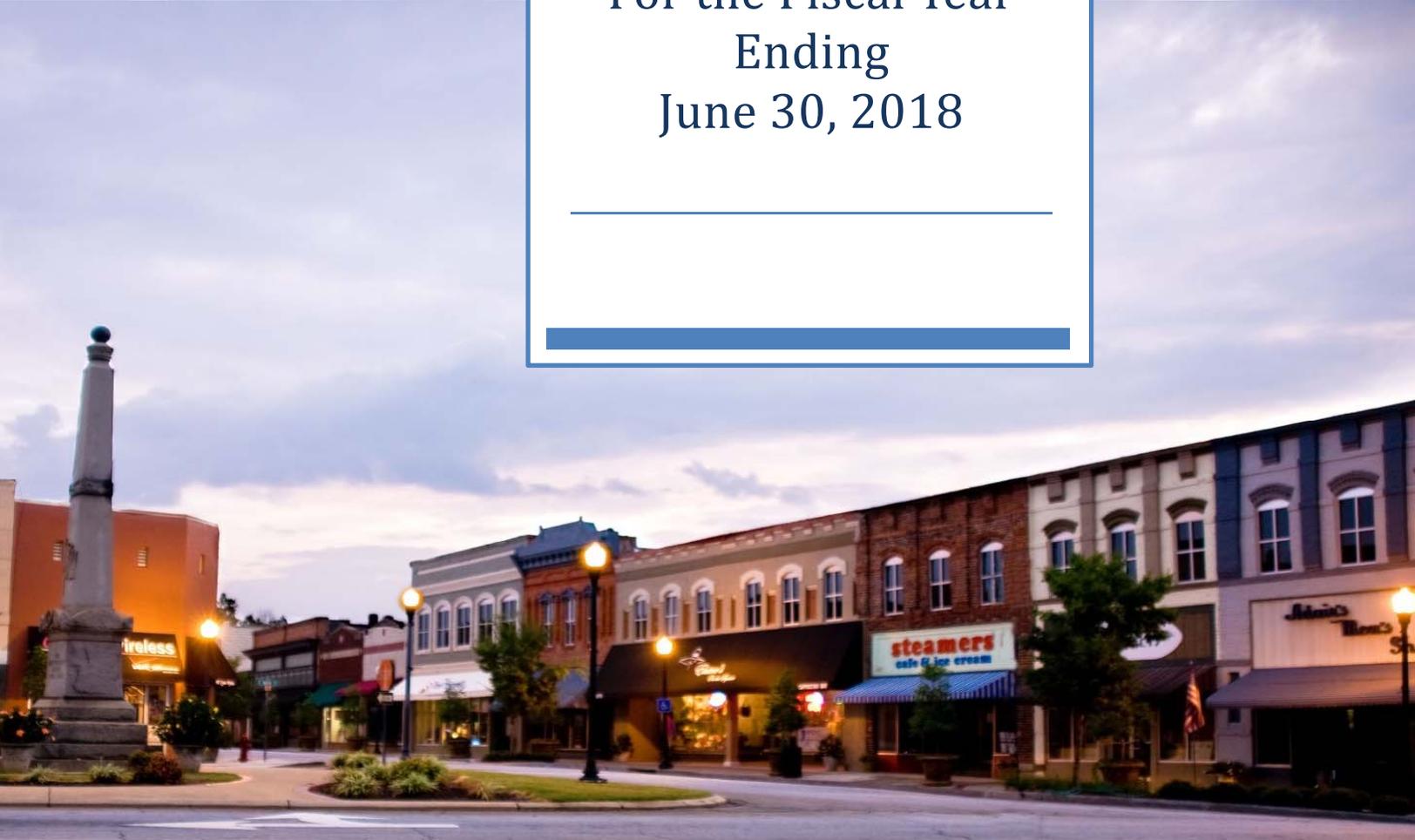


City of Clinton Comprehensive Annual Financial Report



CLINTON
South Carolina

For the Fiscal Year
Ending
June 30, 2018



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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**Submitted By:
Finance Department**

**CITY OF CLINTON
CLINTON, SOUTH CAROLINA**

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**CITY OF CLINTON
CLINTON, SOUTH CAROLINA**

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December 6, 2018

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

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, 2018.

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, 2018, 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, 2018, 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 moved into this new Spec Building. The Economic Development department of the city is presently building another Spec Building close to the existing one.

The local economy has benefited over the past six 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 were developed by staff with the guidance of Bond Counsel. During the fiscal year, the City of Clinton took steps to implement revised Financial Policies to support the Utility Fund Debt Service plans. One policy that was reviewed is the calculation and treatment of the Utility Fund Transfer to the General Fund. This policy will ensure that the City’s policy is comparable with other Cities in SC and fair to the Utility Fund. In conjunction with the Transfer policy, the overhead calculation was updated to ensure that the General Fund is compensated for services to the Utility Fund properly.

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, 2017. This was the 29th 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,

Bill Ed Cannon

Bill Ed Cannon
City Manager

Renee W. Morrow

Renee Morrow
Chief Financial Officer

CITY OF CLINTON, SOUTH CAROLINA
AS OF JUNE 30, 2018
Organizational Chart



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

Bill Ed Cannon, 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, 2017

Christopher P. Morill

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, 2018 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
December 6, 2018

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, 2018, 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 1 to the financial statements, in 2018 the City adopted the provisions of Governmental Accounting Standards Board Statement No. 75 “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.” 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 10-21 and required supplementary information on pages 63-66, 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 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.

To the Honorable Mayor and Members of City Council
City of Clinton
December 6, 2018

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
December 6, 2018

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, 2018. 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 \$22,855,472 at the close of the fiscal year.
- The government's total net position increased by \$1,480,199 due to increases in 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 \$9,457,356, an increase of \$971,253 from the prior year. The City's unassigned fund balance is \$2,240,242.
- The City spent \$969,719 for capital outlay related to economic development initiatives.
- The City reported a prior period adjustment to the government-wide financial statements and the proprietary fund financial statements to adjust net OPEB liability and net position of prior years to implement GASB Statement No. 75. The accounting standard has no impact on the City's governmental fund financial statements. Net position reported in the City's financial statements was decreased to reflect the cumulative change in accounting principle related to the adoption of the statement as shown below.

Decrease in net position - governmental activities	<u>\$ 859,996</u>
Decrease in net position - business-type activities/proprietary funds	<u>\$ 722,268</u>

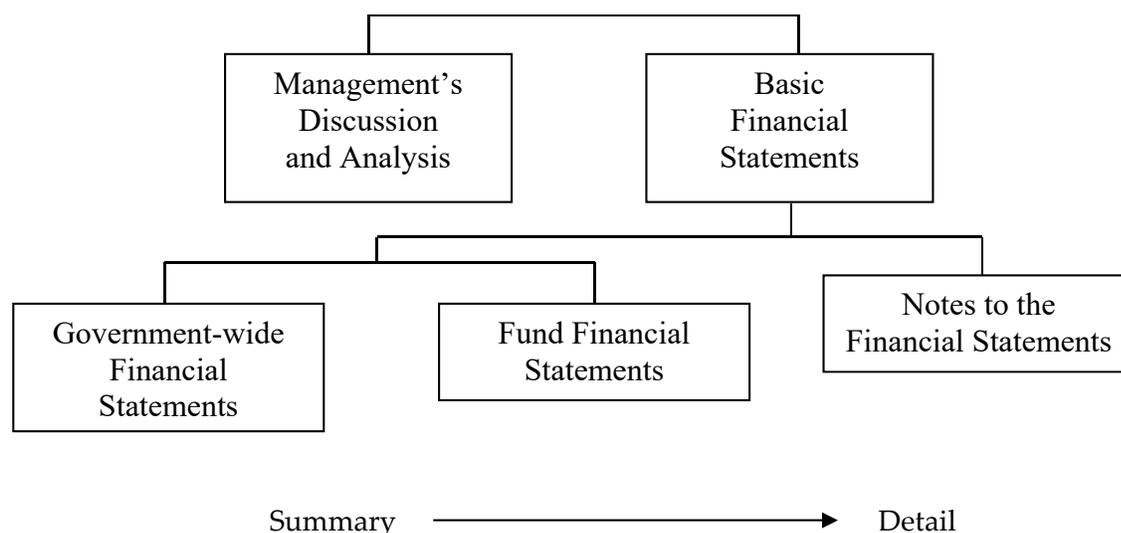
- In July 2017, the City issued Combined Utility System Improvement and Refunding Revenue Bond, Series 2017, in the amount of \$6,902,000. Proceeds from the bond were used to redeem the entire principal balance of \$3,274,000 of the Series 2011 Combined Utility System Revenue Bonds, and provide new funds to be used to fund various capital improvements to the City's water and sewer systems. The revenue bonds are payable from the net revenues of the Utility System.

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 22-23) 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 24-31) 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 two categories: 1) governmental activities and 2) business-type activities. 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.

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, electric and sanitation 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 32-62 of this report.

Government-Wide Financial Analysis

City of Clinton Summary Statement of Net Position Figure 2

	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	2018	2017, as restated	2018	2017, as restated	2018	2017, as restated
Current and Other Assets	\$ 9,858,187	\$ 8,895,549	\$ 10,061,460	\$ 9,953,977	\$ 19,919,647	\$ 18,849,526
Capital Assets	8,963,683	8,310,506	15,385,206	12,344,765	24,348,889	20,655,271
Total Assets	18,821,870	17,206,055	25,446,666	22,298,742	44,268,536	39,504,797
Deferred Outflows of Resources	1,331,373	1,046,736	928,614	794,563	2,259,987	1,841,299
Long-term Liabilities						
Outstanding	7,249,402	5,974,060	13,892,567	10,345,545	21,141,969	16,319,605
Other Liabilities	348,239	365,724	1,892,898	1,642,451	2,241,137	2,008,175
Total Liabilities	7,597,641	6,339,784	15,785,465	11,987,996	23,383,106	18,327,780
Deferred Inflows of Resources	223,711	53,903	65,964	6,876	289,675	60,779
Net Position:						
Net investment in						
capital assets	10,251,177	7,893,831	6,831,500	6,576,967	17,082,677	14,470,798
Restricted	5,194,140	4,665,358	1,825,120	1,412,900	7,019,260	6,078,258
Unrestricted	(3,113,426)	(700,085)	1,866,961	3,108,566	(1,246,465)	2,408,481
	12,331,891	11,859,104	10,523,581	11,098,433	22,855,472	22,957,537
Prior Period Adjustment	-	(859,996)	-	(722,268)	-	(1,582,264)
Total Net Position	\$ 12,331,891	\$ 10,999,108	\$ 10,523,581	\$ 10,376,165	\$ 22,855,472	\$ 21,375,273

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 \$44,268,536 and \$2,259,987, respectively, exceeded liabilities and deferred inflows by \$22,855,472 at of June 30, 2018. The City’s net position increased by \$1,480,199 for the fiscal year ended June 30, 2018. However, the largest portion of net position (75%) 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 (\$1,246,465) as of June 30, 2018.

