over by \$8,600 because the building is inefficient and in need of many repairs. Professional Services expenditures are over by \$21,511 due to feasibility study to compare the options of repairs versus reconstruction of the public safety building. Capital outlay is over due to the purchase of a new fire truck and police vehicles and support equipment totaling \$407,575. Software maintenance and animal control contribute the over budget status of this department as well.

### **Proprietary Funds**

The City of Clinton's proprietary funds provide the same type of information regarding business-type activities as found in the government-wide statements but in more detail. Unrestricted net position of the proprietary funds at the end of the fiscal year amounted to \$3,108,566. The total decrease in net position for the fund was \$101,375. Other factors concerning the finances of the fund have already been addressed in the discussion of the City of Clinton's business-type activities.

## **Capital Asset and Debt Administration**

### **Capital Assets**

The City of Clinton's investment in capital assets for its governmental and business-type activities as of June 30, 2017, totals \$20,655,271, (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

The City's major capital asset transactions during the year included the following:

- The City purchased equipment for the public safety department that included camera system and related equipment for \$20,000, dispatch console system for \$18,000, a cascade system for \$39,400, a fire truck for \$309,300 and three new public safety vehicles for \$108,000. Three additional vehicles were purchased by the governmental funds for 55,500.

The utility department purchased a Jaruff Right of Way clearing machine for \$99,000, mini excavator for \$81,000, a Kioti tractor for \$56,000, a flatbed truck for 53,000, and a manhole restoration machine for \$89,800. Various other equipment totaling \$100,000 included a hydraulic pump for \$16,000; 3 whiteboards for \$18,000; a mower for \$10,000; software for Pipelogics for \$16,000; and lab equipment for \$11,000.

- The City of Clinton revitalized infrastructure owned by the City during the fiscal year that included waterlines at the frontage road for \$222,000, settling basin upgrades for \$34,000, and a HVAC for the Filter plant for \$9,000.
- The City of Clinton revitalized infrastructure owned by the City, including the Martha Dendy Park, and various streets and sidewalks. The City also purchased property for future economic development.
- During 2016-2017, software installations for \$37,000 and remote read metering for \$288,000 were spent. This project will remain in progress for the year ended June 30, 2018.

City of Clinton  
Capital Assets  
Figure 4

	Governmental Activities		Business-type Activities		Total	
	2017	2016, as restated	2017	2016, as restated	2017	2016, as restated
Land	\$ 1,197,166	\$ 1,197,166	\$ 11,983	\$ 11,983	\$ 1,209,149	\$ 1,209,149
Building	2,202,219	2,285,691	154,699	136,582	2,356,918	2,422,273
Improvements Other than Buildings	1,877,363	1,817,638	7,666,718	8,133,726	9,544,081	9,951,364
Vehicles and Other Equipment	1,570,829	1,310,646	1,280,582	1,136,224	2,851,411	2,446,870
Construction in Progress	1,462,929	177,573	3,230,783	2,501,818	4,693,712	2,679,391
	<u>\$ 8,310,506</u>	<u>\$ 6,788,714</u>	<u>\$ 12,344,765</u>	<u>\$ 11,920,333</u>	<u>\$ 20,655,271</u>	<u>\$ 18,709,047</u>

Additional information on the City's capital assets can be found in Note 2 of the basic financial statements.

### Long-term Debt

As of June 30, 2017, the City of Clinton had total bonded debt outstanding of \$5,401,683. Of this, \$147,000 is debt backed by the full faith and credit of the City. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

City of Clinton  
Outstanding Debt - General Obligation and Revenue Bonds  
Figure 5

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General Obligation Bonds	\$ 147,000	\$ 193,000	\$ -	\$ -	\$ 147,000	\$ 193,000
Revenue Bonds	-	-	5,254,683	6,051,020	5,254,683	6,051,020
	<u>\$ 147,000</u>	<u>\$ 193,000</u>	<u>\$ 5,254,683</u>	<u>\$ 6,051,020</u>	<u>\$ 5,401,683</u>	<u>\$ 6,244,020</u>

South Carolina State Law limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for City of Clinton is \$925,849. The City has \$147,000 in general obligation bonds outstanding at June 30, 2017. Additional information regarding the City of Clinton's long-term debt can be found in note 2 of the basic financial statements.

### **Economic Factors and Next Year's Budgets and Rates**

The following key economic indicators reflect the challenges the City faces with the local economy:

- *Workforce Development:* Realizing that workforce development is critical to the success of any future economic development, the City is working closely with regional government partners to participate in long range workforce development improvement initiatives designed to provide the skills needed for local workers to secure positions in local business and industry.
- *Employment:* While regional unemployment is on the decline, there continues to be chronic underemployment of skilled workers and a shortage of qualified personnel to work in jobs at all levels.
- *Utility Revenues:* The high cost of purchasing power, coupled with the loss of major utility revenue providers in the past ten years, has severely limited the ability of the City to invest in utility system growth and expansion, which in turn attracts new business and industry.
- *General Fund Revenues:* The general fund tax base is severely limited by a high percentage of non-taxable property, 50.2%, and property values that are stagnant or growing at a rate that is slower than expected. This severely limits that ability of the City to invest in traditional economic development as a government function.
- *Economic Development Product Development:* The City of Clinton continues to invest in product development efforts related to economic development. Product development includes the completion of a frontage road on I-26, the development of a new industrial park on I-26, and smaller improvements to other potential industrial sites within the City limits.
- *Strategic Planning:* The City of Clinton has embarked upon the process of crafting a multi-faceted strategic plan to guide economic development efforts in the future. The plan will assist the City in identifying key industries and opportunities for economic growth, and should assist the City in focusing its economic development efforts to achieve greater success.
- *Sewer Consent Order:* The City is now under a consent order with the South Carolina Department of Health and Environmental Control due to excessive Sanitary Sewer Overflows. The cost of repairing and improving the City's sewer system, as well as the need to expand the system to support future economic development efforts, has the potential to put significant stress on the City's budget for several years.

## **Budget Highlights for the Fiscal Year Ending June 30, 2018**

### **Governmental Activities**

The City of Clinton will not increase property taxes for calendar 2017. No additional increases to fees or charges associated with provision of services in the governmental sector were implemented. Budgeted expenditures in the General Fund are expected to rise only as necessary to meet the fixed cost of City operations.

### **Business-type Activities**

Although the 2017/2018 Utility Fund budget includes an increase in revenues and expenditures from the previous year, the increase in revenues is based on a multi-year review of trends in our utility operations and is not from a utility rate adjustment. However, this budget does include the adoption of a rate restructuring plan that was developed by an outside consultant with the purpose of reducing the electric utility rate and restructuring other programs to make each utility self-sufficient and eliminate cross subsidization in the utility operation.

### **Requests for Information**

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Renee W. Morrow, Chief Financial Officer, City of Clinton, P. O. Box 748, Clinton, SC 29325.

## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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CITY OF CLINTON, SOUTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash investments	\$ 8,094,145	\$ 4,163,306	\$ 12,257,451
Restricted cash	-	1,412,900	1,412,900
Taxes receivable - net	58,369	-	58,369
Other receivables - net	721,187	2,858,347	3,579,534
Internal balances	(805,096)	805,096	-
Inventories	3,718	714,328	718,046
Land held for resale	823,226	-	823,226
Capital assets			
Land and construction in progress	2,660,095	3,242,766	5,902,861
Other capital assets - net of depreciation	5,650,411	9,101,999	14,752,410
<b>Total assets</b>	<b>17,206,055</b>	<b>22,298,742</b>	<b>39,504,797</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges on refunding bond	-	148,385	148,385
Deferred outflows related to pensions	1,046,736	646,178	1,692,914
<b>Total deferred outflows of resources</b>	<b>1,046,736</b>	<b>794,563</b>	<b>1,841,299</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	363,924	1,448,728	1,812,652
Customer deposits	-	175,363	175,363
Accrued interest payable	1,800	18,360	20,160
Long-term liabilities			
Net OPEB obligation	273,320	334,821	608,141
Net pension liability	5,165,137	3,990,862	9,155,999
Due within one year	146,553	981,392	1,127,945
Due in more than one year	389,050	5,038,470	5,427,520
<b>Total liabilities</b>	<b>6,339,784</b>	<b>11,987,996</b>	<b>18,327,780</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	53,903	6,876	60,779
<b>Total deferred inflows of resources</b>	<b>53,903</b>	<b>6,876</b>	<b>60,779</b>
<b>NET POSITION</b>			
Net investment in capital assets	7,893,831	6,576,967	14,470,798
Restricted for			
Debt service	40	80,754	80,794
Tourism	4,635,544	-	4,635,544
Public safety	29,774	-	29,774
Capital projects	-	1,332,146	1,332,146
Unrestricted	(700,085)	3,108,566	2,408,481
<b>Total net position</b>	<b>\$ 11,859,104</b>	<b>\$ 11,098,433</b>	<b>\$ 22,957,537</b>

The accompanying notes are an integral part of these financial statements.

CITY OF CLINTON, SOUTH CAROLINA

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2017

Function/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government</b>							
Governmental activities							
General government	\$ 2,105,573	\$ 960,475	\$ 542,282	\$ -	\$ (602,816)	\$ -	\$ (602,816)
Public safety	3,379,319	533,974	34,382	-	(2,810,963)	-	(2,810,963)
Streets	444,001	55,499	-	-	(388,502)	-	(388,502)
Museum	12,284	-	2,715	-	(9,569)	-	(9,569)
Cultural and recreational	395,167	-	-	-	(395,167)	-	(395,167)
Economic development	603,582	-	-	1,627,087	1,023,505	-	1,023,505
Interest on long-term debt	12,077	-	-	-	(12,077)	-	(12,077)
<b>Total governmental activities</b>	<u>6,952,003</u>	<u>1,549,948</u>	<u>579,379</u>	<u>1,627,087</u>	<u>(3,195,589)</u>	<u>-</u>	<u>(3,195,589)</u>
Business-type activities							
Public works	1,617,825	510,144	-	-	-	(1,107,681)	(1,107,681)
Water and sewer	4,020,738	4,555,720	-	-	-	534,982	534,982
Electric	14,114,529	15,790,821	-	465,553	-	2,141,845	2,141,845
Sanitation	513,272	438,625	-	-	-	(74,647)	(74,647)
<b>Total business-type activities</b>	<u>20,266,364</u>	<u>21,295,310</u>	<u>-</u>	<u>465,553</u>	<u>-</u>	<u>1,494,499</u>	<u>1,494,499</u>
<b>Total primary government</b>	<u>\$ 27,218,367</u>	<u>\$ 22,845,258</u>	<u>\$ 579,379</u>	<u>\$ 2,092,640</u>	<u>(3,195,589)</u>	<u>1,494,499</u>	<u>(1,701,090)</u>
<b>General revenues</b>							
Taxes							
Property taxes, levied for general purposes					805,380	-	805,380
Local option sales tax					737,802	-	737,802
Hospitality tax					425,339	-	425,339
Other taxes					240,039	-	240,039
Intergovernmental revenues not restricted to specific programs					192,281	-	192,281
Unrestricted investment earnings					34,145	41,490	75,635
Miscellaneous					567,316	228,386	795,702
<b>Transfers</b>					<u>1,663,000</u>	<u>(1,663,000)</u>	<u>-</u>
<b>Total general revenues and transfers</b>					<u>4,665,302</u>	<u>(1,393,124)</u>	<u>3,272,178</u>
<b>Change in net position</b>					<u>1,469,713</u>	<u>101,375</u>	<u>1,571,088</u>
<b>Net position, beginning</b>					<u>7,711,180</u>	<u>11,217,600</u>	<u>18,928,780</u>
<b>Prior period adjustment</b>					<u>2,678,211</u>	<u>(220,542)</u>	<u>2,457,669</u>
<b>Net position, beginning, as restated</b>					<u>10,389,391</u>	<u>10,997,058</u>	<u>21,386,449</u>
<b>Net position, ending</b>					<u>\$ 11,859,104</u>	<u>\$ 11,098,433</u>	<u>\$ 22,957,537</u>

The accompanying notes are an integral part of these financial statements.

## FUND FINANCIAL STATEMENTS

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CITY OF CLINTON, SOUTH CAROLINA

BALANCE SHEET  
GOVERNMENTAL FUND  
JUNE 30, 2017

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and cash investments	\$ 8,094,145
Receivables - net	
Taxes	58,369
Accounts and other	721,187
Due from other funds	62,649
Inventories	3,718
Land held for resale	823,226
<b>Total assets</b>	<u><u>\$ 9,763,294</u></u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	
Liabilities	
Accounts payable and accrued liabilities	\$ 363,924
Due to other funds	867,745
<b>Total liabilities</b>	<u>1,231,669</u>
 Deferred Inflows of Resources	
Unavailable revenues	45,522
<b>Total deferred inflows of resources</b>	<u>45,522</u>
 Fund Balances	
Nonspendable	94,269
Restricted	4,665,358
Assigned	1,539,649
Unassigned	2,186,827
<b>Total fund balances</b>	<u>8,486,103</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u><u>\$ 9,763,294</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF CLINTON, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
YEAR ENDED JUNE 30, 2017

Total Fund Balance, Governmental Fund		\$	8,486,103
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.			8,310,506
Property taxes receivable are not considered available and are, therefore, deferred in the funds.			45,522
Some liabilities (such as Notes Payable, Accrued Interest Payable, Capital Leases Payable, Long-term Compensated Absences, and Bonds Payable) are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.			
General obligation bonds	(147,000)		
Capital Leases	(269,675)		
Compensated absences	(118,928)		
Accrued interest payable	(1,800)		(537,403)
Certain other long-term liabilities are not due and payable in the current period, and, therefore, are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.			
Net OPEB obligation			(273,320)
The proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State retirement plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.			(4,172,304)
Net Position of Governmental Activities in the Statement of Net Position		\$	<u>11,859,104</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CLINTON, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
YEAR ENDED JUNE 30, 2017

	<b>General Fund</b>
<b>REVENUES</b>	
Taxes	\$ 803,896
Licenses and permits	960,475
Intergovernmental revenues	990,083
Fines and forfeitures	176,551
Accommodations tax	240,039
Hospitality tax	425,339
Charges for services	352,922
Contributions and grants	2,206,466
Interest revenue	34,145
Miscellaneous	567,316
<b>Total revenues</b>	<b>6,757,232</b>
<b>EXPENDITURES</b>	
Current	
General government	1,712,142
Public safety	3,180,277
Streets	249,678
Museum	12,284
Cultural and recreational	395,167
Economic development	109,340
Capital outlay	2,584,303
Debt service	
Principal retirement	168,469
Interest	12,077
<b>Total expenditures</b>	<b>8,423,737</b>
<b>Excess of revenues (under) expenditures</b>	<b>(1,666,505)</b>
<b>OTHER FINANCING SOURCES</b>	
Transfers in	
Other contributions	150,000
Contributions transfer	1,513,000
<b>Total other financing sources</b>	<b>1,663,000</b>
<b>Net change in fund balance</b>	<b>(3,505)</b>
<b>Fund Balance, beginning of year</b>	6,486,475
<b>Prior Period Adjustment</b>	2,003,133
<b>Fund Balance, beginning of year, as restated</b>	8,489,608
<b>Fund Balance, end of year</b>	<b>\$ 8,486,103</b>

The accompanying notes are an integral part of these financial statements.