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” became effective for the City for the fiscal year ended June 30, 2015.

Employers who participate in a cost-sharing multiple employer plan are 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.

	2018	2017, as restated	Increase/ (Decrease)
Net Position			
Net Investment in Capital Assets	\$ 17,082,677	\$ 14,470,798	\$ 2,611,879
Restricted	7,019,260	6,078,258	941,002
Unrestricted (exclusive of GASB 68)	6,630,692	9,932,345	(3,301,653)
Unrestricted (GASB 68 portion)	(7,877,157)	(7,523,864)	(353,293)
Prior period adjustment	-	(1,582,264)	1,582,264
	<u>\$ 22,855,472</u>	<u>\$ 21,375,273</u>	<u>\$ 1,480,199</u>
Total Net Position			

City of Clinton
Changes in Net Position

Figure 3

	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	2018	2017, as restated	2018	2017, as restated	2018	2017, as restated
Revenues:						
Program revenues:						
Charges for services	\$ 2,108,851	\$ 1,549,948	\$ 21,620,939	\$ 21,295,310	\$ 23,729,790	\$ 22,845,258
Operating grants and contributions	633,788	579,379	-	-	633,788	579,379
Capital grants and contributions	1,614,875	1,627,087	207,853	465,553	1,822,728	2,092,640
General revenues:						
Property taxes	778,672	805,380	-	-	778,672	805,380
Other taxes	1,454,815	1,403,180	-	-	1,454,815	1,403,180
Grants and contributions not restricted to specific programs	192,281	192,281	-	-	192,281	192,281
Other	362,859	601,461	138,486	269,876	501,345	871,337
Total revenues	<u>7,146,141</u>	<u>6,758,716</u>	<u>21,967,278</u>	<u>22,030,739</u>	<u>29,113,419</u>	<u>28,789,455</u>
Expenses:						
General government	1,977,171	2,059,573	-	-	1,977,171	2,059,573
Public safety	3,630,676	3,379,319	-	-	3,630,676	3,379,319
Streets	450,346	444,001	-	-	450,346	444,001
Museum	18,812	12,284	-	-	18,812	12,284
Cultural and recreation	452,346	395,167	-	-	452,346	395,167
Economic Development	646,864	603,582	-	-	646,864	603,582
Interest on Long-term debt	9,331	58,077	-	-	9,331	58,077
Public works	-	-	1,402,564	1,617,826	1,402,564	1,617,826
Water and sewer	-	-	4,609,290	4,020,737	4,609,290	4,020,737
Electric	-	-	13,890,371	14,114,529	13,890,371	14,114,529
Sanitation	-	-	545,449	513,272	545,449	513,272
Total expenses	<u>7,185,546</u>	<u>6,952,003</u>	<u>20,447,674</u>	<u>20,266,364</u>	<u>27,633,220</u>	<u>27,218,367</u>
Changes in net position before transfers	(39,405)	(193,287)	1,519,604	1,764,375	1,480,199	2,084,360
Transfers	1,372,188	1,663,000	(1,372,188)	(1,663,000)	-	-
Change in net position	1,332,783	1,469,713	147,416	101,375	1,480,199	1,571,088
Net Position, Beginning	10,999,108	10,389,391	10,376,165	10,997,058	21,375,273	21,386,449
Prior Period Adjustment related to GASB 75	-	(859,996)	-	(722,268)	-	(1,582,264)
Net Position, Ending	<u>\$ 12,331,891</u>	<u>\$ 10,999,108</u>	<u>\$ 10,523,581</u>	<u>\$ 10,376,165</u>	<u>\$ 22,855,472</u>	<u>\$ 21,375,273</u>

Governmental Activities

Governmental activities increased the City's net position by \$1,332,783. Net position decreased by \$39,405 before transfers of \$1,372,188 from business-type activities. Significant receipts were from private contributions of \$1,614,875.

Business-type Activities

Business-type activities increased the City of Clinton's net position by \$1,519,604 before transfers of \$1,372,188 to governmental activities. The key elements of this increase are:

- Utility revenue increased by approximately \$326,000 during the current fiscal year from the prior year; however, grant funds decreased by approximately \$258,000.
- Expenses were under budget

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 \$2,240,242 while total fund balance was \$9,457,356.

Transfers of \$1,372,188 were received from the Utility Fund. This transfer is based on a calculation for Fees in Lieu of Taxes, Franchise Fees and the Business License Taxes that would normally be paid by a utility enterprise operating within the City.

During the current fiscal year, the fund balance of the City of Clinton's general fund increased by \$971,253. Key factors in this increase are as follows:

- Expenditures were over revenues by \$400,935; however, transfers of \$1,372,188 were received from the Utility Fund, as an other financing source.
- Collections from Hospitality and State and Local Accommodations taxes totaled \$717,013. Since these funds have restrictions imposed on them, most was retained and added to restricted fund balance.
- The City received grants and contributions to be used for economic development initiatives from the following sources:

Clinton - Newberry Natural Gas Authority	\$	630,367
Pacolet Milliken Enterprises		175,000
Santee Cooper		388,163
South Carolina Department of Commerce		234,412
Others		186,933
	\$	<u>1,614,875</u>

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, State Shared revenues, Local Option Sales, Hospitality, and Accommodations Taxes. Local Option Sales taxes were over budget mainly due to increase in the economy for some businesses. Business License Revenues and Hospitality and Accommodations Sales Taxes are discussed in the preceding paragraph.

Expenditures for the General Fund Divisions that were over budget are explained as follows:

- Administration is over budget only in Capital Outlay by \$12,744 due to the emergency replacement of a HVAC unit in the MS Bailey Municipal Building.
- The Municipal Court is over budget by \$7,105 due to State Fine Transfers.
- The Department of Planning and Inspection is over budget due to aggressive actions to demolition houses during the final quarter of the fiscal year.
- Public Safety is over budget in several areas. First, it is over budget in Support Equipment by \$81,000 that was needed and approved to be purchased in special funding from Local Option Sales Tax Revenue. Other areas that are over budget, include Capital outlay of \$207,093 due to the purchase of police vehicles, upgrades to the building, and HazMat Equipment that were purchased through the use of other funds designated for these Purchases. Software maintenance and Animal control contribute the over budget status of this department as well. Salaries and Wages is over budget due to the advancement of officers as they increase their training to achieve higher classifications. Also, fuel for vehicles used in the operation of Public Safety is over budget in 2017-18 due to the increase in Fuel Prices throughout the Fiscal Year.
- Economic Development is over budget due to the increase of projects that were completed and funded during the last fiscal year. A retail site was completed as well as the Landscaping and grading around exit 54 at the Interstate to enable travelers to have an enhanced view of the exit leading into Clinton. The projects in the Economic Development Department are funded through grants and contributions throughout the year; therefore, they are unbudgeted because of the uncertainty of Grant Funds at budget time.
- The Street Department is over budget partially due to the reclassification of employees from the Sanitation Department. Also during the year, the City received funds for Paving that were not expected so Paving several City Streets with these funds caused the Capital Outlay and operations to exceed the budget.

Proprietary Funds

The City of Clinton's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Combined Utility System Enterprise Fund at the end of the fiscal year amounted to \$1,866,961. The total increase in net position for the fund was \$147,416. 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, 2018, totals \$24,348,889, (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'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 \$9,000, a Fire Bay door for \$18,000, HazMat equipment for \$30,500, QRV equipment for \$6,000 and three new public safety vehicles for \$148,000, fully equipped. The three additional vehicles were purchased by the Governmental funds for \$59,000 with the remainder of the cost of the vehicles from Capital Equipment Funds. Parks and Streets purchased equipment with grant funds for Mosquito spraying equipment, and Park benches. The Utility Department purchased a Knuckle Boom Truck for \$137,000, Mini Skid Steer for \$31,000 and a Bucket Truck for \$250,000.
- The City of Clinton revitalized infrastructure owned by the City for 2017-2018 that included Sewer lines to connect to I26 Corporate Park for \$924,000 and on Copeland Street for \$292,000.
- The City of Clinton completed several projects to enhance Economic Development that included the Exit 54 landscaping for \$272,000 and a commercial site for \$697,000.
- The cost of software installations totaled \$77,000. Work was begun on South Broad Street waterline replacements, incurring \$1,700,000 as of June 30, 2018, which will be completed in the next fiscal year. The remote read metering was completed during 2017-18 that totaled \$1,683,000 over the course of several past years. These preceding projects all used Bond Funding.

City of Clinton
Capital Assets, net of accumulated depreciation

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2018	2017, as restated	2018	2017, as restated	2018	2017, as restated
Land	\$ 1,197,166	\$ 1,197,166	\$ 11,983	\$ 11,983	\$ 1,209,149	\$ 1,209,149
Building	2,136,633	2,202,219	146,812	154,699	2,283,445	2,356,918
Improvements Other than Buildings	2,693,629	1,877,363	9,681,439	7,666,718	12,375,068	9,544,081
Vehicles and Other Equipment	1,451,737	1,570,829	1,568,234	1,280,582	3,019,971	2,851,411
Construction in Progress	1,484,518	1,462,929	3,976,738	3,230,783	5,461,256	4,693,712
	<u>\$ 8,963,683</u>	<u>\$ 8,310,506</u>	<u>\$ 15,385,206</u>	<u>\$ 12,344,765</u>	<u>\$ 24,348,889</u>	<u>\$ 20,655,271</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, 2018, the City of Clinton had total bonded debt outstanding of \$8,230,262. Of this, \$100,000 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	
	2018	2017	2018	2017	2018	2017
General Obligation Bonds	\$ 100,000	\$ 147,000	\$ -	\$ -	\$ 100,000	\$ 147,000
Revenue Bonds	-	-	8,130,262	5,254,683	8,130,262	5,254,683
	<u>\$ 100,000</u>	<u>\$ 147,000</u>	<u>\$ 8,130,262</u>	<u>\$ 5,254,683</u>	<u>\$ 8,230,262</u>	<u>\$ 5,401,683</u>

As noted earlier, the City issued bonds in July 2017 for \$6,902,000. Of the total amount issued, the 2011 bonds with an outstanding balance of \$3,274,000 was refunded and the remaining funds were used on replacement of water and sewer infrastructure in the City.

The projects that will be funded by the 2017 Bond funds are listed below:

- South Broad Street sewer and water lines
- Richloom Water

- Sunset Blvd infrastructure
- I26 Sewer line connector
- Completion of projects began with the 2011 bond funds including remote meter reading conversion and City-wide Software.

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 \$100,000 in general obligation bonds outstanding at June 30, 2018. 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 sewer line to connect the I-26 Industrial Park, 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, 2019

Governmental Activities

The City of Clinton will increase property taxes for calendar 2018 under the restriction of Act 388 so this increase only equals to the current year CPI. 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 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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF CLINTON, SOUTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash investments	\$ 3,094,926	\$ 4,138,724	\$ 7,233,650
Restricted cash	5,194,139	1,825,120	7,019,259
Taxes receivable - net	69,720	-	69,720
Other receivables - net	723,380	3,297,976	4,021,356
Internal balances	(22,955)	22,955	-
Inventories	4,581	776,685	781,266
Land held for resale	794,396	-	794,396
Capital assets			
Land and construction in progress	2,681,684	3,988,721	6,670,405
Other capital assets - net of depreciation	6,281,999	11,396,485	17,678,484
Total assets	18,821,870	25,446,666	44,268,536
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding bond	-	98,926	98,926
Deferred outflows related to pensions	1,253,878	757,404	2,011,282
Deferred outflows related to OPEB	77,495	72,284	149,779
Total deferred outflows of resources	1,331,373	928,614	2,259,987
LIABILITIES			
Accounts payable and accrued liabilities	346,439	1,627,582	1,974,021
Customer deposits	-	244,451	244,451
Accrued interest payable	1,800	20,865	22,665
Long-term liabilities			
Net OPEB obligation	1,116,728	1,041,618	2,158,346
Net pension liability	5,727,191	4,090,691	9,817,882
Due within one year	160,288	918,003	1,078,291
Due in more than one year	245,195	7,842,255	8,087,450
Total liabilities	7,597,641	15,785,465	23,383,106
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	155,421	2,267	157,688
Deferred inflows related to OPEB	68,290	63,697	131,987
Total deferred inflows of resources	223,711	65,964	289,675
NET POSITION			
Net investment in capital assets	10,251,177	6,831,500	17,082,677
Restricted for			
Debt service	540	80,967	81,507
Tourism	5,166,270	-	5,166,270
Public safety	27,330	-	27,330
Capital projects	-	1,744,153	1,744,153
Unrestricted	(3,113,426)	1,866,961	(1,246,465)
Total net position	\$ 12,331,891	\$ 10,523,581	\$ 22,855,472

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

CITY OF CLINTON, SOUTH CAROLINA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

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
Primary government							
Governmental activities							
General government	\$ 1,977,171	\$ 1,016,096	\$ 631,801	\$ -	\$ (329,274)	\$ -	\$ (329,274)
Public safety	3,630,676	492,816	1,887	-	(3,135,973)	-	(3,135,973)
Streets	450,346	56,226	-	-	(394,120)	-	(394,120)
Museum	18,812	-	100	-	(18,712)	-	(18,712)
Cultural and recreational	452,346	-	-	-	(452,346)	-	(452,346)
Economic development	646,864	-	-	1,614,875	968,011	-	968,011
Interest on long-term debt	9,331	-	-	-	(9,331)	-	(9,331)
Total governmental activities	<u>7,185,546</u>	<u>1,565,138</u>	<u>633,788</u>	<u>1,614,875</u>	<u>(3,371,745)</u>	<u>-</u>	<u>(3,371,745)</u>
Business-type activities							
Public works	1,402,564	581,208	-	-	-	(821,356)	(821,356)
Water and sewer	4,609,290	5,503,076	-	-	-	893,786	893,786
Electric	13,890,371	15,166,806	-	207,853	-	1,484,288	1,484,288
Sanitation	545,449	369,849	-	-	-	(175,600)	(175,600)
Total business-type activities	<u>20,447,674</u>	<u>21,620,939</u>	<u>-</u>	<u>207,853</u>	<u>-</u>	<u>1,381,118</u>	<u>1,381,118</u>
Total primary government	<u>\$ 27,633,220</u>	<u>\$ 23,186,077</u>	<u>\$ 633,788</u>	<u>\$ 1,822,728</u>	<u>(3,371,745)</u>	<u>1,381,118</u>	<u>(1,990,627)</u>
General revenues							
Taxes							
Property taxes, levied for general purposes					778,672	-	778,672
Local option sales tax					737,802	-	737,802
Hospitality tax					447,123	-	447,123
Other taxes					269,890	-	269,890
Intergovernmental revenues not restricted to specific programs					192,281	-	192,281
Unrestricted investment earnings					62,096	59,517	121,613
Miscellaneous					844,476	78,969	923,445
Transfers					1,372,188	(1,372,188)	-
Total general revenues and transfers					<u>4,704,528</u>	<u>(1,233,702)</u>	<u>3,470,826</u>
Change in net position					<u>1,332,783</u>	<u>147,416</u>	<u>1,480,199</u>
Net position, beginning					<u>11,859,104</u>	<u>11,098,433</u>	<u>22,957,537</u>
Prior period adjustment					<u>(859,996)</u>	<u>(722,268)</u>	<u>(1,582,264)</u>
Net position, beginning, as restated					<u>10,999,108</u>	<u>10,376,165</u>	<u>21,375,273</u>
Net position, ending					<u>\$ 12,331,891</u>	<u>\$ 10,523,581</u>	<u>\$ 22,855,472</u>

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

CITY OF CLINTON, SOUTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2018

	<u>General Fund</u>
ASSETS	
Cash and cash investments	\$ 8,289,065
Receivables - net	
Taxes	69,720
Accounts and other	723,380
Inventories	4,581
Land held for resale	794,396
Total assets	<u><u>\$ 9,881,142</u></u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	
Liabilities	
Accounts payable and accrued liabilities	\$ 346,439
Due to other funds	22,955
Total liabilities	<u>369,394</u>
 Deferred Inflows of Resources	
Unavailable revenues	54,392
Total deferred inflows of resources	<u>54,392</u>
 Fund Balances	
Nonspendable	95,132
Restricted	5,194,140
Assigned	1,927,842
Unassigned	2,240,242
Total fund balances	<u>9,457,356</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 9,881,142</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, 2018

Total Fund Balance, Governmental Fund		\$ 9,457,356
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.		8,963,683
Property taxes receivable are not considered available and are, therefore, deferred in the funds.		54,392
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	(100,000)	
Capital Leases	(161,811)	
Compensated absences	(143,672)	
Accrued interest payable	<u>(1,800)</u>	(407,283)
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		(1,116,728)
The deferred outflows and inflows of resources related to the net OPEB obligation are not recorded in the governmental funds but are recorded in the Statement of Net Position.		
Deferred outflows	77,495	
Deferred inflows	<u>(155,421)</u>	(77,926)
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.		<u>(4,541,603)</u>
Net Position of Governmental Activities in the Statement of Net Position		<u>\$ 12,331,891</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, 2018

	General Fund
REVENUES	
Taxes	\$ 769,802
Licenses and permits	1,016,096
Intergovernmental revenues	995,920
Fines and forfeitures	132,921
Accommodations tax	269,890
Hospitality tax	447,123
Charges for services	899,834
Contributions and grants	2,248,664
Interest revenue	62,096
Miscellaneous	294,655
Total revenues	7,137,001
 EXPENDITURES	
Current	
General government	1,363,680
Public safety	3,332,547
Streets	280,703
Museum	18,812
Cultural and recreational	452,079
Economic development	517,305
Capital outlay	1,408,615
Debt service	
Principal retirement	154,864
Interest	9,331
Total expenditures	7,537,936
Excess of revenues (under) expenditures	(400,935)
 OTHER FINANCING SOURCES	
Transfers in	
Other contributions	112,500
Contributions transfer	1,259,688
Total other financing sources	1,372,188
Net change in fund balance	971,253
Fund Balance, beginning of year	8,486,103
Fund Balance, end of year	\$ 9,457,356

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, 2018**

Net Change in Fund Balance - Total Governmental Fund		\$ 971,253
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	1,408,615	
Depreciation expense	<u>(755,438)</u>	653,177
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Changes in unavailable tax revenues		8,870
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.		
Repayment of long-term debt		154,864
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.		
Compensated absences		(24,744)
Changes in the net OPEB obligation and deferred outflows of resources and deferred inflows of resources related to OPEB are not reported as expenditures in governmental funds.		
		(61,338)
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.		
		<u>(369,299)</u>
Change in Net Position of Governmental Activities		<u>\$ 1,332,783</u>

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

CITY OF CLINTON, SOUTH CAROLINA

STATEMENT OF NET POSITION
 PROPRIETARY FUND
 JUNE 30, 2018

	<u>Total</u>
ASSETS	
Current Assets	
Cash and cash investments	\$ 4,138,724
Restricted cash	1,825,120
Accounts receivable - net	2,019,427
Unbilled revenue	1,278,549
Due from other funds	22,955
Inventories	776,685
Total current assets	<u>10,061,460</u>
Noncurrent Assets	
Land and construction in progress	3,988,721
Capital assets - net of accumulated depreciation	11,396,485
Total noncurrent assets	<u>15,385,206</u>
Total assets	<u>25,446,666</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding bond	98,926
Deferred outflows related to pensions	757,404
Deferred outflows related to OPEB	72,284
Total deferred outflows of resources	<u>928,614</u>
Total assets and deferred outflows of resources	<u>26,375,280</u>
LIABILITIES	
Current Liabilities	
Accounts payable and accrued liabilities	1,627,582
Customer deposits	244,451
Accrued interest payable	20,865
Compensated absences - current portion	28,770
Obligations under capital leases - current portion	142,647
Revenue bonds payable - current portion	746,856
Total current liabilities	<u>2,811,171</u>
Noncurrent Liabilities	
Net OPEB obligation	1,041,618
Compensated absences - net of current portion	79,126
Obligations under capital leases - net of current portion	379,723
Revenue bonds payable - net of current portion	7,383,406
Net pension liability	4,090,691
Total noncurrent liabilities	<u>12,974,564</u>
Total liabilities	<u>15,785,735</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	2,267
Deferred inflows related to OPEB	63,697
Total deferred inflows of resources	<u>65,964</u>
Total liabilities and deferred inflows of resources	<u>15,851,699</u>
NET POSITION	
Net investment in capital assets	6,831,500
Restricted for capital projects	1,744,153
Restricted for debt service	80,967
Unrestricted	1,866,961
Total net position	<u>\$ 10,523,581</u>