CITY OF CLINTON, SOUTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2017**

Net Change in Fund Balance - Total Governmental Fund	\$	(3,505)
Amounts reported for governmental activities in the statement of activities are different because:		
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.</p>		
Capital outlay	2,117,681	
Depreciation expense	<u>(595,889)</u>	1,521,792
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Changes in unavailable tax revenues		1,484
<p>Governmental funds report bond proceeds and capital lease issuances as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of debt principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.</p>		
Repayment of long-term debt		168,469
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Net OPEB obligation	(71,814)	
Compensated absences	<u>36,806</u>	(35,008)
<p>Changes in the proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year for its participation in the State retirement plans are not reported in the governmental funds but are reported in the Statement of Activities.</p>		
		<u>(183,519)</u>
Change in Net Position of Governmental Activities	\$	<u><u>1,469,713</u></u>

*The accompanying notes are an integral part of these financial statements.*

## CITY OF CLINTON, SOUTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2017

	Combined Utility System	Sanitation Fund	Total Proprietary Funds
<b>ASSETS</b>			
Current Assets			
Cash and cash investments	\$ 4,161,767	\$ 1,539	\$ 4,163,306
Restricted cash	1,412,900	-	1,412,900
Accounts receivable - net	1,517,194	-	1,517,194
Unbilled revenue	1,341,153	-	1,341,153
Due from the general fund	867,745	-	867,745
Due from utility fund	-	16,753	16,753
Inventories	714,328	-	714,328
<b>Total current assets</b>	<b>10,015,087</b>	<b>18,292</b>	<b>10,033,379</b>
Noncurrent Assets			
Land and construction in progress	3,242,766	-	3,242,766
Capital assets - net of accumulated depreciation	9,101,999	-	9,101,999
<b>Total noncurrent assets</b>	<b>12,344,765</b>	<b>-</b>	<b>12,344,765</b>
<b>Total assets</b>	<b>22,359,852</b>	<b>18,292</b>	<b>22,378,144</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges on refunding bond	148,385	-	148,385
Deferred outflows related to pensions	591,087	55,091	646,178
<b>Total deferred outflows of resources</b>	<b>739,472</b>	<b>55,091</b>	<b>794,563</b>
<b>Total assets and deferred outflows of resources</b>	<b>23,099,324</b>	<b>73,383</b>	<b>23,172,707</b>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable and accrued liabilities	1,432,237	16,491	1,448,728
Due to general fund	-	62,649	62,649
Due to sanitation Fund	16,753	-	16,753
Customer deposits	175,363	-	175,363
Accrued interest payable	18,360	-	18,360
Compensated absences - current portion	27,460	-	27,460
Obligations under capital leases - current portion	140,511	-	140,511
Revenue bonds payable - current portion	813,421	-	813,421
<b>Total current liabilities</b>	<b>2,624,105</b>	<b>79,140</b>	<b>2,703,245</b>
Noncurrent Liabilities			
Net OPEB obligation	320,075	14,746	334,821
Compensated absences - net of current portion	76,219	-	76,219
Obligations under capital leases - net of current portion	520,989	-	520,989
Revenue bonds payable - net of current portion	4,441,262	-	4,441,262
Net pension liability	3,719,013	271,849	3,990,862
<b>Total noncurrent liabilities</b>	<b>9,077,558</b>	<b>286,595</b>	<b>9,364,153</b>
<b>Total liabilities</b>	<b>11,701,663</b>	<b>365,735</b>	<b>12,067,398</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	4,039	2,837	6,876
<b>Total deferred inflows of resources</b>	<b>4,039</b>	<b>2,837</b>	<b>6,876</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>11,705,702</b>	<b>368,572</b>	<b>12,074,274</b>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	6,576,967	-	6,576,967
Restricted for capital projects	1,332,146	-	1,332,146
Restricted for debt service	80,754	-	80,754
Unrestricted	3,403,755	(295,189)	3,108,566
<b>Total net position</b>	<b>\$ 11,393,622</b>	<b>\$ (295,189)</b>	<b>\$ 11,098,433</b>

The accompanying notes are an integral part of these financial statements.

CITY OF CLINTON, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2017

	Combined Utility System	Sanitation Fund	Total Proprietary Funds
<b>OPERATING REVENUES</b>			
Utility sales	\$ 20,056,374	\$ -	\$ 20,056,374
Sanitation fund sales	-	438,625	438,625
Interdepartmental utility sales	506,129	-	506,129
Hookup fees	53,022	-	53,022
Penalties	257,764	-	257,764
Miscellaneous	211,782	-	211,782
<b>Total operating revenues</b>	<b>21,085,071</b>	<b>438,625</b>	<b>21,523,696</b>
<b>OPERATING EXPENSES</b>			
Public works administration department	562,792	-	562,792
Information technology department	225,168	-	225,168
Utility billing department	657,955	-	657,955
Electric distribution department	13,309,200	-	13,309,200
Sanitary sewer department	1,262,319	-	1,262,319
Right of way department	353,942	-	353,942
Sanitation department	-	513,272	513,272
Water distribution department	706,887	-	706,887
Water plant department	1,152,615	-	1,152,615
Storm sewer department	3,125	-	3,125
Maintenance department	97,695	-	97,695
Risk management department	92,591	-	92,591
Other Administrative Expenses	137,616	-	137,616
Depreciation	1,023,042	-	1,023,042
<b>Total operating expenses</b>	<b>19,584,947</b>	<b>513,272</b>	<b>20,098,219</b>
Operating income (loss)	1,500,124	(74,647)	1,425,477
Interest revenue	41,490	-	41,490
Interest Expense	(168,145)	-	(168,145)
FEMA assistance	4,283	-	4,283
<b>Total nonoperating revenues (expenses)</b>	<b>(122,372)</b>	<b>-</b>	<b>(122,372)</b>
Income (loss) before contributions and transfers	1,377,752	(74,647)	1,303,105
Capital contributions - federal grants	461,270	-	461,270
Transfers to/from other funds	(1,663,000)	-	(1,663,000)
<b>Total contributions and transfers</b>	<b>(1,201,730)</b>	<b>-</b>	<b>(1,201,730)</b>
<b>Change in net position</b>	<b>176,022</b>	<b>(74,647)</b>	<b>101,375</b>
<b>Net position, beginning of year</b>	<b>11,217,600</b>	<b>-</b>	<b>11,217,600</b>
<b>Prior period adjustment</b>	<b>-</b>	<b>(220,542)</b>	<b>(220,542)</b>
<b>Net position, beginning of year, as restated</b>	<b>11,217,600</b>	<b>(220,542)</b>	<b>10,997,058</b>
<b>Net position, end of year</b>	<b>\$ 11,393,622</b>	<b>\$ (295,189)</b>	<b>\$ 11,098,433</b>

The accompanying notes are an integral part of these financial statements.

CITY OF CLINTON, SOUTH CAROLINA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2017

	Combined Utility System	Sanitation Fund	Total Proprietary Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 21,658,585	\$ 438,625	\$ 22,097,210
Cash paid for goods and services	(16,544,994)	(265,811)	(16,810,805)
Cash paid to employees	(1,884,685)	(217,171)	(2,101,856)
<b>Net cash provided (used) by operating activities</b>	<b>3,228,906</b>	<b>(44,357)</b>	<b>3,184,549</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Transfers (to) from other funds	(1,195,719)	45,896	(1,149,823)
<b>Net cash provided (used) by non-capital financing activities</b>	<b>(1,195,719)</b>	<b>45,896</b>	<b>(1,149,823)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(983,218)	-	(983,218)
Principal payments on capital leases	(47,347)	-	(47,347)
Principal payments on revenue bonds	(796,337)	-	(796,337)
Interest and other fees paid	(167,099)	-	(167,099)
Subsidy from federal grants	465,553	-	465,553
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(1,528,448)</b>	<b>-</b>	<b>(1,528,448)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	41,490	-	41,490
<b>Net cash provided (used) by investing activities</b>	<b>41,490</b>	<b>-</b>	<b>41,490</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>546,229</b>	<b>1,539</b>	<b>547,768</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>5,028,438</b>	<b>-</b>	<b>5,028,438</b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 5,574,667</b>	<b>\$ 1,539</b>	<b>\$ 5,576,206</b>

(continued)

CITY OF CLINTON, SOUTH CAROLINA

STATEMENT OF CASH FLOWS - CONTINUED  
 PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2017

	<u>Combined Utility System</u>	<u>Sanitation Fund</u>	<u>Total Proprietary Funds</u>
Reconciliation of Operating Income to Net			
Cash Provided by Operating Activities:			
Operating income (loss)	\$ 1,350,124	\$ (74,647)	\$ 1,275,477
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,023,042	-	1,023,042
(Increase) decrease in assets and deferred outflows			
Accounts receivable	462,060	-	462,060
Unbilled receivables	111,454	-	111,454
Inventories	(14,934)	-	(14,934)
Deferred outflows related to pensions	(296,858)	(32,945)	(329,803)
Deferred amount on refunding	49,458	-	49,458
Increase (decrease) in liabilities			
Accounts payable and accrued liabilities	115,730	16,491	132,221
Net OPEB obligation	45,487	4,140	49,627
Net pension liability	436,306	43,631	479,937
Deferred inflows related to pensions	(1,832)	(1,027)	(2,859)
Compensated absences	1,537	-	1,537
Customer deposits	(52,668)	-	(52,668)
<b>Net cash provided (used) by operating activities</b>	<b>\$ 3,228,906</b>	<b>\$ (44,357)</b>	<b>\$ 3,184,549</b>
Noncash Investing, Capital and Financing Activities			
Issuance of capital leases	\$ 464,256	\$ -	\$ 464,256
Amortization included in interest expense	\$ (49,459)	\$ -	\$ (49,459)
Reconciliation of Cash and Investments as Shown on the Statement of Net Assets and Cash Flow Statement			
Statement of net assets classification			
Current assets			
Cash	\$ 4,161,767	\$ 1,539	\$ 4,163,306
Restricted cash	1,412,900	-	1,412,900
Total cash and cash equivalents	<u>\$ 5,574,667</u>	<u>\$ 1,539</u>	<u>\$ 5,576,206</u>

The accompanying notes are an integral part of these financial statements.

# CITY OF CLINTON, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Reporting Entity**

The City of Clinton (the “City”) was incorporated as a city in May of 1957. Prior to 1957, the entity was called the Town of Clinton. The City operates under a council-manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services. The City also owns and operates a utility system which provides electric, water and sewer services. The financial statements of the City include all of the above operations.

The accounting policies of the City of Clinton conform to U.S. generally accepted accounting principles (“GAAP”) as applicable to governments. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

As required by GAAP, the financial statements must present the City’s financial information with any of its component units. The primary criterion for determining inclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the City both appoints a voting majority of the entity’s governing body, and either 1) the City is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the City. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the City and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the City. The City has determined that there are no component units that should be included in the City’s financial statements.

In previous years, the Clinton Economic Development Corporation (the “CEDC”), (a separate legal entity) has been reported as a discretely presented component unit of the City due to its fiscal dependence upon the City. Because the CEDC has become fiscally independent from the City, the activity of the CEDC is no longer reported as a component unit of the City.

#### **Basis of Presentation**

##### **Government-wide Statements**

The statement of net position and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions to this general rule are charges for sales and purchases of goods and services between various functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2017

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities and for the discretely presented component unit. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include fees and charges paid by the recipient of goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements**

The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each of which is displayed in a separate column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental fund:

**General Fund** – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those accounted for and reported in another fund.

The City reports the following major enterprise funds:

**Combined Utility System Enterprise Fund** –The City, in compliance with the revenue bond ordinances, accounts for the financial activity of this enterprise fund using three separate sub-funds. The purpose of the fund is to account for the collection of the gross revenues of the system and to provide for the payment of all expenses incurred in connection with the administration and operation of the system.

**The Sanitation Fund** – is used to account for the City's refuse collection activities provided to the residents of the City and some surrounding areas. This activity was previously reported in the general fund and is now reported separately in order to isolate the revenues and costs associated with providing the service. The City Council has approved a multi-year strategy that aims to recover operating costs of refuse collection and reduce related costs previously supported in part by property taxes.

**Measurement Focus and Basis of Accounting**

**Government-wide and Proprietary Fund Financial Statements**

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which the taxes are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been satisfied.

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2017

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Governmental Fund Financial Statements**

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty (60) days after yearend. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales tax, grants from other governments and interest on investments are susceptible to accrual. Revenues from fines, forfeits, penalties and franchise fees become measurable and available when cash is received by the City and are recognized as revenue at that time.

**Adoption of Accounting Principle**

The City implemented GASB Statement No. 77, *“Tax Abatement Disclosures”* (“GASB #77”) for the year ended June 30, 2017. The primary objective of GASB #77 was to provide tax abatement information to financial statement users so that they could more readily evaluate a government’s ability to raise resources. This includes limitations on revenue-raising capacity resulting from government programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens. GASB #77 requires disclosures of tax abatement information about (1) a reporting government’s own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government’s tax revenues.

The adoption of GASB #77 had no impact on the City’s financial statements or note disclosures, as there are currently no such abatement agreements.

**Budgets and Budgetary Accounting**

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

1. During the month of June, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the Municipal Center to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through council approval for the General Fund.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund. The legal level of control for each budget is maintained at the department level.

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2017

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

5. The budget for the General Fund is adopted on a basis consistent with U.S. generally accepted accounting principles. Budgeted amounts are as originally adopted.
6. The City Council adopts a budget ordinance at the outset of each fiscal year, establishing revenue anticipated on a line item basis and appropriations on a departmental basis. The City Council has authority to amend the approved budget during the fiscal year as necessary as recommended by management.
7. The City Manager is authorized to transfer budgeted amounts within a department within any fund; however, any revisions that alter the total budget of any department of any fund or the total expenditures of any fund must be approved by the City Council.
8. The City Council may authorize supplemental appropriations during the year. Appropriations lapse at the end of each fiscal year. No supplemental appropriations were made during fiscal year 2017.