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, 2018

	<u>Combined Utility System</u>
OPERATING REVENUES	
Utility sales	\$ 20,392,979
Sanitation sales	369,849
Interdepartmental utility sales	577,691
Hookup fees	51,641
Penalties	238,956
Miscellaneous	68,792
Total operating revenues	<u>21,699,908</u>
OPERATING EXPENSES	
Public works administration department	618,195
Information technology department	290,469
Utility billing department	642,901
Electric distribution department	12,708,492
Sanitary sewer department	1,732,176
Right of way department	393,683
Sanitation department	545,449
Water distribution department	757,397
Water plant department	1,152,522
Storm sewer department	4,307
Maintenance department	124,979
Risk management department	91,114
Depreciation	1,177,000
Total operating expenses	<u>20,238,684</u>
Operating income (loss)	<u>1,461,224</u>
Interest revenue	59,517
Interest Expense	(208,990)
Grant revenues	192,084
FEMA assistance	15,769
Total nonoperating revenues (expenses)	<u>58,380</u>
Income (loss) before contributions and transfers	
Transfers to/from other funds - economic development	(112,500)
Transfers to/from other funds - operating	(1,259,688)
Total contributions and transfers	<u>(1,372,188)</u>
Change in net position	<u>147,416</u>
Net position, beginning of year	11,098,433
Prior period adjustment	<u>(722,268)</u>
Net position, beginning of year, as restated	<u>10,376,165</u>
Net position, end of year	<u>\$ 10,523,581</u>

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, 2018

	Combined Utility System
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 21,329,367
Cash paid for goods and services	(16,730,128)
Cash paid to employees	(2,201,447)
Net cash provided (used) by operating activities	2,397,792
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers (to) from other funds	(590,047)
Net cash provided (used) by non-capital financing activities	(590,047)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(4,217,441)
Principal payments on capital leases	(139,130)
Principal payments on revenue bonds	(4,026,421)
Proceeds of bond issues	6,902,000
Interest and other fees paid	(206,485)
Subsidy from federal grants	15,769
Subsidy from other grants and contributions	192,084
Net cash provided (used) by capital and related financing activities	(1,479,624)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	59,517
Net cash provided (used) by investing activities	59,517
NET INCREASE IN CASH AND CASH EQUIVALENTS	387,638
CASH AND CASH EQUIVALENTS, beginning of year	5,576,206
CASH AND CASH EQUIVALENTS, end of year	\$ 5,963,844

(continued)

CITY OF CLINTON, SOUTH CAROLINA

**STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018**

	<u>Combined Utility System</u>
Reconciliation of Operating Income to Net	
Cash Provided by Operating Activities:	
Operating income (loss)	\$ 1,461,224
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,177,000
(Increase) decrease in assets and deferred outflows	
Accounts receivable and unbilled receivables	(502,233)
Unbilled receivables	62,604
Inventories	(62,357)
Deferred charges on refunding bond	49,459
Deferred outflows related to pensions	(111,226)
Deferred outflows related to OPEB	(72,284)
Increase (decrease) in liabilities and deferred inflows	
Accounts payable and accrued liabilities	178,854
Net OPEB obligation	(15,471)
Net pension liability	99,829
Deferred inflows related to pensions	(4,609)
Deferred inflows related to OPEB	63,697
Compensated absences	4,217
Customer deposits	69,088
Net cash provided (used) by operating activities	<u><u>\$ 2,397,792</u></u>
 Noncash Investing, Capital and Financing Activities	
Amortization included in interest expense	<u><u>\$ 49,459</u></u>
 Reconciliation of Cash and Investments as Shown on the Statement of Net Assets and Cash Flow	
Statement of net assets classification	
Current assets	
Cash	\$ 4,138,724
Restricted cash	1,825,120
Total cash and cash equivalents	<u><u>\$ 5,963,844</u></u>

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

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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, 2018

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 fund:

Combined Utility System Enterprise Fund –The City, in compliance with the revenue bond ordinances, accounts for the financial activity of this enterprise fund using four separate sub-funds. The purpose of this business-type 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 combined system includes the activity of the public works, electric, water and sewer, and sanitation funds.

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.

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 OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

Significant New Accounting Standards Adopted – Change in Accounting Principle

The City implemented GASB Statement No. 75 “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions” in the year ended June 30, 2018. The primary objective of this Statement is to improve the usefulness of information about other postemployment benefits (primarily retiree medical benefits) other than pensions (“OPEB”) in external financial reports. The requirements of the Statement aim to provide citizens and other users of the financial statements with a clearer picture of the entity’s financial obligations to current and former employees for past services rendered. Previous standards required an employer to recognize a liability for unfunded required contributions to the OPEB plan (called “Net OPEB Obligation”). GASB Statement No. 75 establishes standards for recognizing deferred outflows of resources, deferred inflows of resources, and the “Net OPEB Liability,” which is the total OPEB liability less the fiduciary net position of the plan assets. More extensive note disclosures are also required.

The adoption of the Statement had no impact on the City’s governmental fund financial statements since governmental funds do not report long-term assets and liabilities. However, the adoption has resulted in the restatement of the City’s net position of the proprietary fund financial statements and its government-wide financial statements as of July 1, 2017 to reflect the reporting of net OPEB liability and deferred outflows of resources related to the City’s OPEB plan. Net position reported in the City’s financial statements was decreased, to reflect the cumulative change in accounting principle related to the adoption of the Statement as shown below:

Decrease in net position - governmental activities	\$ 859,996
Decrease in net position - business-type activities/proprietary funds	\$ 722,268

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.

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.
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 2018.

The following departments in the general fund had an excess of actual expenditures over budget for the year ended June 30, 2018:

<u>Fund/Function/Department</u>	<u>Excess Amount</u>
General Fund:	
Municipal Court	\$ 7,105
Police and Fire	227,598
Planning and Inspection	4,338
Streets	208,115
Economic development	1,173,644

The economic development department received grants and contributions totaling \$1,460,840 during the fiscal year. These resources were used for improvements in the City's industrial park.

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

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 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.

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position and the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has two types of deferred outflows of resources: (1) the City reports deferred outflows related to pensions in its statement of net position in connection with its participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System and (2) the City also reports deferred outflows related to OPEB in its statement of net position in connection with its OPEB plan provided to employees.

These *deferred pension and OPEB charges* are either (a) recognized in the subsequent period as a reduction of the net pension/OPEB liabilities or (b) amortized in a systematic and rational method as expense in future periods in accordance with GAAP.

In addition to liabilities, the statements of net position and the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has three types of deferred inflows of resources: (1) The City reports *unavailable revenues* only in the governmental funds balance sheet; it is deferred and recognized as an inflow of resources (property tax revenues) in the period the amounts become available. (2) The City reports *deferred inflows related to pensions* in its statement of net position in connection with its participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System. (3) The City also reports deferred inflows related to OPEB in its statement of net position in connection with its OPEB plan provided to employees. These *deferred pension and OPEB inflows* are amortized in a systematic and rational method and recognized as a reduction of pension/OPEB expense in future periods in accordance with GAAP.

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.

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.

CITY OF CLINTON, SOUTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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, 2018:

	General Fund
Fund Balances	
Nonspendable	
Inventory	\$ 4,581
Long-term receivable	90,551
Restricted	
Debt service	540
Public safety	27,330
Accommodations tax	271,896
Hospitality tax	4,894,374
Assigned	
Economic development	1,927,842
Unassigned	2,240,242
Total Fund Balances	\$ 9,457,356

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.

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

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.

CITY OF CLINTON, SOUTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2018**

NOTE 2 – DETAILED NOTES ON ALL FUNDS - CONTINUED

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, 2018, 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	\$ 4,632,540	\$ 1,174,521	\$ 5,807,061	Unrated
State Treasurer's investment pool	N/A	Daily	3,790,111	4,880,463	8,670,574	Unrated
			<u>\$ 8,422,651</u>	<u>\$ 6,054,984</u>	<u>\$ 14,477,635</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, 2018, 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, 2018, 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 \$2,246,715 for business-type activities. The governmental and business-type activities' receivables consist of the following:

	Governmental Activities	Business-type Activities	Total
Mortgages receivable	\$ 90,551	\$ -	\$ 90,551
Customers	-	3,297,976	3,297,976
Other receivables	632,829	-	632,829
	<u>\$ 723,380</u>	<u>\$ 3,297,976</u>	<u>\$ 4,021,356</u>

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2018

NOTE 2 – CASH AND INVESTMENTS - CONTINUED

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 2017 tax year and the assessed valuation of real property was \$9,164,350. 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	\$	5,499
Delinquent tax receivables		66,226
Allowance for uncollectibles		(2,005)
		\$ 69,720
		\$ 69,720

Capital Assets

Capital asset activity for the year ended June 30, 2018, was as follows:

	Beginning Balances	Increases	Decreases/ Transfers	Ending Balances
Government Activities:				
Nondepreciable capital assets				
Land	\$ 1,197,166	\$ -	\$ -	\$ 1,197,166
Construction in progress	1,462,929	991,309	(969,720)	1,484,518
	2,660,095	991,309	(969,720)	2,681,684
Depreciable capital assets				
Buildings	3,733,114	55,418	-	3,788,532
Other improvements	7,370,772	1,086,798	-	8,457,570
Vehicles and other equipment	8,632,010	244,810	-	8,876,820
	19,735,896	1,387,026	-	21,122,922
Less accumulated depreciation				
Buildings	1,530,895	121,004	-	1,651,899
Other improvements	5,493,409	270,532	-	5,763,941
Vehicles and other equipment	7,061,181	363,902	-	7,425,083
Total accumulated depreciation	14,085,485	755,438	-	14,840,923
Total depreciable capital assets - net	5,650,411	631,588	-	6,281,999
Governmental Activities Capital Assets - Net	\$ 8,310,506	\$ 1,622,897	\$ (969,720)	\$ 8,963,683

CITY OF CLINTON, SOUTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2018**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balances</u>
Business-type Activities:				
Nondepreciable capital assets				
Land	\$ 11,983	\$ -	\$ -	\$ 11,983
Construction in progress	3,230,783	2,140,222	(1,394,267)	3,976,738
	<u>3,242,766</u>	<u>2,140,222</u>	<u>(1,394,267)</u>	<u>3,988,721</u>
Depreciable capital assets				
Buildings	1,124,934	17,881	-	1,142,815
Other improvements	30,247,480	2,867,557	-	33,115,037
Vehicles and other equipment	4,191,007	586,048	-	4,777,055
	<u>35,563,421</u>	<u>3,471,486</u>	<u>-</u>	<u>39,034,907</u>
Less accumulated depreciation				
Buildings	970,235	25,768	-	996,003
Other improvements	22,580,762	852,836	-	23,433,598
Vehicles and other equipment	2,910,425	298,396	-	3,208,821
Total accumulated depreciation	<u>26,461,422</u>	<u>1,177,000</u>	<u>-</u>	<u>27,638,422</u>
Total depreciable capital assets - net	<u>9,101,999</u>	<u>2,294,486</u>	<u>-</u>	<u>11,396,485</u>
Business-type Activities Capital Assets - Net	<u>\$ 12,344,765</u>	<u>\$ 4,434,708</u>	<u>\$ (1,394,267)</u>	<u>\$ 15,385,206</u>

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

Government Activities	
General government	\$ 158,110
Economic Development	129,556
Public safety	298,129
Streets and sanitation	169,643
Total depreciation expense	<u>\$ 755,438</u>
Business-type Activities	
Public works	\$ 317,790
Water and sewer	553,190
Electric	306,020
Total depreciation expense	<u>\$ 1,177,000</u>

Liabilities

Long-term Liabilities

The following is a summary of long-term obligations of the primary government for the year ended June 30, 2018:

CITY OF CLINTON, SOUTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2018**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

	Beginning Balances, As Restated	Increases	Decreases	Ending Balances, As Restated	Due Within One Year
Governmental Activities:					
Net OPEB obligation	\$ 1,133,316	\$ -	\$ (16,588)	\$ 1,116,728	\$ -
Net pension liability	5,165,137	562,054	-	5,727,191	-
General obligation bonds	147,000	-	(47,000)	100,000	49,000
Capitalized lease obligations	269,675	-	(107,864)	161,811	53,818
Compensated absences	118,928	122,404	(97,660)	143,672	57,470
Total governmental activities	<u>\$ 6,834,056</u>	<u>\$ 684,458</u>	<u>\$ (269,112)</u>	<u>\$ 7,249,402</u>	<u>\$ 160,288</u>

	Beginning Balances, As Restated	Increases	Decreases	Ending Balances, As Restated	One Year
Business-type Activities:					
Net OPEB obligation	\$ 1,057,089	\$ -	\$ (15,471)	\$ 1,041,618	\$ -
Net pension liability	3,990,862	99,829	-	4,090,691	-
Revenue bonds	5,254,683	6,902,000	(4,026,421)	8,130,262	746,856
Capital lease obligations	661,500	-	(139,130)	522,370	142,647
Compensated absences	103,679	106,124	(101,907)	107,896	28,770
Total business-type activities	<u>\$ 11,067,813</u>	<u>\$ 7,107,953</u>	<u>\$ (4,282,929)</u>	<u>\$ 13,892,837</u>	<u>\$ 918,273</u>

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, 2018 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%.	\$ 100,000
	<u>100,000</u>
Less current maturities	(49,000)
Long-term liabilities	<u>\$ 51,000</u>

CITY OF CLINTON, SOUTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2018**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

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

Year Ending June 30,	Principal	Interest	Total
2019	\$ 49,000	\$ 3,020	\$ 52,020
2020	51,000	1,540	52,540
	\$ 100,000	\$ 4,560	\$ 104,560

Capital Lease Obligations

Capital leases payable at June 30, 2018 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%.	\$ 161,811
	\$ 161,811

The future minimum lease obligations as of June 30, 2018, were as follows:

Year Ending June 30,	
2019	\$ 55,717
2020	55,717
2021	55,717
Total Minimum Lease Obligation	167,151
Less Amount Representing Interest	(5,340)
Present Value of Minimum Lease Payments	\$ 161,811

Proprietary Fund Debt

Revenue Bonds

Bonds payable at June 30, 2018 were comprised of the following issues:

\$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.	\$ 1,301,262
\$6,902,000 Combined Utility System Refunding and Improvement Revenue Bonds of the City of Clinton, South Carolina, dated July 13, 2017. Annual maturities of \$73,000 to \$882,000 and semi-annual interest at 2.36% maturing in 2028.	6,829,000
	8,130,262
Less current maturities	(746,856)
Long-term liabilities	\$ 7,383,406

CITY OF CLINTON, SOUTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2018**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Debt service requirements to maturity including interest on all outstanding revenue bonds at June 30, 2018 are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 746,856	\$ 185,628	\$ 932,484
2020	761,406	171,328	932,734
2021	777,000	156,279	933,279
2022	847,000	137,942	984,942
2023	785,000	117,953	902,953
Thereafter	4,213,000	302,882	4,515,882
	<u>\$ 8,130,262</u>	<u>\$ 1,072,012</u>	<u>\$ 9,202,274</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 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 \$49,459 for the year ended June 30, 2018.

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 were used to redeem the entire principal balance of \$3,274,000 of the Series 2011 Combined Utility System Revenue Bonds, and provide new funds to be used to fund various capital improvements to the City’s water and sewer systems. The refunded Series 2011 carried interest at 3.32%, maturing in 2023. The Series 2017 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. The refunding of Series 2011 will result in an economic gain (difference between the present values of the debt service payments of the old and new debt) of \$98,853 to the City. The refunding resulted in an insignificant book loss that was charged to interest expense during the current fiscal year.

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.

Capital Lease Obligations

Capital leases payable at June 30, 2018 were comprised of the following:

CITY OF CLINTON, SOUTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2018**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

\$117,409 skid steer capital lease for 60 months, beginning November 2015. Annual payments of \$24,834, including interest at 1.98%.	\$	71,662
\$152,432 Bucket truck capital lease for 68 months, beginning February 2015. Annual payments of \$26,811, including interest at 1.78%.		77,652
\$116,880 Knuckle Boom truck capital lease for 60 months, beginning May 2017. Annual payments of \$24,971, including interest at 2.26%.		94,485
\$219,876 Altec Digger capital lease for 60 months, beginning October 2016. Annual payments of \$46,603, including interest at 1.93%.		177,753
\$81,200 Jarruff capital lease for 60 months, beginning October 2016. Annual payments of \$17,291, including interest at 2.06%.		65,745
\$46,300 Tractor Mower capital lease for 47 months, beginning May 2017. Annual payments of \$12,304, including interest at 2.60%.		35,073
		522,370
	\$	522,370

The future minimum lease obligations as of June 30, 2018, were as follows:

Year Ending June 30,		
2019	\$	152,813
2020		152,813
2021		152,813
2022		88,868
Total Minimum Lease Obligation		547,307
Less Amount Representing Interest		(24,937)
Present Value of Minimum Lease Payments	\$	522,370

Interfund Receivables, Payables and Transfers

On June 30, 2018, the Enterprise Fund was due \$22,955 from the General Fund for utility services incurred by the General Fund.

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

Transfer from		Transfer to General Fund
Combined Utility Fund for contributions	\$	1,372,188

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2018

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Transfers of \$1,259,688 were made to help cover operating expenses of the General Fund. Transfers of \$112,500 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”).

PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. Effective July 1, 2017, the Retirement System Funding and Administration Act of 2017 assigned the PEBA Board of Directors as the Custodian of the Retirement Trust Funds and assigned SCPEBA and the Retirement Systems Investment Commission (RSIC) as co-trustees of the Retirement Trust Funds.

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, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the State.

Plan 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:

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2018

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

- 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 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

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2018

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

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.

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.

If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than ninety percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than ninety percent. Any decrease in contribution rates must maintain the 2.9 and 5 percent differentials between the SCRS and PORS employer and employee contribution rates respectively. If contribution rates are decreased pursuant to this provision, and

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2018

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

the most recent annual actuarial valuation of the system shows a funded ratio of less than ninety percent, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 90 percent.

The Retirement System Funding and Administration Act increases employer contribution rates to 13.56 percent for SCRS and 16.24 percent for PORS, effective July 1, 2017. It also removes the 2.9 percent and 5 percent differential and increases and establishes a ceiling on employee contribution rates at 9 percent and 9.75 percent for SCRS and PORS respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation’s ultimate scheduled employer rate is 18.56 percent for SCRS and 21.24 percent for PORS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty year amortization schedule. The recent pension reform legislation also changes the long-term funded ratio requirement from ninety to eighty-five.

Required employee contribution rates are as follows:

	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2017</u>
SCRS		
Employee Class Two	9.00%	8.66%
Employee Class Three	9.00%	8.66%
State ORP		
Employee	9.00%	8.66%
PORS		
Employee Class Two	9.75%	9.24%
Employee Class Three	9.75%	9.24%

Required employer contribution rates (1) are as follows:

	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2017</u>
SCRS		
Employee Class Two	13.41%	11.41%
Employee Class Three	13.41%	11.41%
Employer Incidental Death Benefit	0.15%	0.15%
State ORP		
Employer Contribution (2)	13.41%	11.41%
Employer Incidental Death Benefit	0.15%	0.15%

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2018

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

	Fiscal Year 2018	Fiscal Year 2017
PORS		
Employee Class Two	15.84%	13.84%
Employee Class Three	15.84%	13.84%
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, 2017, total pension liability (TPL), net pension liability (NPL), and sensitive information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2016. The total pension liability was rolled-forward from the valuation date to the plans’ fiscal year end, June 30, 2017, using generally accepted actuarial principles. The Retirement System Funding and Administration Act of 2017 was signed into law April 25, 2017, and included a provision to reduce the assumed rate of return from 7.50% to 7.25% effective July 1, 2017. As a result of this legislation, GRS made an adjustment to the calculation of the roll-forward total pension liability for this assumption change as of the measurement date of June 30, 2017.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2017:

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment rate of return ¹	7.3%	7.3%
Projected salary increases	3.0% to 12.5% (varies by service) ¹	3.5% to 9.5% (varies by service) ¹
Benefit adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually
¹ Includes inflation at 2.25%		

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2018

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

The post-retiree mortality assumption is dependent upon the member’s job category and gender. The base mortality assumption, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA project from the year 2016.

Assumptions used in the determination of the June 30, 2017 TPL are as follows.

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

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, 2017, 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	\$ 48,244,437,494	\$ 25,732,829,268	\$ 22,511,608,226	53.3%
PORS	7,013,684,001	4,274,123,178	2,739,560,823	60.9%

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, is based upon the 30-year capital market assumptions. 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.