The following departments in the general fund had an excess of actual expenditures over budget for the year ended June 30, 2017:

<u>Fund/Function/Department</u>	<u>Excess Amount</u>
General Fund:	
Administration	\$ 47,687
Municipal Court	30,275
Police and Fire	479,791
Planning and Inspection	6,040

**Assets, Liabilities, and Fund Equity**

**Statement of Cash Flows**

For purposes of the Statement of Cash Flows, the Enterprise Fund considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

**Cash and Investments**

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, cash and investments (including restricted assets) include cash on hand, demand deposits, short-term investments with a maturity of three months or less when purchased, and long-term investments with a maturity of greater than three months when purchased. Cash on hand, demand deposits and highly liquid investments with a maturity of three months or less when purchased are considered to be cash and cash equivalents. Investments are reported at fair value. The calculation of realized gains and losses is independent of the calculation of changes in the fair value of investments. During the year ended June 30, 2017, the City did not experience any significant changes in the fair value of its investments.

**Inventory**

Inventory is valued at cost, which approximates market, using the first-in/first-out (FIFO) method. Inventory in the General Fund consists of gasoline held for consumption. The cost is recorded as an

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2017

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

expenditure at the time individual inventory items are used. Reported inventories in the General Fund are equally offset by a fund balance reserve which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets.

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset’s lives are not capitalized.

Capital assets are depreciated on the straight-line basis over the estimated useful lives of the assets as follows:

	<u>Useful Life</u>
Buildings and other improvements	30 to 50 years
Machinery and equipment	7 to 10 years
Vehicles	6 years

**Long-term Obligations**

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term debt obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund. Material bond premiums and discounts, as well as material issuance costs are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discounts. Bond issuance costs are expensed as incurred.

**Compensated Absences**

The vacation policies of the City provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. The City has assumed a last-in, first-out method of using accumulated compensated time. The entire compensated absences liability and expense is reported on the government-wide and proprietary fund financial statements and are payable with expendable available resources. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

The City’s sick leave policies provide for the accumulation of earned sick leave up to 720 hours. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the City has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

**Net Position/Fund Balances**

Net position in the government-wide and proprietary fund financial statements is classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute. Unrestricted net position represents all other net position not meeting the definition of restricted or net investment in capital assets.

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2017

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Fund balance in the governmental fund financial statements is classified in five categories as follows:

*Nonspendable*

Nonspendable fund balances include amounts that are not in spendable form or are legally required to remain intact.

*Restricted*

Restricted fund balances include amounts that have external restrictions by either grantors, debt covenants, laws, or other governments.

*Committed*

Committed fund balances include amounts that are committed to a specific purpose by council ordinance, as approved by the City Council.

*Assigned*

Assigned fund balances include amounts that are constrained by limitations resulting from intended uses as established by City Council or by the City Manager.

*Unassigned*

Unassigned fund balance includes amounts that have not been assigned to any purpose.

Unless specifically designated otherwise, fund expenditures and encumbrances are from restricted fund balance to the extent of restricted fund balance revenue, followed by committed fund balance, assigned fund balance, and unassigned fund balance, respectively.

**Minimum Fund Balance Policy**

The City has adopted a policy to maintain the fund balance of the General Fund such that the unassigned portion of fund balance is equal to a minimum of 17% of the total audited General Fund expenditures for the previous fiscal year. The City has set the goal of reaching the minimum unassigned fund balance target within three to five years.

Below are the fund balance classifications for the governmental fund at June 30, 2017:

	General Fund
Fund Balances	
Nonspendable	
Inventory	\$ 3,718
Long-term receivable	90,551
Restricted	
Debt service	40
Public safety	29,774
Accommodations tax	705,374
Hospitality tax	3,930,170
Assigned	
Economic development	1,539,649
Unassigned	2,186,827
Total Fund Balances	\$ 8,486,103

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2017

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Fair Value**

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City can access at the measurement date.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1, that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for identical or similar assets or liabilities in active or inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data.

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- Fair value is often based on developed models in which there are few, if any, observable inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs. The City believes that the valuation methods used are appropriate and consistent with GAAP. There have been no significant changes from the prior year in the methodologies used to measure fair value.

**Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosure of these balances as of the date of the financial statements. In addition, they affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

**Comparative Data/Reclassifications**

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's classification.

**NOTE 2 – DETAILED NOTES ON ALL FUNDS**

**Assets**

**Deposits and Investments**

South Carolina statutes authorize the City to invest in obligations of the United States and its agencies, general obligations (not revenue obligations) of the State of South Carolina and its subdivisions, savings and loan associations to the extent of federal insurance, certificates of deposit collaterally secured, repurchase agreements secured by the foregoing obligations, and the State Treasurer's Investment Pool.

**CITY OF CLINTON, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2017**

**NOTE 2 – DETAILED NOTES ON ALL FUNDS - CONTINUED**

The State Treasurer’s investment pool is a 2a7-like pool which is not registered with the Securities and Exchange Commission (SEC), but has a policy that it will operate in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. The pool is included as an investment trust fund of the State of South Carolina Comprehensive Annual Financial Report and is subject to the audit procedures of the State Auditor. The investments in the State Treasurer’s investment pool are determined by the pool’s share price which is the same as the value of the pool. There were no deposits or investment transactions during the year that were in violation of the state statutes.

Cash is maintained in demand deposits or savings accounts, certificates of deposit, repurchase agreement, or U.S. Government Securities. The City has not adopted a formal deposit or investment policy but follows state guidelines.

As of June 30, 2017, the City had deposits and investments as follows:

Investment Type	Fair Value Level	Maturity	Governmental Activities	Business-type Activities	Total	Credit Quality
Deposits with financial institutions	1	Daily	\$ 6,087,139	\$ 1,342,003	\$ 7,429,142	Unrated
State Treasurer's investment pool	N/A	Daily	2,090,851	3,162,482	5,253,333	Unrated
			<u>\$ 8,177,990</u>	<u>\$ 4,504,485</u>	<u>\$ 12,682,475</u>	

*Interest rate risk.* The City manages its exposure to declines in fair values by limiting its investments to deposits with financial institutions and the State’s investment pools which do not normally have maturity dates and can be withdrawn on demand.

*Credit risk.* As of June 30, 2017, the City is invested with the S.C. Local Government Investment Pool as overseen by the State, which invests in instruments allowed under state laws. The Investment Pool is not rated. It’s a money market type pool, which is fully collateralized, and the underlying securities are held by a third-party bank for the pool.

*Concentration of credit risk.* The State’s guidelines for investment policy currently does not involve investment in any individual issuers.

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s policy is that all deposits in excess of federal insurance amounts be collateralized with securities held by the pledging financial institution’s trust department or agent in the City’s name. At June 30, 2017, all deposits are either insured or fully collateralized.

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City invests in the state investment pool which is not subject to custodial risk.

**Receivables and Allowances for Doubtful Accounts**

Receivables presented in the Statement of Net Position are net of allowances for doubtful accounts of \$2,240,309 for business-type activities. The governmental and business-type activities’ receivables consist of the following:

**CITY OF CLINTON, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2017**

**NOTE 2 – CASH AND INVESTMENTS - CONTINUED**

	Governmental Activities	Business-type Activities	Total
Mortgages receivable	\$ 90,551	\$ -	\$ 90,551
Customers	-	2,858,347	2,858,347
Other receivables	630,636	-	630,636
	\$ 721,187	\$ 2,858,347	\$ 3,579,534

**Property Taxes**

Property taxes are levied based on a calendar year (January 1 – December 31). The property tax assessment for taxes, other than vehicle taxes, is formally levied in October on property values assessed as of the same date. The property tax bills are mailed in October and are payable between November 1 and January 15. Liens attach to the property at the time taxes are levied. A three percent penalty is assessed on taxes unpaid at January 16. All property taxes are billed and collected by Laurens County, and these collections are remitted to the City. Property tax revenues are recognized when they become available, including those property tax receivables expected to be collected within sixty days after yearend.

The millage rate was 107.5 for the 2016 tax year and the assessed valuation of real property was \$8,865,340. The purpose of the levies was for current expenditures and to defray public expenditures of the City as well as to meet current indebtedness contracted by the City for general corporate purposes.

**Taxes receivable – net** presented on the Balance Sheet (of the Governmental Funds) and the Statement of Net Position represent unpaid real and personal property taxes and delinquent tax receivables, less an allowance for uncollectible taxes, and consist of the following:

Unpaid real and personal property taxes	\$	3,502
Delinquent tax receivables		56,034
Allowance for uncollectibles		(1,167)
	\$	58,369

**Capital Assets**

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

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2017

**NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

	Beginning Balances, As Restated	Increases	Decreases/ Transfers	Ending Balances
Government Activities:				
Nondepreciable capital assets				
Land	\$ 1,197,166	\$ -	\$ -	\$ 1,197,166
Construction in progress	177,573	1,426,528	(141,172)	1,462,929
	<u>1,374,739</u>	<u>1,426,528</u>	<u>(141,172)</u>	<u>2,660,095</u>
Depreciable capital assets				
Buildings	3,733,114	-	-	3,733,114
Other improvements	7,099,043	271,729	-	7,370,772
Vehicles and other equipment	8,071,414	560,596	-	8,632,010
	<u>18,903,571</u>	<u>832,325</u>	<u>-</u>	<u>19,735,896</u>
Less accumulated depreciation				
Buildings	1,447,423	83,472	-	1,530,895
Other improvements	5,281,405	212,004	-	5,493,409
Vehicles and other equipment	6,760,768	300,413	-	7,061,181
Total accumulated depreciation	<u>13,489,596</u>	<u>595,889</u>	<u>-</u>	<u>14,085,485</u>
Total depreciable capital assets - net	<u>5,413,975</u>	<u>236,436</u>	<u>-</u>	<u>5,650,411</u>
Governmental Activities Capital Assets - Net	<u>\$ 6,788,714</u>	<u>\$ 1,662,964</u>	<u>\$ (141,172)</u>	<u>\$ 8,310,506</u>

	Beginning Balances	Increases	Decreases/ Transfers	Ending Balances
Business-type Activities:				
Nondepreciable capital assets				
Land	\$ 11,983	\$ -	\$ -	\$ 11,983
Construction in progress	2,501,818	950,852	(221,887)	3,230,783
	<u>2,513,801</u>	<u>950,852</u>	<u>(221,887)</u>	<u>3,242,766</u>
Depreciable capital assets				
Buildings	1,070,832	54,102	-	1,124,934
Other improvements	30,025,593	221,887	-	30,247,480
Vehicles and other equipment	3,748,487	442,520	-	4,191,007
	<u>34,844,912</u>	<u>718,509</u>	<u>-</u>	<u>35,563,421</u>
Less accumulated depreciation				
Buildings	934,250	35,985	-	970,235
Other improvements	21,891,867	688,895	-	22,580,762
Vehicles and other equipment	2,612,263	298,162	-	2,910,425
Total accumulated depreciation	<u>25,438,380</u>	<u>1,023,042</u>	<u>-</u>	<u>26,461,422</u>
Total depreciable capital assets - net	<u>9,406,532</u>	<u>(304,533)</u>	<u>-</u>	<u>9,101,999</u>
Business-type Activities Capital Assets - Net	<u>\$ 11,920,333</u>	<u>\$ 646,319</u>	<u>\$ (221,887)</u>	<u>\$ 12,344,765</u>

**CITY OF CLINTON, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2017**

**NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

Depreciation expense was charged to functions/programs of the primary government as follows:

Government Activities		
General government		\$ 174,904
Economic Development		27,620
Public safety		199,042
Streets and sanitation		194,323
Total depreciation expense		<u>\$ 595,889</u>
Business-type Activities		
Public works		\$ 193,998
Water and sewer		337,699
Electric		186,812
Total depreciation expense		<u>\$ 718,509</u>

**Liabilities**

**Long-term Liabilities**

The following is a summary of long-term obligations of the primary government for the year ended June 30, 2017:

	Beginning Balances, As Restated	Increases	Decreases	Ending Balances	Due Within One Year
<b>Governmental Activities:</b>					
Net OPEB obligation	\$ 201,506	\$ 71,814	\$ -	\$ 273,320	\$ -
Net pension liability	4,336,150	828,987	-	5,165,137	-
General obligation bonds	193,000	-	(46,000)	147,000	47,000
Capitalized lease obligations	392,144	-	(122,469)	269,675	51,983
Compensated absences	155,734	144,253	(181,059)	118,928	47,570
Total governmental activities	<u>\$ 5,278,534</u>	<u>\$ 1,045,054</u>	<u>\$ (349,528)</u>	<u>\$ 5,974,060</u>	<u>\$ 146,553</u>
	Beginning Balances, As Restated	Increases	Decreases	Ending Balances	One Year
<b>Business-type Activities:</b>					
Net OPEB obligation	\$ 285,194	\$ 49,627	\$ -	\$ 334,821	\$ -
Net pension liability	3,510,925	479,937	-	3,990,862	-
Revenue bonds	6,051,020	-	(796,337)	5,254,683	813,421
Capital lease obligations	244,591	464,256	(47,347)	661,500	140,511
Compensated absences	102,142	88,515	(86,978)	103,679	27,460
Total business-type activities	<u>\$ 10,193,872</u>	<u>\$ 1,082,335</u>	<u>\$ (930,662)</u>	<u>\$ 10,345,545</u>	<u>\$ 981,392</u>

**CITY OF CLINTON, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2017**

**NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

**Compensated Absences**

The City reports a liability for compensated absences representing paid time off made available to employees in connection with vacation leave, sick leave and similar benefits. The general fund is used to liquidate compensated absences incurred in governmental activities.

**Net OPEB Obligation**

Retired employees are allowed to participate in the health, dental and life insurance programs. The general fund is used to liquidate the net OPEB obligation of the governmental activities.