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2018

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation as adopted at the beginning of the 2017 fiscal year. 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 7.25 percent assumed annual investment rate of return set in statute and used in the calculation of the total pension liability includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

<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>
Global Equity	45.0%		
Global public equity	31.0%	6.72%	2.08%
Private equity	9.0%	9.60%	0.86%
Equity option strategies	5.0%	5.91%	0.30%
Real Assets	8.0%		
Real estate (private)	5.0%	4.32%	0.22%
Real estate (REITs)	2.0%	6.33%	0.13%
Infrastructure	1.0%	6.26%	6.00%
Opportunistic	17.0%		
GTAA/ Risk parity	10.0%	4.16%	42.00%
Hedge funds (non-PA)	4.0%	3.82%	0.15%
Other opportunistic strategies	3.0%	4.16%	0.12%
Diversified Credit	18.0%		
Mixed credit	6.0%	3.92%	0.24%
Emerging markets debt	5.0%	5.01%	0.25%
Private debt	7.0%	4.37%	0.31%
Conservative Fixed Income	12.0%		
Core fixed income	10.0%	1.60%	0.16%
Cash and short duration (net)	2.0%	92.00%	0.02%
Inflation for actuarial purposes			2.25%
Total expected nominal return			7.56%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. 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. 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.

CITY OF CLINTON, SOUTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2018**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Sensitivity Analysis

The following table presents the City’s proportionate share of net pension liability of the Plans calculated using the discount rate of 7.25 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 (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

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

System	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
SCRS	\$ 8,703,441	\$ 6,752,807	\$ 5,569,231
PORS	\$ 4,138,434	\$ 3,065,075	\$ 2,219,604

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.

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

At June 30, 2018, the City reported a liability of \$9,817,882 for its proportionate share of the net pension liability. A liability of \$5,727,191 was reported for governmental liabilities and a liability of \$4,090,691 was reported for business-type activities. The net pension liability was measured as of June 30, 2017, 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, 2018, the City recognized pension expense totaling \$1,103,576, which consisted of contributions to the System of \$663,152 and additional expense of \$440,424 as a result of the increase in the net pension liability related to GASB 68 requirements. At June 30, 2018, 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, 2018

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
SCRS		
Differences between expected and actual experience	\$ 30,104	\$ 3,743
Net difference between projected and actual earnings on pension plan investments	188,507	-
Assumption changes	395,304	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	217,832	-
City contributions subsequent to the measurement date	418,556	-
	<hr/>	<hr/>
Total SCRS	1,250,303	3,743
	<hr/>	<hr/>
PORS		
Differences between expected and actual experience	27,332	-
Net difference between projected and actual earnings on pension plan investments	109,221	-
Assumption changes	290,904	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	88,926	153,945
City contributions subsequent to the measurement date	244,596	-
	<hr/>	<hr/>
Total PORS	760,979	153,945
	<hr/>	<hr/>
Total SCRS and PORS	<u>\$ 2,011,282</u>	<u>\$ 157,688</u>

\$418,556 and \$244,596 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, 2019. 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>
2019	\$ 195,629	\$ 111,271	\$ 306,900
2020	195,629	111,271	306,900
2021	195,629	111,271	306,900
2022	195,629	111,271	306,900
2023	49,231	71,299	120,530
Total	<u>\$ 831,747</u>	<u>\$ 516,383</u>	<u>\$ 1,348,130</u>

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2018

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Payables to the Pension Plan

The City had an outstanding payable of \$85,556 due to the pension plans for its legally required contributions. The payable represented amounts due for the month of June 2018 and was paid in July 2018.

Post Retirement Health Care Benefits

Effective July 1, 2017, the City adopted the provisions of GASB Statement No. 75, "Accounting and Financial Reporting for Post-employment Benefits Plans Other Than Pensions." (GASB 75). GASB 75 replaces GASB 45. Changes required by GASB 75 include different actuarial methods for determining OPEB liability and expense, as well as additional disclosures.

Plan Description

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, 2018, there were 17 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.

Total OPEB Liability

In previous years, the City has reported a net OPEB obligation (liability) consisting of the difference between the annual required contribution into the plan and the actual contributions made by the City. GASB 75 requires employers to determine the Total OPEB Liability (TOL) using the Entry Age Normal (EAN) actuarial funding method and to report a net OPEB liability consisting of the difference between the TOL and the plan's fiduciary net position.

The City's TOL was determined by an actuarial valuation as of July 1, 2017, using the following key actuarial assumptions and other inputs:

CITY OF CLINTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2018

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Inflation	2.25%
Real wage growth	
SCRS	0.75%
PORS	1.25%
Wage inflation	
SCRS	3.00%
PORS	3.50%
Salary increases, including wage inflation	
SCRS	3.00% - 7.00%
PORS	3.50% - 9.50%
Municipal Bond Index Rate	
Prior Measurement Date	3.01%
Measurement Date	3.56%
Health Care Cost Trends	
Pre-Medicare	7.50% for 2017 decreasing to an ultimate rate of 5.00% by 2023
Medicare	5.50% for 2016 decreasing to an ultimate rate of 5.00% by 2020

The discount rate used to measure the TOL was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly.

Mortality rates were based on the RP-2014 Mortality Table for Employees with a 95% multiplier to better reflect the anticipated experience and provide margin for future improvement.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the July 1, 2017 valuation were based on the results of an actuarial experience study adopted by SCRS and PORS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the July 1, 2017 valuation were based on a review of recent plan experience done concurrently with the July 1, 2017 valuation.

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2018

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

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 are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and included the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between employer and plan members to that point.

The following exhibit presents the TOL of the Plan, calculated using the health care cost trend rates, as well as what the Plan's TOL would be if it were calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Health Care Cost Trend Rate Sensitivity

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 1,906,032	\$ 2,158,346	\$ 2,474,809

The following exhibit presents the TOL of the Plan, calculated using the discount rate of 3.56%, as well as what the Plan's TOL would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Discount Rate Sensitivity

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	(2.56%)	Discount Rate (3.56%)	(4.56%)
Total OPEB Liability	\$ 2,435,126	\$ 2,158,346	\$ 1,918,174

Changes in Total OPEB Liability

Total OPEB Liability as of June 30, 2016, reporting date	<u>\$ 2,190,405</u>
Changes for the year:	
Service Cost at the end of the year*	129,208
Interest on TOL and Cash Flows	64,613
Change in benefit terms	-
Difference between expected and actual experience	9,810
Changes of assumptions or other inputs	(147,424)
Benefit payments and implicit subsidy credit	<u>(88,266)</u>
Net changes	<u>(32,059)</u>
Total OPEB Liability as of June 30, 2017, reporting date	<u><u>\$ 2,158,346</u></u>

*The service cost includes interest for the year.

CITY OF CLINTON, SOUTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2018**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: Since certain expense items are recognized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts will increase OPEB expense, they are labeled Deferred Inflows of Resources. If they serve to reduce OPEB expense, they are labeled Deferred Inflows of Resources. The recognition of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions or other inputs, if any, are recognized over the average expected remaining service life of the active and inactive Plan members at the beginning of the measurement period.

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,783	\$ -
Changes of assumptions or other inputs	-	(131,987)
Benefit payments and administrative costs made subsequent to the measurement date	140,996	-
Total	\$ 149,779	\$ (131,987)

\$140,996 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB benefits will be recognized in OPEB expense as follows:

Measurement Period Ended June 30,	
2018	\$ (14,410)
2019	(14,410)
2020	(14,410)
2021	(14,410)
2022	(14,410)
Thereafter	(51,154)

The calculation of the OPEB expense for the year ended June 30, 2018 is shown in the following table:

CITY OF CLINTON, SOUTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2018**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Service Cost at end of year*	\$	129,208
Interest on the Total OPEB Liability and Cash Flow		64,613
Current-period benefit changes		-
Expensed portion of current-period difference between expected and actual experience in the Total OPEB Liability		1,027
Expensed portion of current-period changes of assumptions or other inputs		(15,437)
Administrative Costs**		-
Other		-
Recognition of beginning Deferred Outflows of Resources as OPEB Expense		-
Recognition of beginning Deferred Inflows of Resources as OPEB Expense		-
OPEB Expense	\$	179,411

*The service cost includes interest for the year.

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 is 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.

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2018

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

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 bon obligations under the agreement. In no case may the agreement extend beyond August 1, 2035.

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, 2018.

For the year ended June 30, 2018, the City's purchased power expense from PMPA was \$11,202,786. Also, the amount included in accounts payable and accrued liabilities for accrued purchased power from PMPA at June 30, 2018 is \$921,318.

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, 2018, approximately \$1,368,300 remains on the commitments.

NOTE 4 – PRIOR PERIOD ADJUSTMENTS - RESTATEMENT

Change in Accounting Principle

The City implemented Governmental Accounting Standards Board (GASB) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the City to record beginning total OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the City related to OPEB

CITY OF CLINTON, SOUTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2018**

NOTE 4 – PRIOR PERIOD ADJUSTMENT – RESTATEMENT - CONTINUED

during the measurement period. The impact of the change is to decrease net position of the governmental activities at July 1, 2017 by \$859,996, and decrease net position of the enterprise fund/business-type activities by \$722,268 at July 1, 2017. The reporting change had no effect on current year operations on cash flows of the City.

NOTE 5 – SUBSEQUENT EVENTS

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

CITY OF CLINTON, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2018

	General Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes	\$ 821,037	\$ 821,037	\$ 769,802	\$ (51,235)
Licenses and permits	856,000	856,000	1,016,096	160,096
Intergovernmental revenues	915,000	915,000	995,920	80,920
Fines and forfeitures	162,000	162,000	132,921	(29,079)
Accommodations tax	175,000	175,000	269,890	94,890
Hospitality tax	400,000	400,000	447,123	47,123
Charges for services	337,353	337,353	899,834	562,481
Contributions and grants	743,218	743,218	2,248,664	1,505,446
Interest	15,000	15,000	62,096	47,096
Miscellaneous	659,213	659,213	294,655	(364,558)
Total revenues	<u>5,083,821</u>	<u>5,083,821</u>	<u>7,137,001</u>	<u>2,053,180</u>
EXPENDITURES				
Current				
General government	1,521,301	1,521,301	1,363,680	157,621
Public safety	3,074,483	3,074,483	3,332,547	(258,064)
Streets	201,204	201,204	280,703	(79,499)
Museum	33,833	33,833	18,812	15,021
Culture and recreation	789,090	789,090	452,079	337,011
Economic development	332,511	332,511	517,305	(184,794)
Capital outlay	236,450	236,450	1,408,615	(1,172,165)
Debt service				
Principal retirement	230,240	230,240	154,864	75,376
Interest	12,038	12,038	9,331	2,707
Total expenditures	<u>6,431,150</u>	<u>6,431,150</u>	<u>7,537,936</u>	<u>(1,106,786)</u>
Excess of revenues over (under) expenditures	<u>(1,347,329)</u>	<u>(1,347,329)</u>	<u>(400,935)</u>	<u>946,394</u>
OTHER FINANCING SOURCES				
Operating transfers in (out)				
Contributions - economic development	150,000	150,000	112,500	(37,500)
Contributions operating	1,459,688	1,459,688	1,259,688	(200,000)
Total other financing sources	<u>1,609,688</u>	<u>1,609,688</u>	<u>1,372,188</u>	<u>(237,500)</u>
Net change in fund balance	<u>\$ 262,359</u>	<u>\$ 262,359</u>	<u>971,253</u>	<u>\$ 708,894</u>
Fund Balance, beginning			<u>8,486,103</u>	
Fund Balance, ending			<u>\$ 9,457,356</u>	

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

CITY OF CLINTON, SOUTH CAROLINA

**SCHEDULE OF CHANGES IN THE TOTAL OPEB
LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30, 2018**

	Measurement Period Ending June 30, 2018
Total OPEB Liability	
Services cost at end of year	\$ 129,208
Interest	64,613
Differences between expected and actual experience	9,810
Changes of assumptions or other inputs	(147,424)
Benefit payments and implicit subsidy credit	(88,266)
Net change in total OPEB liability	(32,059)
Total OPEB liability - beginning	2,190,405
Total OPEB liability - ending	\$ 2,158,346
Covered payroll	\$ 4,966,444
Total OPEB liability as a percentage of covered payroll	43.46%

Notes to Schedule

The benefit payments shown above include \$29,400 due to implicit subsidy.

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. Since the prior measurement date, the discount rate has changed from 3.01% to 3.56% due to a change in the Municipal Bond Rate.

This 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.

CITY OF CLINTON, SOUTH CAROLINA

SCHEDULE OF PENSION PLAN CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM AND POLICE OFFICER RETIREMENT SYSTEM
LAST 4 FISCAL YEARS

	2018	2017	2016	2015
<u>SCRS</u>				
Contractually required Contribution	\$ 418,556	\$ 336,597	\$ 301,040	\$ 289,877
Contributions in relation to the contractually required contribution	(418,556)	(336,597)	(301,040)	(289,877)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 3,121,222	\$ 2,950,014	\$ 2,759,307	\$ 2,659,422
Contributions as a percentage of covered-employee payroll	13.41%	11.41%	10.9%	10.9%
	2018	2017	2016	2015
<u>PORS</u>				
Contractually required Contribution	\$ 244,597	\$ 208,546	\$ 176,764	\$ 180,031
Contributions in relation to the contractually required contribution	(244,597)	(208,546)	(176,764)	(180,031)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 1,544,173	\$ 1,506,832	\$ 1,325,070	\$ 1,342,510
Contributions as a percentage of covered-employee payroll	15.84%	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, 2017, 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, 2018 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 4 FISCAL YEARS**

	2018	2017	2016	2015
<u>SCRS</u>				
City's proportion of the net pension liability	0.030%	0.028%	0.028%	0.028%
City's proportionate share of the net pension liability	\$ 6,752,807	\$ 6,139,249	\$ 5,419,007	\$ 4,854,244
City's covered-employee payroll	\$ 2,950,014	\$ 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	228.91%	222.49%	203.76%	192.00%
Plan's fiduciary net position	\$ 25,732,829,268	\$ 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	53.3%	52.9%	57.0%	59.9%
	2018	2017	2016	2015
<u>PORS</u>				
City's proportion of the net pension liability	0.1119%	0.119%	0.111%	0.116%
City's proportionate share of the net pension liability	\$ 3,065,075	\$ 3,012,749	\$ 2,428,068	\$ 2,217,673
City's covered-employee payroll	\$ 1,506,831	\$ 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	203.41%	227.36%	180.86%	161.29%
Plan's fiduciary net position	\$ 4,274,123,178	\$ 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	60.9%	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

CITY OF CLINTON, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2018

	Budget Amounts	Actual Amounts	Variance With Final Budget
General Government			
Mayor and City Council			
Salaries and employee benefits	\$ 65,025	\$ 61,079	\$ 3,946
Operating	62,600	36,235	26,365
	<u>127,625</u>	<u>97,314</u>	<u>30,311</u>
Administration			
Salaries and employee benefits	285,805	256,581	29,224
Operating	368,168	358,270	9,898
Capital outlay	-	12,744	(12,744)
Debt service	51,439	51,439	-
	<u>705,412</u>	<u>679,034</u>	<u>26,378</u>
Municipal Court			
Salaries and employee benefits	79,524	74,320	5,204
Operating	90,100	102,409	(12,309)
	<u>169,624</u>	<u>176,729</u>	<u>(7,105)</u>
Legal Services			
Operating	54,500	43,040	11,460
	<u>54,500</u>	<u>43,040</u>	<u>11,460</u>
Finance Department			
Salaries and employee benefits	238,779	245,212	(6,433)
Operating	276,800	186,534	90,266
	<u>515,579</u>	<u>431,746</u>	<u>83,833</u>
Total General Government	<u>1,572,740</u>	<u>1,427,863</u>	<u>144,877</u>
Economic Development			
Salaries and employee benefits	162,211	131,747	30,464
Operating	170,300	404,689	(234,389)
Capital outlay	-	969,719	(969,719)
	<u>332,511</u>	<u>1,506,155</u>	<u>(1,173,644)</u>
Public Safety			
Police and Fire Divisions			
Salaries and employee benefits	2,353,650	2,471,857	(118,207)
Operating	475,541	611,060	(135,519)
Capital outlay	170,000	207,694	(37,694)
Debt service	119,540	55,718	63,822
	<u>3,118,731</u>	<u>3,346,329</u>	<u>(227,598)</u>
Planning and Inspections			
Salaries and employee benefits	149,942	159,460	(9,518)
Operating	95,350	90,170	5,180
	<u>245,292</u>	<u>249,630</u>	<u>(4,338)</u>
Total Public Safety	<u>3,364,023</u>	<u>3,595,959</u>	<u>(231,936)</u>

(Continued)

CITY OF CLINTON, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED JUNE 30, 2018

	<u>Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Streets			
Salaries and employee benefits	\$ 130,254	\$ 160,071	\$ (29,817)
Operating	70,950	120,632	(49,682)
Capital outlay	56,450	199,327	(142,877)
Debt service	71,299	57,038	14,261
Total Streets	<u>328,953</u>	<u>537,068</u>	<u>(208,115)</u>
Museum			
Salaries and employee benefits	15,608	-	15,608
Operating	18,225	18,812	(587)
Capital outlay	10,000	-	10,000
Total Museum	<u>43,833</u>	<u>18,812</u>	<u>25,021</u>
Cultural and Recreation			
Salaries and employee benefits	93,042	150,218	(57,176)
Operating	263,048	288,987	(25,939)
			-
Capital	433,000	12,874	420,126
Total Cultural and Recreation	<u>789,090</u>	<u>452,079</u>	<u>337,011</u>
Total General Fund Expenditures	<u>\$ 6,431,150</u>	<u>\$ 7,537,936</u>	<u>\$ (1,106,786)</u>

City of Clinton, South Carolina

Schedule of Fines, Assessments and Surcharges

Victim's Rights Funds

Year ended June 30, 2018

Municipal Court revenue to the City of Clinton

Court revenue booked in General Fund, excluding Victim's rights and other police revenues	\$ 122,110
M Court assessment and surcharges to the State of SC	(83,623)
Court refunds	(3,562)
	34,925
Net Court Revenues to the City of Clinton	34,925

Municipal Court revenue to the State of SC

O Conviction Surcharges to State Treasurer	4,936
L Court assessments to the State Treasurer	46,687
G DUI Assessments to the State Treasurer	108
H DUI Spinal Cord Research Charges to the State	900
I DUI DPS Pullouts to the State	900
F DUS DPS Pullouts to the State	4,870
J Drug Surcharges to the State	7,806
K Law Enforcement Surcharges to the State	14,882
KA Criminal Justice Academy Surcharges	155
IA DUI DUAC TEST convictions Fees	162
3% Collection Fees for Installment Purchases	1,586
A Public Defender Application Fees	480
DA Municipal Discharge Fee	150
	83,622
Total Court Revenue Sent to State	83,622

Victim Services

N Court Assessments allocated to Victim Services	5,875
O Court Surcharges allocated to Victim Services	4,936
	10,811
P Funds Allocated to Victim Services	10,811
P Victim Services and Expenditures	(10,811)
	-

Excess Revenues Over (Under) Expenditures for Victim Services	\$ -
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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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities										
Invested in capital assets, net of related debt	\$ 10,251,177	\$ 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
Restricted	5,194,140	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
Unrestricted	(3,113,426)	(700,085)	(2,213,951)	(2,649,209)	1,118,711	445,248	(212,777)	(530,943)	200,610	(664,830)
Total Governmental Activities Net Position	12,331,891	11,859,104	7,711,180	6,753,643	9,539,822	8,560,074	7,360,020	6,705,755	6,567,296	5,636,001
Business-type Activities										
Invested in capital assets, net of related debt	6,831,500	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
Restricted	1,825,120	1,412,900	1,423,153	2,112,982	3,099,918	4,152,646	4,275,228	4,532,590	-	-
Unrestricted (Deficit)	1,866,961	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
Total Business-type Activities Net Position	10,523,581	11,098,433	11,217,600	10,857,227	12,379,746	12,666,614	10,251,633	9,389,983	7,958,111	7,514,119
Primary Government										
Invested in capital assets, net of related debt	17,082,677	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
Restricted	7,019,260	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
Unrestricted	(1,246,465)	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
Total Primary Government Net Position	\$ 22,855,472	\$ 22,957,537	\$ 18,928,780	\$ 17,610,870	\$ 21,919,568	\$ 21,226,688	\$ 17,611,653	\$ 16,095,738	\$ 14,525,407	\$ 13,150,120
Prior Period Adjustment		(1,582,264)	2,457,669		(7,008,277)	(1,292,474)		(411,559)		
Total Primary Government Net Position, as restated		\$ 21,375,273	\$ 21,386,449		\$ 14,911,291	\$ 19,934,214		\$ 15,684,179		