**Governmental Fund Debt**

**General Obligation Bonds**

Bonds payable at June 30, 2017 were comprised of the following issues:

\$450,000 General Obligation Bonds of the City of Clinton, South Carolina, dated September 8, 2010. Annual maturities of \$40,000 to \$51,000 and an annual interest rate of 3.02%.	\$ 147,000
	147,000
Less current maturities	(47,000)
Long-term liabilities	\$ 100,000
	100,000

Annual debt requirements for the City’s general obligation bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 47,000	\$ 4,439	\$ 51,439
2019	49,000	3,020	52,020
2020	51,000	1,540	52,540
	\$ 147,000	\$ 8,999	\$ 155,999

**Capital Lease Obligations**

Capital leases payable at June 30, 2017 were comprised of the following:

\$315,157 Pierce Pumper fire truck capital lease for 6 years, beginning March, 2015. Annual payments of \$55,718, including interest of 1.75%.	\$ 213,452
\$167,380 street sweeper capital lease for 3 years, beginning August, 2015. Annual payments of \$57,038, including interest of 1.45%.	56,223
	\$ 269,675

**CITY OF CLINTON, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2017**

**NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

The future minimum lease obligations as of June 30, 2017, were as follows:

Year Ending June 30,	
2018	\$ 112,756
2019	55,717
2020	55,717
2021	55,717
Total Minimum Lease Obligation	<u>279,907</u>
Less Amount Representing Interest	(10,232)
Present Value of Minimum Lease Payments	<u><u>\$ 269,675</u></u>

**Proprietary Fund Debt**

**Revenue Bonds**

Bonds payable at June 30, 2017 were comprised of the following issues:

<p>\$4,224,434 Combined Utility System Refunding and Improvement Revenue Bonds, Series 2012A, of the City of Clinton, South Carolina, dated November 15, 2012. Annual principal maturities of \$294,258 to \$692,856 and a semi-annual interest rate of 1.88% maturing in 2020.</p>	\$ 1,980,683
<p>\$4,000,000 Combined Utility System Refunding and Improvement Revenue Bonds of the City of Clinton, South Carolina, dated June 7, 2011. Annual maturities of \$114,000 to \$951,000 and semi-annual interest at 3.32% maturing in 2023.</p>	<u>3,274,000</u> 5,254,683
<p>Less current maturities</p>	<u>(813,421)</u>
<p>Long-term liabilities</p>	<u><u>\$ 4,441,262</u></u>

Debt service requirements to maturity including interest on all outstanding revenue bonds at June 30, 2017 are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 813,421	\$ 145,915	\$ 959,336
2019	829,856	128,679	958,535
2020	849,406	111,104	960,510
2021	891,000	91,698	982,698
2022	920,000	62,117	982,117
Thereafter	951,000	31,573	982,573
	<u>\$ 5,254,683</u>	<u>\$ 571,086</u>	<u>\$ 5,825,769</u>

During the year ended June 30, 2013, the City issued \$4,224,433 in Series 2012A Combined Utility System Refunding and Improvement Revenue Bonds with an interest rate of 1.88%. The proceeds were used to refund \$3,775,000 of outstanding 2005 Series A Refunding and Revenue Bonds which had an interest rate of 3.68% and \$174,652 of outstanding 2008 Revenues Bonds which had interest rates of 3.5%. The City

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2017

**NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

refunded the 2005 Series A and 2008 Bonds to reduce its total debt service payments over 8 years by \$438,019 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$227,659.

The Series 2012 A Refunding and Revenue Bonds resulted in a book loss of \$370,951 that is being amortized over the original remaining life of the old bonds that were defeased. The unamortized loss for the refundings is reported as deferred outflow on the statement of net position. Amortization has been included in interest expense and was \$49,458 for the year ended June 30, 2017.

The revenue bonds are payable from the net revenues of the Utility System. Pursuant to the Revenue Bond Orders, the City has covenanted to charge rates which produce revenues sufficient to cover principal and interest payments. The commitment extends until the maturity of the bonds. A debt coverage schedule is included in the statistical section of the report. There are a number of additional limitations and restrictions contained in the revenue bond ordinances. The City believes it is in compliance with all significant limitations and restrictions.

The Series 2011 Bonds were redeemed after the fiscal yearend as explained in the subsequent events footnote.

**Capital Lease Obligations**

Capital leases payable at June 30, 2017 were comprised of the following:

\$117,409 skid steer capital lease for 60 months, beginning November 2015. Annual payments of \$24,834, including interest at 1.98%.	\$	94,609
\$152,432 Bucket truck capital lease for 68 months, beginning February 2015. Annual payments of \$26,811, including interest at 1.78%.		102,635
\$116,880 Knuckle Boom truck capital lease for 60 months, beginning May 2017. Annual payments of \$24,971, including interest at 2.26%.		116,880
\$219,876 Altec Digger capital lease for 60 months, beginning October 2016. Annual payments of \$46,603, including interest at 1.93%.		219,876
\$81,200 Jarruff capital lease for 60 months, beginning October 2016. Annual payments of \$17,291, including interest at 2.06%.		81,200
\$46,300 Tractor Mower capital lease for 47 months, beginning May 2017. Annual payments of \$12,304, including interest at 2.60%.		46,300
	\$	<u>661,500</u>

The future minimum lease obligations as of June 30, 2017, were as follows:

**CITY OF CLINTON, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2017**

**NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

Year Ending June 30,	
2018	\$ 152,813
2019	152,813
2020	152,813
2021	152,813
2022	88,868
Total Minimum Lease Obligation	700,120
Less Amount Representing Interest	(38,620)
Present Value of Minimum Lease Payments	\$ 661,500

**Interfund Receivables, Payables and Transfers**

On June 30, 2017, the Enterprise Fund was due \$867,745 from the General Fund for utility services incurred by the General Fund.

The composition of interfund transfers during the year was as follows:

	Transfer to General Fund
Transfer from	
Combined Utility Fund for contributions	\$ 1,663,000

Transfers of \$1,513,000 were made to help cover operating expenses of the General Fund. Transfers of \$150,000 were made that are intended to be used for economic development.

**Employee Retirement Systems – Pension Funds**

The City participates in the State of South Carolina’s retirement plans, which are administered by the South Carolina Public Employee Benefit Authority (“PEBA”).

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 SCRS and additions to/deductions from the SCRS fiduciary net position have been determined on the accrual basis of accounting as they are reported by the SCRS 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 for the plan. Investments are reported at fair value.

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems’ Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits’ link on PEBA’s website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 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.

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2017

**NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

*Plan Description*

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established 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 State Optional Retirement Program (ORP) is a defined contribution plan that is offered as an alternative to certain newly hired state, public school, and higher education employees. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers.

The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established 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 firemen 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.
- State ORP – As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State Optional Retirement Program (State ORP), which is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers. For this reason, State ORP programs are not part of the retirement systems' trust funds for financial statement purposes. Employee and Employer contributions to the State ORP are at the same rate as SCRS. A direct remittance is required from the employers to the member's account with investment providers for the employee contribution and a portion of the employer contributions (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an identical death benefit contribution, if applicable, which is retained by SCRS.
- 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

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2017

**NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

than magistrates and probate judges, must also at least earn \$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 the 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 credible service equals at least 90 years. Both Class Two and Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

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

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

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

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2017

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

*Contributions*

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. Upon recommendation by the actuary in the annual actuarial valuation, PEBA Board may adopt and present to the Budget and Control Board for approval an increase in the SCRS and PORS employer and employee contribution rates, but any such increase may not result in a differential between the employee and total 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 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.

Required employee contribution rates are as follows:

	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>
SCRS		
Employee Class Two	8.66%	8.16%
Employee Class Three	8.66%	8.16%
State ORP		
Employee	8.66%	8.16%
PORS		
Employee Class Two	9.24%	8.74%
Employee Class Three	9.24%	8.74%

Required employer contribution rates (1) are as follows:

	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>
SCRS		
Employee Class Two	11.41%	10.91%
Employee Class Three	11.41%	10.91%
Employer Incidental Death Benefit	0.15%	0.15%
State ORP		
Employer Contribution (2)	11.41%	10.91%
Employer Incidental Death Benefit	0.15%	0.15%

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
 JUNE 30, 2017

**NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

PORS

Employee Class Two	13.84%	13.34%
Employee Class Three	13.84%	13.34%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

- (1) Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.  
 (2) Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member’s account with the remainder of the employer contribution remitted to the SCRS.

***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. Actuarial assumptions and methods used during the annual valuation process are subject to periodic revision, typically with an experience study, as actual results over an extended period of time are compared with past expectations and new estimates are made about the future. South Carolina state statutes require that an actuarial experience study be completed at least once 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 provides a summary of the actuarial assumptions and methods used in the July 1, 2015, valuations for SCRS:

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment rate of return <sup>1</sup>	7.5%	7.5%
Projected salary increases	3.5% to 12.5% (varies by service) <sup>1</sup>	4% to 10% (varies by service) <sup>1</sup>
Benefit adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually
<sup>1</sup> Includes inflation at 2.75%		

**CITY OF CLINTON, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2017**

**NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

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 the year 2000. Assumptions used in the July 1, 2015, valuations for SCRS 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%

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

At June 30, 2017, the City reported a liability of \$9,155,999 for its proportionate share of the net pension liability. A liability of \$5,165,137 was reported for governmental liabilities and a liability of \$3,990,862 was reported for business-type activities. The net pension liability was measured as of June 30, 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 members, actuarially determined.

For the year ended June 30, 2017, the City recognized pension expense totaling \$875,937, which consisted of contributions to the System of \$545,143 and additional expense of \$330,794 as a result of the increase in the net pension liability related to GASB 68 requirements. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2017

**NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<b>SCRS</b>		
Differences between expected and actual experience	\$ 63,641	\$ 6,667
Net difference between projected and actual earnings on pension plan investments	516,508	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	59,004	-
City contributions subsequent to the measurement date	336,597	-
Total SCRS	<u>975,750</u>	<u>6,667</u>
<b>PORS</b>		
Differences between expected and actual experience	44,703	-
Net difference between projected and actual earnings on pension plan investments	341,620	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	122,295	54,112
City contributions subsequent to the measurement date	208,546	-
Total PORS	<u>717,164</u>	<u>54,112</u>
Total SCRS and PORS	<u>\$ 1,692,914</u>	<u>\$ 60,779</u>

\$336,597 and \$208,546 that were reported as deferred outflows of resources related to the City's contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS and PORS will increase (decrease) pension expense as follows:

<u>Year Ended June 30,</u>	<u>SCRS</u>	<u>PORS</u>	<u>Total</u>
2018	\$ 128,944	\$ 91,543	\$ 220,487
2019	128,944	91,543	220,487
2020	128,944	91,543	220,487
2021	128,944	91,543	220,487
2022	116,710	88,334	205,044
Total	<u>\$ 632,486</u>	<u>\$ 454,506</u>	<u>\$ 1,086,992</u>

*Payables to the Pension Plan*

The City had an outstanding payable of \$143,242 due to the pension plans for its legally required contributions. The payable represented amounts due for the month at June 2017 and was paid in July 2017.

**CITY OF CLINTON, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2017**

**NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

***Net Pension Liability***

The net pension liability (NPL) is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB No. 67 less that System’s fiduciary net position. NPL totals, as of June 30, 2016, for SCRS and PORS are as follows:

<u>System</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employers' Net Position Liability (Asset)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
SCRS	\$ 45,356,214,752	\$ 23,996,362,354	\$ 21,359,852,398	52.9%
PORS	6,412,510,458	3,876,035,732	2,536,474,726	60.4%

The total pension liability is calculated by the Systems’ actuary, and each plan’s fiduciary net position is reported in the Systems’ financial statements. The net pension liability is disclosed in accordance with the requirements of GASB 67 in the Systems’ notes to the financial statements and required supplementary information. Liability calculations performed by the Systems’ actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans’ funding requirements.

***Long-term Expected Rate of Return***

The long-term expected rate of return on pension plan investments, as used in the July 1, 2015, actuarial valuations, was based upon the 30-year capital market outlook at the end of the fourth quarter 2015. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach, primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

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

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2017

**NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long-term Expected Portfolio Real Rate of Return</u>
<b>Global Equity</b>	<b>43.0%</b>		
Global public equity	34.0%	6.52%	2.22%
Private equity	9.0%	9.30%	0.84%
<b>Real Assets</b>	<b>8.0%</b>		
Real estate	5.0%	4.32%	0.22%
Commodities	3.0%	4.53%	0.13%
<b>Opportunistic</b>	<b>20.0%</b>		
GTAA/ Risk parity	10.0%	3.90%	0.39%
HF (low beta)	10.0%	3.87%	0.39%
<b>Diversified Credit</b>	<b>17.0%</b>		
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%
<b>Conservative Fixed Income</b>	<b>12.0%</b>		
Core fixed income	10.0%	1.72%	0.17%
Cash and short duration (net)	2.0%	0.71%	0.01%
Total expected real return	100.0%		5.10%
Inflation for Actuarial purposes			2.75%
Total expected nominal return			7.85%

*Discount Rate*

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that the funding policy specified in the South Carolina State Code of Laws will remain unchanged in future years. Based on those assumptions, each Systems' 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.

*Sensitivity Analysis*

The following table presents the City's proportionate share of net pension liability of the Plans calculated using the discount rate of 7.50 percent, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1.00 percent lower (6.50 percent) or 1.00 percent higher (8.50 percent) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

System	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
SCRS	\$ 7,658,545	\$ 6,139,249	\$ 4,874,492
PORS	\$ 3,948,466	\$ 3,012,749	\$ 2,171,832

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2017

**NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

*Additional Financial and Actuarial Information*

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the Systems' audited financial statements for the fiscal year ended June 30, 2017 (including the unmodified audit opinion on the financial statements). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2017.

**Post Retirement Health Care Benefits**

**Description**

Effective July 1, 2008, the City adopted the provisions of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions (GASB 45). The City, through a substantive commitment to provide certain postretirement healthcare maintains a single employer defined benefit plan to provide certain postretirement healthcare benefits. For all participants that have a minimum of 25 years of uninterrupted service with the City and are eligible to retire under SCRS/SCPORS, the City explicitly provides the entire cost of coverage for retirees and 50% of the cost of coverage for their spouses prior to the age of 65 that is not paid for the retiree contributions. The cost of coverage for pre-65 retirees and spouses is also implicitly subsidized by the City through the development of an average premium rate. After age 65, the City will pay for up to 50% of a Medicare supplement for retirees, not to exceed \$85 per month per retiree. Spouses receive no benefit after age 65. Because the Plan consists solely of the City's firm commitment to provide OPEB through the payment premiums to the State of South Carolina Insurance Benefits Program, no stand-alone financial report is either available or generated.

**Funding Policy**

As of June 30, 2017, there were 21 employee retirees receiving benefits. The Plan is financed on a pay-as-you-go basis and through separate contributions to the South Carolina Other Retirement Benefits Employer Trust (SCORBET), a tax-exempt governmental trust under Internal Revenue Code 115. SCORBET allows each member to choose a contribution amount into the trust based on the actuarially determined annual required contribution. Each member continues to contract with its current health provider for retiree health care coverage and the SCORBET pays the benefits chosen by the employer directly to the employer or provider. Each member also shares in the SCORBET's administrative and investment related expenses.

**Annual OPEB Cost and Net OPEB Obligation (Asset)**

The City's OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities or funding excess over a period not to exceed thirty years. The following table presents the OPEB cost for the year, the amount actually contributed and changes in the OPEB Plan for the year ended June 30, 2017:

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2017

**NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

Net OPEB Obligation (Asset)			
	Governmental Activities	Business-type Activities	Total
Annual required contribution (ARC)	\$ 112,884	\$ 90,703	\$ 203,587
Interest on net OPEB obligation	9,019	7,252	16,271
Adjustment to ARC	14,598	11,729	26,327
Annual OPEB cost	136,501	109,684	246,185
Contributions made	(64,687)	(60,057)	(124,744)
Increase in net OPEB (asset) obligation	71,814	49,627	121,441
Net OPEB obligation (assets), beginning of year, as restated	201,506	285,194	486,700
Net OPEB obligation (assets), end of year	\$ 273,320	\$ 334,821	\$ 608,141

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation (asset) for the five latest years were as follows:

Governmental Activities			
Year Ended	Annual OPEB Cost	% of OPEB Contributed	Net OPEB Obligation (Asset)
June 30, 2017	\$ 136,501	47.39%	\$ 273,320
June 30, 2016	112,848	63.73%	212,112
June 30, 2015	107,863	70.00%	171,180
June 30, 2014	107,964	53.52%	138,831
June 30, 2013	102,995	63.80%	88,649

Business-type Activities			
Year Ended	Annual OPEB Cost	% of OPEB Contributed	Net OPEB Obligation (Asset)
June 30, 2017	\$ 109,684	54.75%	\$ 334,821
June 30, 2016	90,739	57.03%	274,588
June 30, 2015	74,881	73.23%	235,596
June 30, 2014	71,928	39.94%	215,552
June 30, 2013	69,017	39.41%	172,351

**CITY OF CLINTON, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2017**

**NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

Year Ended	Annual OPEB Cost	% of OPEB Contributed	Total Net OPEB Obligation (Asset)
June 30, 2017	\$ 246,185	50.67%	\$ 608,141
June 30, 2016	203,587	60.74%	486,700
June 30, 2015	182,744	71.33%	406,776
June 30, 2014	179,892	48.00%	354,383
June 30, 2013	172,012	54.01%	261,000

**Funded Status and Funding Progress**

As of July 1, 2015, the most recent actuarial valuation date, the Plan had not been funded. The actuarial accrued liability for benefits was \$1,931,578, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,931,578. The covered payroll (annual payroll of active employees covered by the plan) was \$3,598,856, and the ratio of the UAAL to the covered payroll was 53.67%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress for retiree health plan, presented as RSI following the notes to financial statements, will present multiyear trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Actuarial Methods and Assumptions**

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

The following table summarizes actuarial methods and assumptions used:

Valuation Date	July 1, 2015
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar Amount, Closed
Amortization Period	23 years from July 1, 2015
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	4.00% annual returns net of both administrative and investment related expenses

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2017

**NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

Medical Cost Trend Rate	
Pre-Medicare Trend Rate	7.50% - 5.00%
Post-Medicare Trend Rate	0.00%
Ultimate Trend Rate	5.00%
Year of Ultimate Trend Rate	2020
Payroll Growth Rate	3.50%
Inflation Rate	2.75%

**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.

The City's risk management has purchased insurance policies divided into coverage for comprehensive general liability, including all property and liability, workers' compensation and crime insurance. The City contracts with brokers, BB&T-CIC, for coverage with St. Paul Travelers Insurance Company. The City pays quarterly premiums for its insurance coverage and has various deductibles with a maximum of \$1,000,000 insurance coverage per occurrence.

The City contracts with the Ferguson Employee Benefit Agency for employee health insurance coverage through Blue Choice of South Carolina. The City pays monthly premiums for its insurance coverage and has no further responsibilities beyond the premium amounts.

There have been no significant reductions in insurance coverage by major category of risk in recent years. Settled claims resulting from risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 3 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES AND COMMITMENTS**

**Piedmont Municipal Power Agency**

The City of Clinton is a charter member of the Piedmont Municipal Power Agency (PMPA) that was formed in 1979. PMPA is a public body corporate and politic of the State of South Carolina consisting of ten municipalities in South Carolina, which purchase electric power from PMPA. PMPA owns a 25% undivided interest in Unit 2 of Duke Power's Catawba Nuclear Station in York County, South Carolina.

The City has agreed pursuant to the Catawba Nuclear Project Power Sales Agreement, in exchange for a share of the power and energy from the Catawba Nuclear Station, to take or pay for a cost of its share (7.84%) of the Catawba Project output whether or not the Project is operable or operating. Such costs are all of PMPA's costs resulting from or attributable to the ownership, operation, maintenance, termination, retirement from service, decommissioning of, necessary repairs and additions, and amounts required to be deposited to debt service funds. In addition, if any other party to the agreement defaults, the City's share of the Project output would increase prorate by a maximum of 25% of the nondefaulting participant's Catawba share prior to any such increases. The Sales Agreement is in effect until the later of January 1, 2022 or the completion of payment and satisfaction of its obligations under the agreement. In no case may the agreement extend beyond August 1, 2035.

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2017

**NOTE 3 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES AND COMMITMENTS - CONTINUED**

The purpose of the contract is to purchase power from PMPA at rates lower than Duke Power Company would charge. If future power rates of PMPA become greater than expected, the City of Clinton would be committed to buy from PMPA at the higher rates. The amount of this commitment cannot be estimated as of June 30, 2017.

For the year ended June 30, 2017, the City's purchased power expense from PMPA was \$11,911,512. Also, the amount included in accounts payable and accrued liabilities for accrued purchased power from PMPA at June 30, 2017 is \$1,005,100.

**Arbitrage Rebate Liabilities**

Arbitrage represents the difference of "spread" between lower interest rates on tax-exempt government securities and the higher interest on taxable investment securities. The Internal Revenue Code requires local governments to rebate arbitrage earnings to the federal government every five years for as long as the local government has tax-exempt bonds outstanding. No estimate of potential liability, if any, has been made on the accompanying financial statements.

**Federal Grants**

The City has participated in a number of federally assisted grant programs. Grantor agencies reserve the right to perform certain audit work in addition to the work performed by the City's independent auditors. Disallowed costs, if any, resulting from such additional work, would have to be incurred by the City. Management does not believe that any significant costs will be incurred by the City if such additional work should occur.

**Construction and Other Purchase Commitments**

During the fiscal year, the City entered into agreements with contractors for improvements to the Clinton Corporate Park. As of June 30, 2017, approximately \$522,000 remains on the commitments.

**NOTE 4 – PRIOR PERIOD ADJUSTMENTS - RESTATEMENT**

**Change in Accounting Principle**

The City previously reported the activities of the Sanitation Fund as part of the General Fund. Beginning in the fiscal year ended June 30, 2017, the activities of the Sanitation Fund are reported as an enterprise fund. Fund balance amounts in the fund financial statements and net position amounts in the government-wide financial statements have been restated as of the beginning of the fiscal year to reflect this change in accounting principle.

The impact of the change is to increase the net position of the governmental activities at July 1, 2016 by \$220,542. Also, the fund balance of the Sanitation Fund was decreased by \$220,542 and the net position of the business-type activities was decreased by \$220,542. The reporting change had no effect on current year operations or cash flows of the City.

**Change in Reporting Entity**

The City previously reported the activities of the Clinton Economic Development Corporation (CEDC) as a discretely presented component unit which was reported in a separate column in the government-wide financial statements to emphasize that it was legally separate from the government. Because the CEDC has become fiscally independent from the City, the activity of the CEDC is no longer reported as a component unit of the City. Assets of the City that were combined with the CEDC have been separated

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2017

**NOTE 4 – PRIOR PERIOD ADJUSTMENT – RESTATEMENT - CONTINUED**

and included in the City's financial statements. Accordingly, the beginning fund balance amounts in the fund financial statements and the net position amounts of the government-wide financial statements have been restated as of the beginning of the fiscal year to reflect this change.

The impact of the change is to increase fund balance of the general fund by \$2,003,133 at July 1, 2016 and increase net position of the governmental activities by \$2,457,669 at July 1, 2016. The change had no effect on current year operations or cash flow of the City.

**NOTE 5 – SUBSEQUENT EVENTS**

In July 2017, the City issued Combined Utility System Improvement and Refunding Revenue Bond, Series 2017 in the amount of \$6,902,000. Proceeds from the bond in the amount of approximately \$3,319,000 were used to redeem the Series 2011 Combined Utility System Revenue Bonds. The remaining proceeds, less costs of issuance, will be used to fund various capital improvements to the City's utility system. The bond carries interest at 2.36% and is repayable in yearly installments ranging from \$73,000 to \$882,000 beginning June 2018 through June 2028.

Subsequent events have been evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

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CITY OF CLINTON, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2017

	General Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>				
Taxes	\$ 781,000	\$ 781,000	\$ 803,896	\$ 22,896
Licenses and permits	826,000	826,000	960,475	134,475
Intergovernmental revenues	830,000	830,000	990,083	160,083
Fines and forfeitures	197,600	197,600	176,551	(21,049)
Accommodations tax	168,000	168,000	240,039	72,039
Hospitality tax	400,000	400,000	425,339	25,339
Charges for services	329,744	329,744	352,922	23,178
Contributions and grants	563,000	563,000	2,206,466	1,643,466
Interest	5,000	5,000	34,145	29,145
Miscellaneous	125,500	125,500	567,316	441,816
<b>Total revenues</b>	<u>4,225,844</u>	<u>4,225,844</u>	<u>6,757,232</u>	<u>2,531,388</u>
<b>EXPENDITURES</b>				
Current				
General government	1,644,144	1,644,144	1,821,482	(177,338)
Public safety	3,027,619	3,027,619	3,180,277	(152,658)
Streets	217,216	217,216	249,678	(32,462)
Museum	30,033	30,033	12,284	17,749
Culture and recreation	360,456	360,456	395,167	(34,711)
Capital outlay	3,296,032	3,296,032	2,584,303	711,729
Debt service				
Principal retirement	235,800	235,800	122,469	113,331
Interest	78,608	78,608	58,077	20,531
<b>Total expenditures</b>	<u>8,889,908</u>	<u>8,889,908</u>	<u>8,423,737</u>	<u>466,171</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(4,664,064)</u>	<u>(4,664,064)</u>	<u>(1,666,505)</u>	<u>2,997,559</u>
<b>OTHER FINANCING SOURCES</b>				
Proceeds from capital leases	-	-	-	-
Operating transfers in				
Contributions- economic development	150,000	150,000	150,000	-
Contributions operating	1,523,263	1,523,263	1,513,000	(10,263)
<b>Total other financing sources</b>	<u>1,673,263</u>	<u>1,673,263</u>	<u>1,663,000</u>	<u>(10,263)</u>
<b>Net change in fund balance</b>	<u>\$ (2,990,801)</u>	<u>\$ (2,990,801)</u>	<u>(3,505)</u>	<u>\$ 2,987,296</u>
<b>Fund Balance, beginning</b>			<u>8,489,608</u>	
<b>Fund Balance, ending</b>			<u>\$ 8,486,103</u>	

Note: The budget is prepared and monitored on a U.S. generally accepted accounting principle (GAAP) basis of accounting.

CITY OF CLINTON, SOUTH CAROLINA

SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH PLAN  
 JUNE 30, 2017

<b>Actuarial Valuation Date July 1,</b>	<b>Actuarial Value of Assets ( A )</b>	<b>Actuarial Accrued Liability ( AAL ) ( B )</b>	<b>Unfunded Actuarial Accrued Liability ( UAAL ) ( B-A )</b>	<b>Ratio of Funded Obligation ( A/B )</b>	<b>Covered Payroll ( C )</b>	<b>UAAL as a % of Covered Payroll ( ( B-A )/C )</b>
2007	\$ -	\$ 1,440,000	\$ 1,440,000	0.00%	\$ 3,724,000	38.67%
2009	\$ -	\$ 1,448,300	\$ 1,448,300	0.00%	\$ 3,430,100	42.22%
2011	\$ -	\$ 1,772,600	\$ 1,772,600	0.00%	\$ 3,251,800	54.51%
2013	\$ -	\$ 1,840,447	\$ 1,840,477	0.00%	\$ 3,578,650	51.43%
2015	\$ -	\$ 1,931,578	\$ 1,931,578	0.00%	\$ 3,598,856	53.67%

CITY OF CLINTON, SOUTH CAROLINA

**SCHEDULE OF PENSION PLAN CONTRIBUTIONS  
SOUTH CAROLINA RETIREMENT SYSTEM AND POLICE OFFICER RETIREMENT SYSTEM  
LAST 3 FISCAL YEARS**

	2017	2016	2015
<u>SCRS</u>			
Contractually required Contribution	\$ 336,597	\$ 301,040	\$ 289,877
Contributions in relation to the contractually required contribution	(336,597)	(301,040)	(289,877)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 2,950,014	\$ 2,759,307	\$ 2,659,422
Contributions as a percentage of covered-employee payroll	11.41%	10.9%	10.9%
	2017	2016	2015
<u>PORS</u>			
Contractually required Contribution	\$ 208,546	\$ 176,764	\$ 180,031
Contributions in relation to the contractually required contribution	(208,546)	(176,764)	(180,031)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 1,506,832	\$ 1,325,070	\$ 1,342,510
Contributions as a percentage of covered-employee payroll	13.84%	13.3%	13.4%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the government will present information for those years for which information is available.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**Method and Assumptions Used in Calculations of Actuarially Determined Contributions:** The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, 2016, one year prior to the end of the fiscal year in which contributions are reported. The actuarial methods and assumptions used to determine the contractually required contributions for the year ended June 30, 2017 reported in that schedule can be found in Note 2 of the basic financial statements.

**CITY OF CLINTON, SOUTH CAROLINA**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
SOUTH CAROLINA RETIREMENT SYSTEM AND POLICE OFFICER RETIREMENT SYSTEM  
LAST 3 FISCAL YEARS**

	2017	2016	2015
<u>SCRS</u>			
City's proportion of the net pension liability	0.028%	0.028%	0.028%
City's proportionate share of the net pension liability	\$ 6,139,249	\$ 5,419,007	\$ 4,854,244
City's covered-employee payroll	\$ 2,759,307	\$ 2,659,422	\$ 2,528,270
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	222.49%	203.76%	192.00%
Plan's fiduciary net position	\$ 23,996,362,354	\$ 25,131,828,101	\$ 25,738,521,026
Plan fiduciary net position as a percentage of the total pension liability from PEBA	52.9%	57.0%	59.9%
	2017	2016	2015
<u>PORS</u>			
City's proportion of the net pension liability	0.119%	0.111%	0.116%
City's proportionate share of the net pension liability	\$ 3,012,749	\$ 2,428,068	\$ 2,217,673
City's covered-employee payroll	\$ 1,325,070	\$ 1,342,510	\$ 1,374,627
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	227.36%	180.86%	161.29%
Plan's fiduciary net position	\$ 3,876,035,732	\$ 3,971,824,838	\$ 3,985,101,996
Plan fiduciary net position as a percentage of the total pension liability from PEBA	60.4%	64.6%	67.5%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the government will present information for those years for which information is available.

**OTHER SUPPLEMENTARY INFORMATION**

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CITY OF CLINTON, SOUTH CAROLINA  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2017

	Budget Amounts	Actual Amounts	Variance With Final Budget
<b>General Government</b>			
<b>Mayor and City Council</b>			
Salaries and employee benefits	\$ 65,090	\$ 60,537	\$ 4,553
Operating	42,600	43,732	(1,132)
	<u>107,690</u>	<u>104,269</u>	<u>3,421</u>
<b>Administration</b>			
Salaries and employee benefits	252,382	254,074	(1,692)
Operating	210,700	341,725	(131,025)
Capital outlay	5,000	21,710	(16,710)
Debt service	153,569	51,829	101,740
	<u>621,651</u>	<u>669,338</u>	<u>(47,687)</u>
<b>Economic Development</b>			
Salaries and employee benefits	162,449	136,051	26,398
Operating	158,650	253,704	(95,054)
Capital outlay	2,604,532	1,993,535	610,997
	<u>2,925,631</u>	<u>2,383,290</u>	<u>542,341</u>
<b>Municipal Court</b>			
Salaries and employee benefits	76,612	73,059	3,553
Operating	102,600	136,428	(33,828)
	<u>179,212</u>	<u>209,487</u>	<u>(30,275)</u>
<b>Legal Services</b>			
Operating	61,000	31,577	29,423
	<u>61,000</u>	<u>31,577</u>	<u>29,423</u>
<b>Finance Department</b>			
Salaries and employee benefits	232,398	243,394	(10,996)
Operating	279,663	247,201	32,462
Capital outlay	10,000	-	10,000
	<u>522,061</u>	<u>490,595</u>	<u>31,466</u>
<b>Total General Government</b>	<u>4,417,245</u>	<u>3,888,556</u>	<u>528,689</u>
<b>Public Safety</b>			
<b>Police and Fire Divisions</b>			
Salaries and employee benefits	2,314,067	2,342,637	(28,570)
Operating	475,341	593,389	(118,048)
Capital outlay	180,000	546,995	(366,995)
Debt service	89,540	55,718	33,822
	<u>3,058,948</u>	<u>3,538,739</u>	<u>(479,791)</u>
<b>Planning and Inspections</b>			
Salaries and employee benefits	143,411	160,335	(16,924)
Operating	94,800	83,916	10,884
Capital outlay	-	-	-
	<u>238,211</u>	<u>244,251</u>	<u>(6,040)</u>
<b>Total Public Safety</b>	<u>3,297,159</u>	<u>3,782,990</u>	<u>(485,831)</u>

(Continued)

CITY OF CLINTON, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2017

	<u>Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
<b>Streets</b>			
Salaries and employee benefits	\$ 150,616	\$ 159,123	\$ (8,507)
Operating	66,600	90,555	(23,955)
Capital outlay	66,000	22,063	43,937
Debt service	71,299	72,999	-
<b>Total Streets</b>	<u>354,515</u>	<u>344,740</u>	<u>11,475</u>
<b>Museum</b>			
Salaries and employee benefits	15,458	3,124	12,334
Operating	14,575	9,160	5,415
Capital outlay	20,000	-	20,000
<b>Total Museum</b>	<u>50,033</u>	<u>12,284</u>	<u>37,749</u>
<b>Cultural and Recreation</b>			
Salaries and employee benefits	94,558	144,348	(49,790)
Operating	262,898	250,819	12,079
Capital	410,500	-	410,500
<b>Total Cultural and Recreation</b>	<u>767,956</u>	<u>395,167</u>	<u>422,579</u>
<b>Total General Fund Expenditures</b>	<u>\$ 8,886,908</u>	<u>\$ 8,423,737</u>	<u>\$ 463,171</u>

**City of Clinton, South Carolina**

Schedule of Fines, Assessments and Surcharges

Victim's Rights Funds

Year ended June 30, 2017

**Municipal Court revenue to the City of Clinton**

Court revenue booked in General Fund, excluding Victim's rights and other police revenues	\$ 162,412
Court assessment and surcharges to the State of SC	(111,073)
Court refunds	(7,561)
	<hr/>
Net Court Revenues to the City of Clinton	43,778
	<hr/>

**Municipal Court revenue to the State of SC**

Conviction Surcharges to State Treasurer	6,146
Court assessments to the State Treasurer	63,592
DUI Assessments to the State Treasurer	153
DUI Spinal Cord Research Charges to the State	1,275
DUI DPS Pullouts to the State	1,275
DUS DPS Pullouts to the State	7,038
Drug Surcharges to the State	9,127
Law Enforcement Surcharges to the State	19,419
Criminal Justice Academy Surcharges	566
DUI DUAC TEST convictions Fees	140
3% Collection Fees for Installment Purchases	2,344
	<hr/>
Total Court Revenue Sent to State	111,075
	<hr/>

**Victim Services**

Court Assessments allocated to Victim Services	7,994
Court Surcharges allocated to Victim Services	6,145
Funds Allocated to Victim Services	14,139
Victim Services and Expenditures	(14,139)
	<hr/>

**Excess Revenues Over (Under) Expenditures for Victim Services** \$ -

## Statistical Section

This part of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

### CONTENTS

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

#### **Revenue Capacity**

These schedules contain trend information to help the reader assess the government's most significant local revenue sources.

#### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the City's ability to issue additional debt in the future.

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

#### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

*Sources:* Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The government implemented Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

City of Clinton, South Carolina  
Net Position by Component  
Last Ten Fiscal Years  
*(accrual basis of accounting)*

	Fiscal Years									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Governmental Activities</b>										
Invested in capital assets, net of related debt	\$ 7,893,831	\$ 5,749,034	\$ 5,833,109	\$ 5,309,464	\$ 5,427,510	\$ 5,380,407	\$ 5,305,973	\$ 6,245,735	\$ 6,240,831	\$ 5,215,823
Restricted	4,665,358	4,176,097	3,569,743	3,111,647	2,687,316	2,192,390	1,930,725	120,951	60,000	25,073
Unrestricted	(700,085)	(2,213,951)	(2,649,209)	1,118,711	445,248	(212,777)	(530,943)	200,610	(664,830)	(481,829)
Total Governmental Activities Net Position	<u>11,859,104</u>	<u>7,711,180</u>	<u>6,753,643</u>	<u>9,539,822</u>	<u>8,560,074</u>	<u>7,360,020</u>	<u>6,705,755</u>	<u>6,567,296</u>	<u>5,636,001</u>	<u>4,759,067</u>
<b>Business-type Activities</b>										
Invested in capital assets, net of related debt	6,576,967	5,624,722	6,371,227	6,477,044	5,667,030	3,782,879	3,963,898	3,987,388	4,055,002	4,576,566
Restricted	1,412,900	1,423,153	2,112,982	3,099,918	4,152,646	4,275,228	4,532,590			
Unrestricted (Deficit)	3,108,566	4,169,725	2,373,018	2,802,784	2,846,938	2,193,526	893,495	3,970,723	3,459,117	3,784,152
Total Business-type Activities Net Position	<u>11,098,433</u>	<u>11,217,600</u>	<u>10,857,227</u>	<u>12,379,746</u>	<u>12,666,614</u>	<u>10,251,633</u>	<u>9,389,983</u>	<u>7,958,111</u>	<u>7,514,119</u>	<u>8,360,718</u>
<b>Primary Government</b>										
Invested in capital assets, net of related debt	14,470,798	11,373,756	12,204,336	11,786,508	11,094,540	9,163,286	9,269,871	10,233,123	10,295,833	9,792,389
Restricted	6,078,258	5,599,250	5,682,725	6,211,565	6,839,962	6,467,618	6,463,315	120,951	60,000	25,073
Unrestricted	2,408,481	1,955,774	(276,191)	3,921,495	3,292,186	1,980,749	362,552	4,171,333	2,794,287	3,302,323
Total Primary Government Net Position	<u>\$ 22,957,537</u>	<u>18,928,780</u>	<u>\$ 17,610,870</u>	<u>21,919,568</u>	<u>21,226,688</u>	<u>\$ 17,611,653</u>	<u>16,095,738</u>	<u>\$ 14,525,407</u>	<u>\$ 13,150,120</u>	<u>\$ 13,119,785</u>
Prior Period Adjustment		2,457,669		(7,008,277)	(1,292,474)		(411,559)			
Total Primary Government Net Position, as restated		<u>\$ 21,386,449</u>		<u>\$ 14,911,291</u>	<u>\$ 19,934,214</u>		<u>\$ 15,684,179</u>			

The government removed the blended component unit called the Economic Development Corporation as of 2011.

City of Clinton, South Carolina

Changes in Net Position  
Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Expenses</b>										
<b>Governmental Activities:</b>										
General government	\$ 2,105,573	\$ 1,653,849	\$ 1,761,576	\$ 1,405,988	\$ 1,437,169	\$ 1,300,773	\$ 1,295,582	\$ 1,220,943	\$ 1,372,530	\$ 1,216,241
Public safety	3,379,319	3,106,087	2,889,177	2,995,522	2,711,603	2,693,083	3,296,784	3,371,542	3,706,146	3,478,603
Streets	444,001	792,868	753,800	797,815	828,410	919,878	1,152,525	823,845	860,665	803,276
Museum	12,284	35,460	37,059	29,584	29,405	28,201	39,020	36,519	30,757	14,414
Cultural and recreation	395,167	422,383	406,552	374,683	341,133	371,595	344,306	414,612	380,733	487,729
Economic Development	603,582	-	-	-	-	-	-	-	-	-
Interest on long-term debt	12,077	15,161	9,053	15,553	19,810	21,626	36,322	46,892	45,375	51,595
Total Governmental Activities Expenses	6,952,003	6,025,808	5,857,217	5,619,145	5,367,530	5,335,156	6,164,539	5,914,353	6,396,206	6,051,858
<b>Business-type Activities:</b>										
Public works	1,617,826	1,261,039	1,101,583	1,110,682	1,110,509	1,096,479	971,533	896,709	1,102,250	1,002,794
Water and sewer	4,020,737	4,053,908	3,701,979	3,782,066	3,421,807	3,412,646	3,314,660	3,540,149	3,543,150	3,412,184
Electric	14,114,529	13,846,847	13,679,676	12,643,973	11,875,161	11,807,148	11,075,488	10,177,208	9,901,610	9,717,295
Sanitation	513,272	-	-	-	-	-	-	-	-	-
Total Business-type Activities Expenses	20,266,364	19,161,794	18,483,238	17,536,721	16,407,477	16,316,273	15,361,681	14,614,066	14,547,010	14,132,273
Total Primary Government Expenses	27,218,367	25,187,602	24,340,455	23,155,866	21,775,007	21,651,429	21,526,220	20,528,419	20,943,216	20,184,131
<b>Governmental Activities:</b>										
Charges for services										
General government	960,475	997,433	1,055,056	850,204	945,883	700,768	728,486	726,281	784,473	-
Public safety	533,974	533,142	504,538	216,270	267,866	261,484	609,697	602,499	574,395	1,505,245
Streets and Sanitation	55,499	393,802	392,587	773,109	733,790	752,282	353,313	370,654	369,226	373,479
Operating grants and contributions	579,379	540,041	530,275	534,760	663,171	553,166	1,088,829	1,116,663	1,318,142	615,355
Capital grants and contributions	1,627,087	-	291,273	-	-	-	358,835	31,761	557,642	811,434
Total Governmental Activities Program Revenues	3,756,414	2,464,418	2,773,729	2,374,343	2,610,710	2,267,700	3,139,160	2,847,858	3,603,878	3,305,513
<b>Business-type Activities:</b>										
Utility Sales	20,562,503	21,149,781	21,533,699	19,545,786	19,083,398	18,301,660	17,910,853	16,348,768	14,855,640	15,256,635
Sanitation Fund sales	438,625	-	-	-	-	-	-	-	-	-
Hook up fees	53,022	55,845	56,490	47,131	38,731	38,450	42,771	41,400	38,965	40,180
Penalties	257,764	222,819	147,393	230,198	219,166	383,064	211,313	239,276	200,520	193,431
Operating grants and contributions	-	12,849	46,777	-	-	-	-	-	-	42,008
Capital grants and contributions	465,553	-	-	631,186	1,223,963	439,363	236,960	-	-	-
Total Business-type Activities Program Revenues	21,777,467	21,441,294	21,784,359	20,454,301	20,565,258	19,162,537	18,401,897	16,629,444	15,095,125	15,532,254
Total Primary Government Program Revenues	25,533,881	23,905,712	24,558,088	22,828,644	23,175,968	21,430,237	21,541,057	19,477,302	18,699,003	18,837,767
<b>Net (Expense) Revenue</b>										
Governmental Activities	(3,195,589)	(3,561,390)	(3,083,488)	(3,244,802)	(2,756,820)	(3,067,456)	(3,025,379)	(3,066,495)	(2,792,328)	(2,746,345)
Business-type Activities	1,511,103	2,279,500	3,301,121	2,917,580	4,157,781	2,846,264	3,040,216	2,015,378	548,115	1,399,981
Total Primary Government	(1,684,486)	(1,281,890)	217,633	(327,222)	1,400,961	(221,192)	14,837	(1,051,117)	(2,244,213)	(1,346,364)
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental Activities:</b>										
Taxes	2,208,560	2,199,814	2,092,958	1,958,731	1,686,392	1,642,785	1,666,738	1,748,808	1,682,231	1,504,992
Grants and contributions not restricted to specific programs	192,281	183,150	183,150	183,150	183,461	157,962	192,346	235,149	274,252	274,252
Miscellaneous	601,461	134,696	103,225	60,770	60,860	120,774	299,367	239,567	180,669	763,579
Transfers	1,663,000	2,001,267	2,027,104	2,021,899	2,026,161	1,800,200	1,740,045	1,679,446	1,587,583	1,688,105
Total Governmental Activities	4,665,302	4,518,927	4,406,437	4,224,550	3,956,874	3,721,721	3,898,496	3,902,970	3,724,735	4,230,928
<b>Business-type Activities:</b>										
Miscellaneous	253,272	82,140	102,613	145,787	283,361	227,145	131,701	108,060	192,870	158,682
Transfers	(1,663,000)	(2,001,267)	(2,027,104)	(2,057,761)	(2,026,161)	(1,800,200)	(1,740,045)	(1,679,446)	(1,587,583)	(1,688,105)
Total Business-type Activities	(1,409,728)	(1,919,127)	(1,924,491)	(1,911,974)	(1,742,800)	(1,573,055)	(1,608,344)	(1,571,386)	(1,394,713)	(1,529,423)

City of Clinton, South Carolina  
 Changes in Net Position  
 Last Ten Fiscal Years  
*(accrual basis of accounting)*

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
	(continued)									
Total Primary Government	\$ 3,255,574	\$ 2,599,800	\$ 2,481,946	\$ 2,312,576	\$ 2,214,074	\$ 2,148,666	\$ 2,290,152	\$ 2,331,584	\$ 2,330,022	\$ 2,701,505
<b>Change in Net Position</b>										
Governmental Activities	1,469,713	957,537	1,322,949	979,748	1,200,054	654,265	873,117	836,475	932,407	1,484,583
Prior Period Adjustment	-	2,678,211	-	(4,109,128)	-	-	-	94,820	-	-
Total Governmental Activities	1,469,713	3,635,748	1,322,949	(3,129,380)	1,200,054	654,265	873,117	931,295	932,407	1,484,583
Business-type Activities	101,375	360,373	1,376,630	1,005,606	2,414,981	1,273,209	1,431,872	443,992	(846,598)	(129,442)
Prior Period Adjustment		2,457,669		(2,899,149)	(1,292,474)		(411,559)			
Total Primary Government	\$ 1,571,088	\$ 6,453,790	\$ 2,699,579	\$ (5,022,923)	\$ 2,322,561	\$ 1,927,474	\$ 1,893,430	\$ 1,375,287	\$ 85,809	\$ 1,355,141

Note: The government began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003. In addition, the government removed the blended component unit called the Economic Development Corporation as of 2011. The prior period adjustment for FY 2014 reflects the GASB 68 pension liability.

City of Clinton, South Carolina  
Program Revenues by Function/Program  
Last Ten Fiscal Years  
*(accrual basis of accounting)*

Function/Program	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Governmental Activities</b>										
General government	\$ 1,471,473	\$ 1,506,900	\$ 1,812,174	\$ 1,329,101	\$ 1,433,203	\$ 1,209,152	\$ 1,576,622	\$ 1,578,526	\$ 1,996,856	\$ 1,307,122
Public safety	568,356	534,142	544,536	236,969	423,052	282,809	689,669	735,989	1,080,858	1,550,448
Streets and sanitation	55,499	393,802	392,587	773,109	733,790	752,282	712,148	370,654	409,226	373,479
Museum	2,715	6,746	9,142	9,005	7,304	8,868	114,687	-	-	-
Cultural and recreation	31,284	22,828	15,290	26,159	13,361	14,589	46,034	143,439	116,938	74,464
Economic Development	1,627,087	-	-	-	-	-	-	-	-	-
Subtotal Governmental Activities	<u>3,756,414</u>	<u>2,464,418</u>	<u>2,773,729</u>	<u>2,374,343</u>	<u>2,610,710</u>	<u>2,267,700</u>	<u>3,139,160</u>	<u>2,828,608</u>	<u>3,603,878</u>	<u>3,305,513</u>
<b>Business-type Activities:</b>										
Public works	510,144	651,181	672,041	551,365	631,277	366,118	299,046	280,676	239,485	233,611
Water and sewer	4,555,720	4,549,746	4,433,347	4,665,325	4,398,735	4,588,589	4,323,426	4,059,056	3,854,730	4,246,996
Sanitation	438,625	-	-	-	-	-	-	-	-	-
Electric	16,256,374	16,226,887	16,678,971	15,237,611	15,535,246	14,207,830	13,560,212	12,289,712	11,000,910	11,051,647
Subtotal Business-type Activities	<u>21,760,863</u>	<u>21,427,814</u>	<u>21,784,359</u>	<u>20,454,301</u>	<u>20,565,258</u>	<u>19,162,537</u>	<u>18,182,684</u>	<u>16,629,444</u>	<u>15,095,125</u>	<u>15,532,254</u>
Total Primary Government	25,517,277	23,892,232	24,558,088	22,828,644	23,175,968	21,430,237	21,321,844	19,458,052	18,699,003	18,837,767
Prior Period Adjustment	-	2,457,669	-	-	(1,292,474)	-	(411,559)	-	-	-
Total Primary Government	<u>\$ 25,517,277</u>	<u>\$ 26,349,901</u>	<u>\$ 24,558,088</u>	<u>\$ 22,828,644</u>	<u>\$ 21,883,494</u>	<u>\$ 21,430,237</u>	<u>\$ 20,910,285</u>	<u>\$ 19,458,052</u>	<u>\$ 18,699,003</u>	<u>\$ 18,837,767</u>

Note: The government removed the blended component unit called the Economic Development Corporation as of 2011.

City of Clinton, South Carolina  
Fund Balances - Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,										
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>General Fund</b>											
Nonspendable	\$ 94,259	\$ 94,259	\$ 95,169	\$ 97,674	\$ 97,467	\$ 96,025	\$ 96,879	\$ 93,888	\$ -	\$ -	\$ -
Reserved	-	-	-	-	-	-	-	-	382,055	355,255	307,948
Restricted	4,665,358	4,176,097	3,569,743	3,111,647	2,687,316	2,192,390	1,930,725	1,284,056	-	-	-
Unreserved	-	-	-	-	-	-	-	-	(818,360)	(956,070)	(1,512,940)
Unrestricted:											
Committed	-	-	-	-	-	444,530	394,775	138,984	-	-	-
Assigned	1,539,649	-	-	-	-	-	-	-	-	-	-
Unassigned	2,186,827	2,216,119	1,651,067	1,294,302	618,048	(512,100)	(769,688)	(980,315)	-	-	-
<b>Total General Fund</b>	<b>8,486,093</b>	<b>6,486,475</b>	<b>5,315,979</b>	<b>4,503,623</b>	<b>3,402,831</b>	<b>2,220,845</b>	<b>1,652,691</b>	<b>536,613</b>	<b>(436,305)</b>	<b>(600,815)</b>	<b>(1,204,992)</b>
<b>All Other Governmental Funds</b>											
Nonspendable	-	-	-	-	-	-	1,101,588	1,101,588	-	-	-
Reserved	-	-	-	-	-	-	-	-	1,062,588	1,148,810	1,148,810
Restricted	-	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-	(303,173)	(173,388)	155,854
Unrestricted:											
Committed	-	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(386,787)	(238,437)	-	-	-
<b>Total All Other Governmental Funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>714,801</b>	<b>863,151</b>	<b>759,415</b>	<b>975,422</b>	<b>1,304,664</b>
<b>Total Governmental Fund Balance</b>	<b>\$ 8,486,093</b>	<b>\$ 6,486,475</b>	<b>\$ 5,315,979</b>	<b>\$ 4,503,623</b>	<b>\$ 3,402,831</b>	<b>\$ 2,220,845</b>	<b>\$ 2,367,492</b>	<b>\$ 1,399,764</b>	<b>\$ 323,110</b>	<b>\$ 374,607</b>	<b>\$ 99,672</b>

Note: In 2010 GASB 54 was implemented which eliminated the reserved and unreserved classifications and replaced them with Nonspendable, Restricted and Unrestricted. Within the Unrestricted category three classifications of fund balance were created. They are Committed, Assigned and Unassigned.

Note: The blended component unit for the Economic Development Corporation was not included in 2012, but was included for the Prior years.

City of Clinton, South Carolina  
Changes in Fund Balances - Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Revenues</b>										
Taxes	\$ 803,896	\$ 905,534	\$ 755,705	\$ 678,011	\$ 518,687	\$ 482,014	\$ 591,042	\$ 651,227	\$ 662,479	\$ 613,895
Fees, licenses and permits	960,475	929,593	886,356	850,204	945,883	700,768	728,486	726,090	784,473	837,851
Intergovernmental	990,083	944,198	877,638	981,350	885,574	902,738	1,328,628	1,038,369	1,690,632	1,758,264
Fines and forfeitures	176,551	189,202	159,598	156,270	207,495	200,185	269,953	253,903	225,799	268,449
Accommodations tax	240,039	232,147	208,236	157,341	180,009	138,781	147,865	137,474	107,220	66,374
Hospitality tax	425,339	418,175	400,668	378,839	360,529	366,000	328,197	321,362	305,224	247,182
Charges for services	352,922	745,582	906,227	773,109	733,790	752,282	755,222	807,928	813,595	852,342
Contributions	2,206,466	926,308	1,196,059	921,027	1,049,438	901,233	1,377,426	1,350,272	1,597,599	1,389,219
Investment income	34,145	32,967	6,289	11,611	10,177	6,866	4,670	17,796	10,605	18,210
Miscellaneous	567,316	101,729	95,152	47,395	48,037	113,026	172,532	133,434	(151,790)	151,324
<b>Total Revenues</b>	<b>6,757,232</b>	<b>5,425,435</b>	<b>5,491,928</b>	<b>4,955,157</b>	<b>4,939,619</b>	<b>4,563,893</b>	<b>5,704,021</b>	<b>5,437,855</b>	<b>6,045,836</b>	<b>6,203,110</b>
<b>Expenditures</b>										
General government	1,712,142	1,427,196	1,376,250	1,254,950	1,279,074	1,182,040	1,191,967	1,098,197	1,235,251	1,089,052
Public safety	3,180,277	2,741,321	2,753,296	2,844,050	2,562,079	2,556,863	3,046,848	3,066,580	3,417,130	3,329,282
Streets and sanitation	249,678	584,609	588,196	603,563	636,656	685,314	1,009,491	684,463	718,471	776,723
Museum	12,284	35,460	37,059	29,584	29,405	28,201	39,020	36,519	30,757	14,415
Culture and recreation	395,167	422,383	406,552	374,683	341,133	365,832	338,353	407,862	374,258	472,873
Economic Developemnt	109,340	193,886	199,431	-	-	-	-	-	-	-
Capital outlay	2,584,303	431,779	1,186,507	175,483	325,339	463,461	634,859	319,008	1,617,592	1,448,925
Debt service										
Principal	122,469	185,524	76,922	192,131	201,178	180,569	298,351	339,572	204,236	302,037
Interest	58,077	15,161	11,353	15,553	22,663	25,549	66,082	46,999	40,959	59,084
<b>Total Expenditures</b>	<b>8,423,737</b>	<b>6,037,319</b>	<b>6,635,566</b>	<b>5,489,997</b>	<b>5,397,527</b>	<b>5,487,829</b>	<b>6,624,971</b>	<b>5,999,200</b>	<b>7,638,654</b>	<b>7,492,391</b>
Excess of Revenues Over (Under) Expenditures	(1,666,505)	(611,884)	(1,143,638)	(534,840)	(457,908)	(923,936)	(920,950)	(561,345)	(1,592,818)	(1,289,281)
<b>Other Financing Sources (Uses)</b>										
Other Contributions	150,000	-	-	-	-	-	-	-	-	-
Issuance of long-term debt	-	-	-	-	-	-	450,000	250,000	-	-
Issuance of capital leases	-	167,380	315,157	-	-	78,157	84,900	-	176,927	-
Proceeds from bond issuance	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Contributions Transfer	1,513,000	1,615,000	1,640,837	1,635,632	1,639,894	1,413,933	1,353,778	1,293,179	1,280,137	1,605,311
<b>Total Other Financing Sources (Uses)</b>	<b>1,663,000</b>	<b>1,782,380</b>	<b>1,955,994</b>	<b>1,635,632</b>	<b>1,639,894</b>	<b>1,492,090</b>	<b>1,888,678</b>	<b>1,543,179</b>	<b>1,457,064</b>	<b>1,605,311</b>
<b>Net Change in Fund Balance</b>	<b>\$ (3,505)</b>	<b>\$ 1,170,496</b>	<b>\$ 812,356</b>	<b>\$ 1,100,792</b>	<b>\$ 1,181,986</b>	<b>\$ 568,154</b>	<b>\$ 967,728</b>	<b>\$ 981,834</b>	<b>\$ (135,754)</b>	<b>\$ 316,030</b>
Debt Service as a percentage of noncapital expenditures	3.09%	3.58%	1.62%	3.91%	4.41%	4.10%	6.08%	6.81%	4.07%	5.98%

Note: The blended component unit for the Economic Development Corporation was not included in 2012, but was included for the Prior years.

City of Clinton, South Carolina  
 Assessed Value and Estimated Actual Value of Taxable Property  
 Last Ten Calendar Years

<u>Calendar Year</u>	<u>Tax Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Taxable Assessed Value as a Percentage of Actual Taxable Value</u>
2007	2007	7,807,600	3,684,127	11,491,727	9.85	211,137,532	5.4%
2008	2008	8,679,500	3,499,199	12,178,699	9.75	226,705,700	5.4%
2009	2009	8,718,720	3,225,845	11,944,565	9.75	222,968,991	5.4%
2010	2010	8,858,150	2,990,625	11,848,775	9.75	218,885,476	5.4%
2011	2011	9,061,950	2,979,578	12,041,528	9.75	222,797,962	5.4%
2012	2012	8,991,160	4,291,557	13,282,717	9.75	191,605,582	6.9%
2013	2013	8,974,170	3,003,103	11,977,273	9.75	190,095,907	6.3%
2014	2014	8,868,590	3,438,781	12,307,371	10.35	190,156,588	6.5%
2015	2015	8,842,210	2,644,290	11,486,500	10.75	185,009,540	6.2%
2016	2016	8,865,340	2,707,777	11,573,117	10.75	188,929,803	6.1%

Source: Laurens County Auditor's Office

Notes: Property Taxes are levied in October of each year and are payable between November 1 and January 15, excluding vehicle taxes. The Laurens County Auditor assesses property at 4% of market value for legal residence and 6% of market value for rental and other real property. Assessed values for motor vehicles are at 9% of market value while all other personal property is assessed at 10.5% of market value. These percentages are set by the South Carolina Department of Revenue.

City of Clinton, South Carolina  
 Direct and Overlapping Property Tax Rates (1)  
 Last Ten Calendar Years  
 (rate per \$1,000 of assessed value)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Property Tax Rates	10.75	10.75	10.35	9.75	9.75	9.75	9.75	9.75	9.75	9.75
<b>City Direct Rates (2)</b>	<u>10.75</u>	<u>10.75</u>	<u>10.35</u>	<u>9.75</u>						

Source: City of Clinton Annual Budget

- Notes: (1) No overlapping governments in the last ten fiscal years.  
 (2) The City's direct rate consists only of the basic property tax rate.  
 (3) The only limitations on the City's ability to raise property tax rates are those set by state law.

City of Clinton, South Carolina  
Principal Property Taxpayers  
Current Fiscal Year and Nine Fiscal Years Ago

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Comfort Inn (Clinton Holdings)	165,720	1	1.43%			
The Clinton Hotel Group	151,390	2	1.31%	389,520	2	3.20%
National Health Care	145,990	3	1.26%	173,340	3	1.42%
ReHold Clinton, LLC (BILO Shopping Center)	143,600	4	1.24%	155,200	4	1.27%
Highland Park	142,570	5	1.23%			
BellSouth	133,200	6	1.15%	390,850	1	3.21%
Charter Communication	119,980	7	1.04%	74,220	8	
Westchase	109,250	8	0.94%	73,580	9	0.60%
Langston House	105,530	9	0.91%	116,990	5	0.96%
Landau Apartments (Turtlerock) (AIMCO)	103,100	10	0.89%			
Ingles	89,530		0.77%	95,860	7	0.79%
M S Bailey & Son Bankers	79,450		0.69%	96,860	6	0.80%
Quality Inn (Viram Enterprises)	42,123		0.36%	69,230	10	0.57%
	<u>\$ 1,531,433</u>		<u>13.23%</u>	<u>\$ 1,635,650</u>		<u>12.8%</u>

Source: Laurens County Treasurer's Office

City of Clinton, South Carolina  
City Property Tax Levy and Collections  
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Tax Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	531,559	487,557	91.7%	22,271	509,828	95.9%
2008	531,287	491,411	92.5%	28,695	520,106	97.9%
2009	532,686	483,412	90.7%	49,312	532,724	100.0%
2010	559,594	487,542	87.1%	62,169	549,711	98.2%
2011	553,011	480,089	86.8%	72,810	552,899	100.0%
2012	530,004	455,854	86.0%	73,600	529,454	99.9%
2013	498,539	463,419	86.0%	32,431	495,850	99.5%
2014	685,061	622,929	90.9%	56,438	679,367	99.2%
2015	671,775	596,078	88.7%	68,273	664,352	98.9%
2016	726,958	693,188	95.4%	3,714	696,902	95.9%
2017	696,782	676,421	97.1%	-	688,138	98.8%

Source: Laurens County Treasurer's Office

City of Clinton, South Carolina  
Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years

General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Population	Per Capita (1)
Fiscal Year Ended June 30	General Obligation Bonds	Total			
2008	500,582	500,582	0.24%	8,934	56.03
2009	404,720	404,720	0.18%	8,923	45.36
2010	303,123	303,123	0.14%	8,502	35.65
2011	635,437	635,437	0.29%	8,518	74.60
2012	520,752	520,752	0.23%	8,503	61.24
2013	403,013	403,013	0.21%	8,550	47.21
2014	282,000	282,000	0.15%	8,550	32.64
2015	238,000	238,000	0.13%	8,550	27.56
2016	193,000	193,000	0.10%	8,637	22.35
2017	147,000	147,000	0.08%	8,637	17.02

(1) See the "Demographic and Economic Statistics" table for personal income

City of Clinton, South Carolina  
Ratio of Outstanding Debt by Type  
Last Ten Fiscal Years

Governmental Activities					
Fiscal Year Ended June 30	General Obligation Bonds	Capital Leases	Total Governmental Activities	Percentage of Personal Income (2)	Per Capita (2)
2008	500,582	257,875	758,457	0.58%	85
2009	404,720	328,428	733,148	0.55%	82
2010	303,123	213,624	516,747	0.42%	61
2011	635,437	225,337	860,774	0.72%	101
2012	520,752	237,610	758,362	0.60%	89
2013	403,013	154,171	557,184	0.48%	65
2014	282,000	83,053	365,053	0.30%	42
2015	238,000	365,229	603,229	0.48%	70
2016	193,000	392,130	585,130	0.44%	68
2017	147,000	270,017	417,017	0.30%	48

Business-type Activities							
Fiscal Year Ended June 30	Revenue Bonds	Deferred Amount on Refunding	Capital Leases	Line of Credit	Total Business Activities	Percentage of Personal Income (2)	Per Capita (2)
2008	6,623,450	(348,430)	244,008	-	6,519,028	5.00%	730
2009	6,512,506	(319,394)	289,482	448,092	6,930,686	5.20%	777
2010	5,920,915	(290,359)	202,251	-	5,832,807	4.79%	686
2011	9,371,568	(261,323)	216,036	-	9,326,281	7.83%	1,095
2012	8,744,696	(232,286)	220,749	-	8,733,159	6.89%	1,027
2013	8,013,689	(356,352)	126,724	-	7,784,061	6.73%	912
2014	7,272,487	(296,761)	85,140	-	7,060,866	5.79%	817
2015	6,809,670	(247,293)	220,750	-	6,783,127	5.35%	785
2016	6,051,020	(197,834)	244,591	-	6,097,777	4.62%	706
2017	5,254,683	(148,375)	661,499	-	5,767,807	4.20%	668

Total Primary Government							
Fiscal Year Ended June 30	Revenue Bonds	Deferred Amount on Refunding	Capital Leases	Line of Credit	Total Government Activities	Percentage of Personal Income (2)	Per Capita (2)
2008	7,124,032	(348,430)	501,883	-	7,277,485	5.58%	815
2009	6,917,226	(319,394)	617,910	448,092	7,663,834	5.74%	859
2010	6,224,038	(290,359)	415,875	-	6,349,554	5.21%	747
2011	10,007,005	(261,323)	441,373	-	10,187,055	8.56%	1,196
2012	9,265,448	(232,286)	458,359	-	9,491,521	7.49%	1,116
2013	8,416,702	(356,352)	280,895	-	8,341,245	7.21%	977
2014	7,554,487	(296,761)	168,193	-	7,425,919	6.09%	859
2015	7,047,670	(247,293)	585,979	-	7,386,356	5.83%	855
2016	6,244,020	(197,834)	636,721	-	6,682,907	5.07%	774
2017	5,401,683	(148,375)	931,516	-	6,184,824	4.51%	716

Notes: (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(2) See the "Demographic and Economic Statistics" table for personal income and population data.

City of Clinton, South Carolina  
 Computation of Legal Debt Margin  
 Last Ten Fiscal Years

**Legal Debt Margin Calculation for Fiscal Year 2017**

Assessed value	<u>\$ 11,573,117</u>
Debt limit (8% of total assessed value)	<u>925,849</u>
Debt applicable to limit:	
General obligation bonds	147,000
Less: Amount set aside for repayment	-
Total net debt applicable to limit	<u>147,000</u>
Legal debt margin	<u>\$ 778,849</u>

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Debt Limit	\$ 925,849	\$ 918,920	\$ 984,590	\$ 798,075	\$ 808,993	\$ 963,322	\$ 947,902	\$ 955,565	\$ 974,296	\$ 919,338
Total Net Debt Applicable to Limit	<u>147,000</u>	<u>193,000</u>	<u>238,000</u>	<u>282,000</u>	<u>403,013</u>	<u>520,752</u>	<u>635,437</u>	<u>303,123</u>	<u>404,720</u>	<u>500,582</u>
Legal Debt Margin	<u>\$ 778,849</u>	<u>\$ 725,920</u>	<u>\$ 746,590</u>	<u>\$ 516,075</u>	<u>\$ 405,980</u>	<u>\$ 442,570</u>	<u>\$ 312,465</u>	<u>\$ 652,442</u>	<u>\$ 569,576</u>	<u>\$ 418,756</u>
Total Net Debt Applicable to the Limit as a % of Debt Limit	15.88%	21.00%	24.17%	35.34%	49.82%	54.06%	67.04%	31.72%	41.54%	54.45%
Total General Bonded Debt as a Percentage of Actual Taxable Value	0.08%	0.10%	0.13%	0.15%	0.21%	0.24%	0.29%	0.14%	0.13%	0.19%
Total Net General Bonded Debt per Capita	\$ 17	\$ 22	\$ 28	\$ 33	\$ 47	\$ 61	\$ 70	\$ 33	\$ 44	\$ 55

- Notes: (1) Property value data can be found in the "Assessed Value of Taxable Property and Actual Value of Property Schedule."  
 (2) The legal debt limit is 8 % of total assessed value.  
 (3) The legal debt margin is the government's available borrowing under SC Code of Laws and is calculated by subtracting the debt applicable to the legal debt limit from the legal debt limit.

City of Clinton, South Carolina  
 Schedule of Direct and Overlapping Debt  
 As of June 30, 2017

City of Clinton	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Direct and Overlapping Debt
Total direct debt	417,017	100%	417,017
Total direct and overlapping debt	417,017	100%	417,017

**Notes:** Details regarding the City's outstanding debt can be found in the notes to the financial statements. Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments. Presently, the City does not have any overlapping debt.

**City of Clinton, South Carolina**  
**Pledged Revenue Coverage**  
**Last Ten Fiscal Years**

Fiscal	Utilities	Operating	Available	Debt Service		
2008	15,341,211	13,792,893	1,548,318	489,161	303,069	1.95
2009	15,001,725	14,187,260	814,465	470,945	319,750	1.03
2010	16,464,082	14,295,918	2,168,164	591,592	276,442	2.50
2011	17,607,312	15,049,701	2,557,611	646,001	117,345	3.35
2012	18,600,365	15,907,245	2,693,120	628,023	209,082	3.22
2013	19,022,979	16,124,425	2,898,554	654,214	327,568	2.95
2014	19,318,987	17,263,661	2,055,326	741,201	202,106	2.18
2015	21,305,562	18,050,032	3,255,530	462,818	189,336	4.99
2016	20,863,356	18,978,533	1,884,823	758,650	178,878	2.01
2017	20,620,432	19,198,679	1,421,753	796,337	162,801	1.48

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

City of Clinton, South Carolina  
Demographic and Economic Statistics  
Last Ten Calendar Years

Calendar Year	Population	Personal Income	Per Capita Personal Income	School Enrollment	Unemployment Rate
2008	8,934	130,351,227	14,590	3,173	12.40%
2009	8,923	133,404,277	14,951	3,279	11.40%
2010	8,502	121,867,668	14,334	3,158	10.90%
2011	8,518	119,073,122	13,979	3,077	9.90%
2012	8,503	126,694,700	14,900	3,070	9.90%
2013	8,536	115,714,016	13,556	3,077	8.20%
2014	8,641	121,881,305	14,105	3,133	5.60%
2015	8,637	126,758,631	14,676	3,112	6.60%
2016	8,637	131,892,187	15,271	3,063	5.80%
2017	8,637	137,233,646	15,889	2,998	3.91%

**Sources:** Population and Per Capita Personal Income provided by the Bureau of Census/SC Budget & Control Board Office of Research and Statistics. School enrollment provided by the school district. Unemployment rate provided by the SC Dept of Employment and Workforce

**Notes:** The population and per capita personal income numbers are based on estimates, except the year 2010, which is based on the census. School enrollment is based on the census at the beginning of the school year. The unemployment rate is an adjusted yearly average.

City of Clinton, Laurens County, South Carolina  
Principal Employers  
Current Year and Nine Years Ago

June 30, 2017		June 30, 2007	
Company or Organization	Number of Employees (1)(2)	Company or Organization	Percent of Total County Employment(2)
Andeson Hardwood		Andeson Hardwood	
Asten Johnson		Asten Johnson	
Greenville Hospital System		Greenville Hospital System( Laurens County Hospital)	
Laurens County School District #56		Laurens County School District #56	
National Health Corporation		Marathon Staffing	
Presbyterian College		Presbyterian College	
Presbyterian Home of SC		Presbyterian Home of SC	
RICH Products		SC Dept. of Disabilities and Special Needs	
SC Dept. of Disabilities and Special Needs		Sterilite Corporation	
Sterilite		Torrington Company	

Source

(1) Laurens County Development Corporation

(2) Information not available. Number of employees is no longer available-considered confidential.

Note: Number of Employees is considered confidential, now.

City of Clinton, South Carolina  
 Full-time Equivalent City Employees by Function  
 Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of June 30									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government	8	8	8	7	6	6	6	6	6	6
Public Safety	42	42	40	40	40	40	40	44	45	52
Streets	3	3	4	4	5	4	3	3	3	4
Culture and Recreation	1	1	2	2	2	4	3	2	2	3
Public Works & Sanitation	7	7	6	6	6	6	6	6	7	7
Building Inspector/Planning	2	2	2	3	3	3	3	3	3	3
Utility Employees	42	42	40	38	38	38	38	38	37	38
<b>Total</b>	<b>105</b>	<b>105</b>	<b>102</b>	<b>100</b>	<b>100</b>	<b>101</b>	<b>99</b>	<b>102</b>	<b>103</b>	<b>113</b>

Source: City of Clinton June 30,2015 Budget

Notes: All full-time employees, excluding Public Safety Officers are scheduled to work 2,080 hours per year (including vacation and sick leave). Public Safety Officers are scheduled to work 2,142 hours per year.

City of Clinton, South Carolina  
 Operating Indicators by Function/Program  
 Last Ten Fiscal Years

Function/Program	Fiscal Years									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government										
Building permits issued	149	76	164	154	181	179	171	157	124	120
Public Safety										
Police department										
Criminal/physical non-juvenile arrests(2)	2,534	2,891	2,415	2,315	2,979	2,725	2,800	2,879	2,737	2,198
Fire department										
Fire calls	923	943	810	781	835	746	766	749	575	755
Fire inspections	270	318	287	317	113	435	124	100	88	55
Streets and Sanitation										
Street resurfacing (in miles)	-	-	-	-	-	-	-	-	-	-
Refuse collected (tons per year)	2,853	2,342	2,807	2,950	2,899	3,964	3,494	3,340	3,706	3,306
Maintenance										
Average Equipment Repairs/month	81	81	81	81	81	81	81	61	75	80
Cultural and Recreational										
Museum Operating Hours	87	455	455	168	168	168	168	168	168	168
Public Works										
Water Meters Replaced (1)	72	4,244	1,440	1,841	812	205	205	98	133	97
Water and Sewer										
Water										
Average daily consumption (in millions of gallons)	3	2	2	2	2	2	2	2	2	3
Number of consumers	4093	4,043	4,208	4,154	4,251	4,260	4,377	4,411	4,334	4,388
Sewer										
Electric										
Number of consumers	4093	4,045	4,020	3,999	4,069	4,075	4,285	4,392	4,102	4,326

Sources: Various City department records.

Notes: (1) Data not retained for years prior to 2006.

(2) Includes tickets.

City of Clinton, South Carolina  
 Capital Asset Statistics by Function/Program  
 Last Ten Fiscal Years

Function/Program	Fiscal Years									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Public Safety</b>										
Police department										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	30	30	26	22	22	22	22	32	29	29
<b>Fire Department</b>										
Fire Stations	2	2	2	2	2	2	2	2	2	2
Service units	10	10	9	9	9	9	9	9	9	9
<b>Streets and Sanitation</b>										
Recycling center	1	1	1	1	1	1	1	1	1	1
Streets (in Centerline Miles)	23.3	23.3	23.3	23.3	23.3	23	23	23	23	23
Number of Street Lights	1,295	1,295	1,295	1,295	1,295	1,295	1,285	1,279	1,279	1,276
<b>Cultural and Recreational</b>										
Number of Parks	7	7	7	7	7	7	7	7	7	7
Museum	1	1	1	1	1	1	1	1	1	1
Acreage	21	21	21	21	21	21	21	21	21	21
<b>Public Works</b>										
Storm Sewers (in miles)	53	53	53	53	53	53	53	53	53	53
<b>Water and Sewer</b>										
Water main (in miles)	104	104	104	103	103	103	101	101	101	101
Sanitary sewers (in miles)	64	64	64	63	63	63	63	63	63	63
<b>Electric</b>										
Distribution lines (in miles)	81	81	81	80	80	80	75	75	70	70
Number of Substations	4	4	4	4	4	4	4	4	4	4

Source: Capital Asset schedules and various department records.