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental Activities:										
General government	\$ 1,977,171	\$ 2,059,573	\$ 1,653,849	\$ 1,761,576	\$ 1,405,988	\$ 1,437,169	\$ 1,300,773	\$ 1,295,582	\$ 1,220,943	\$ 1,372,530
Public safety	3,630,676	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
Streets	450,346	444,001	792,868	753,800	797,815	828,410	919,878	1,152,525	823,845	860,665
Museum	18,812	12,284	35,460	37,059	29,584	29,405	28,201	39,020	36,519	30,757
Cultural and recreation	452,346	395,167	422,383	406,552	374,683	341,133	371,595	344,306	414,612	380,733
Economic Development	646,864	603,582	-	-	-	-	-	-	-	-
Interest on long-term debt	9,331	58,077	15,161	9,053	15,553	19,810	21,626	36,322	46,892	45,375
Total Governmental Activities Expenses	7,185,546	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
Business-type Activities:										
Public works	1,402,564	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
Water and sewer	4,609,290	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
Electric	13,890,371	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
Sanitation	545,449	513,272	-	-	-	-	-	-	-	-
Total Business-type Activities Expenses	20,447,674	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
Total Primary Government Expenses	27,633,220	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
Governmental Activities:										
Charges for services										
General government	1,559,809	960,475	997,433	1,055,056	850,204	945,883	700,768	728,486	726,281	784,473
Public safety	492,816	533,974	533,142	504,538	216,270	267,866	261,484	609,697	602,499	574,395
Streets and Sanitation	56,226	55,499	393,802	392,587	773,109	733,790	752,282	353,313	370,654	369,226
Operating grants and contributions	633,788	579,379	540,041	530,275	534,760	663,171	553,166	1,088,829	1,116,663	1,318,142
Capital grants and contributions	1,614,875	1,627,087	-	291,273	-	-	-	358,835	31,761	557,642
Total Governmental Activities Program Revenues	4,357,514	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
Business-type Activities:										
Utility Sales	20,970,670	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
Sanitation Fund sales	369,849	438,625	-	-	-	-	-	-	-	-
Hook up fees	51,641	53,022	55,845	56,490	47,131	38,731	38,450	42,771	41,400	38,965
Penalties	238,956	257,764	222,819	147,393	230,198	219,166	383,064	211,313	239,276	200,520
Operating grants and contributions	-	-	12,849	46,777	-	-	-	-	-	-
Capital grants and contributions	207,853	465,553	-	-	631,186	1,223,963	439,363	236,960	-	-
Total Business-type Activities Program Revenues	21,838,969	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
Total Primary Government Program Revenues	26,196,483	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
Net (Expense) Revenue										
Governmental Activities	(2,828,032)	(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)
Business-type Activities	1,391,295	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
Total Primary Government	(1,436,737)	(1,684,486)	(1,281,890)	217,633	(327,222)	1,400,961	(221,192)	14,837	(1,051,117)	(2,244,213)

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Revenues and Other Changes in Net Position										
<u>Governmental Activities:</u>										
Taxes	\$ 2,233,487	\$ 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
Grants and contributions not restricted to specific programs	192,281	192,281	183,150	183,150	183,150	183,461	157,962	192,346	235,149	274,252
Miscellaneous	362,859	601,461	134,696	103,225	60,770	60,860	120,774	299,367	239,567	180,669
Transfers	1,372,188	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
Total Governmental Activities	<u>4,160,815</u>	<u>4,665,302</u>	<u>4,518,927</u>	<u>4,406,437</u>	<u>4,224,550</u>	<u>3,956,874</u>	<u>3,721,721</u>	<u>3,898,496</u>	<u>3,902,970</u>	<u>3,724,735</u>
<u>Business-type Activities:</u>										
Miscellaneous	128,309	253,272	82,140	102,613	145,787	283,361	227,145	131,701	108,060	192,870
Transfers	(1,372,188)	(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)
Total Business-type Activities	<u>(1,243,879)</u>	<u>(1,409,728)</u>	<u>(1,919,127)</u>	<u>(1,924,491)</u>	<u>(1,911,974)</u>	<u>(1,742,800)</u>	<u>(1,573,055)</u>	<u>(1,608,344)</u>	<u>(1,571,386)</u>	<u>(1,394,713)</u>
Total Primary Government	<u>2,916,936</u>	<u>3,255,574</u>	<u>2,599,800</u>	<u>2,481,946</u>	<u>2,312,576</u>	<u>2,214,074</u>	<u>2,148,666</u>	<u>2,290,152</u>	<u>2,331,584</u>	<u>2,330,022</u>
Change in Net Position										
Governmental Activities	1,332,783	1,469,713	957,537	1,322,949	979,748	1,200,054	654,265	873,117	836,475	932,407
Prior Period Adjustment	-	-	2,678,211	-	(4,109,128)	-	-	-	94,820	-
Total Governmental Activities	<u>1,332,783</u>	<u>1,469,713</u>	<u>3,635,748</u>	<u>1,322,949</u>	<u>(3,129,380)</u>	<u>1,200,054</u>	<u>654,265</u>	<u>873,117</u>	<u>931,295</u>	<u>932,407</u>
Business-type Activities	147,416	101,375	360,373	1,376,630	1,005,606	2,414,981	1,273,209	1,431,872	443,992	(846,598)
Prior Period Adjustment	-	-	2,457,669	-	(2,899,149)	(1,292,474)	-	(411,559)	-	-
Total Primary Government	<u>\$ 1,480,199</u>	<u>\$ 1,571,088</u>	<u>\$ 6,453,790</u>	<u>\$ 2,699,579</u>	<u>\$ (5,022,923)</u>	<u>\$ 2,322,561</u>	<u>\$ 1,927,474</u>	<u>\$ 1,893,430</u>	<u>\$ 1,375,287</u>	<u>\$ 85,809</u>

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities										
General government	\$ 1,647,897	\$ 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
Public safety	494,703	568,356	534,142	544,536	236,969	423,052	282,809	689,669	735,989	1,080,858
Streets and sanitation	56,226	55,499	393,802	392,587	773,109	733,790	752,282	712,148	370,654	409,226
Museum	100	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
Economic Development	1,614,875	1,627,087	-	-	-	-	-	-	-	-
Subtotal Governmental Activities	3,813,801	3,756,414	2,464,418	2,773,729	2,374,343	2,610,710	2,267,700	3,139,160	2,828,608	3,603,878
Business-type Activities:										
Public works	581,208	510,144	651,181	672,041	551,365	631,277	366,118	299,046	280,676	239,485
Water and sewer	5,710,929	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
Sanitation	369,849	438,625	-	-	-	-	-	-	-	-
Electric	15,166,806	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
Subtotal Business-type Activities	21,828,792	21,760,863	21,427,814	21,784,359	20,454,301	20,565,258	19,162,537	18,182,684	16,629,444	15,095,125
Total Primary Government	25,642,593	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
Prior Period Adjustment	-	-	2,457,669	-	-	(1,292,474)	-	(411,559)	-	-
Total Primary Government	\$ 25,642,593	\$ 25,517,277	\$ 26,349,901	\$ 24,558,088	\$ 22,828,644	\$ 21,883,494	\$ 21,430,237	\$ 20,910,285	\$ 19,458,052	\$ 18,699,003

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,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund										
Nonspendable	\$ 95,132	\$ 94,259	\$ 94,259	\$ 95,169	\$ 97,674	\$ 97,467	\$ 96,025	\$ 96,879	\$ 93,888	\$ -
Reserved	-	-	-	-	-	-	-	-	-	382,055
Restricted	5,194,140	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)
Unrestricted:										
Committed	-	-	-	-	-	-	444,530	394,775	138,984	-
Assigned	1,927,842	1,539,649	-	-	-	-	-	-	-	-
Unassigned	2,240,242	2,186,827	2,216,119	1,651,067	1,294,302	618,048	(512,100)	(769,688)	(980,315)	-
Total General Fund	9,457,356	8,486,093	6,486,475	5,315,979	4,503,623	3,402,831	2,220,845	1,652,691	536,613	(436,305)
All Other Governmental Funds										
Nonspendable	-	-	-	-	-	-	-	1,101,588	1,101,588	-
Reserved	-	-	-	-	-	-	-	-	-	1,062,588
Restricted	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-	-	(303,173)
Unrestricted:										
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	(386,787)	(238,437)	-
Total All Other Governmental Funds	-	-	-	-	-	-	-	714,801	863,151	759,415
Total Governmental Fund Balance	\$ 9,457,356	\$ 8,486,093	\$ 6,486,475	\$ 5,315,979	\$ 4,503,623	\$ 3,402,831	\$ 2,220,845	\$ 2,367,492	\$ 1,399,764	\$ 323,110

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,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues										
Taxes	\$ 769,802	\$ 803,896	\$ 905,534	\$ 755,705	\$ 678,011	\$ 518,687	\$ 482,014	\$ 591,042	\$ 651,227	\$ 662,479
Fees, licenses and permits	1,016,096	960,475	929,593	886,356	850,204	945,883	700,768	728,486	726,090	784,473
Intergovernmental	995,920	990,083	944,198	877,638	981,350	885,574	902,738	1,328,628	1,038,369	1,690,632
Fines and forfeitures	132,921	176,551	189,202	159,598	156,270	207,495	200,185	269,953	253,903	225,799
Accommodations tax	269,890	240,039	232,147	208,236	157,341	180,009	138,781	147,865	137,474	107,220
Hospitality tax	447,123	425,339	418,175	400,668	378,839	360,529	366,000	328,197	321,362	305,224
Charges for services	899,834	352,922	745,582	906,227	773,109	733,790	752,282	755,222	807,928	813,595
Contributions	2,248,664	2,206,466	926,308	1,196,059	921,027	1,049,438	901,233	1,377,426	1,350,272	1,597,599
Investment income	62,096	34,145	32,967	6,289	11,611	10,177	6,866	4,670	17,796	10,605
Miscellaneous	294,655	567,316	101,729	95,152	47,395	48,037	113,026	172,532	133,434	(151,790)
Total Revenues	7,137,001	6,757,232	5,425,435	5,491,928	4,955,157	4,939,619	4,563,893	5,704,021	5,437,855	6,045,836
Expenditures										
General government	1,363,680	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
Public safety	3,332,547	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
Streets and sanitation	280,703	249,678	584,609	588,196	603,563	636,656	685,314	1,009,491	684,463	718,471
Museum	18,812	12,284	35,460	37,059	29,584	29,405	28,201	39,020	36,519	30,757
Culture and recreation	452,079	395,167	422,383	406,552	374,683	341,133	365,832	338,353	407,862	374,258
Economic Developemnt	517,305	109,340	193,886	199,431	-	-	-	-	-	-
Capital outlay	1,408,615	2,584,303	431,779	1,186,507	175,483	325,339	463,461	634,859	319,008	1,617,592
Debt service										
Principal	154,864	122,469	185,524	76,922	192,131	201,178	180,569	298,351	339,572	204,236
Interest	9,331	58,077	15,161	11,353	15,553	22,663	25,549	66,082	46,999	40,959
Total Expenditures	7,537,936	8,423,737	6,037,319	6,635,566	5,489,997	5,397,527	5,487,829	6,624,971	5,999,200	7,638,654
Excess of Revenues Over (Under) Expenditures	(400,935)	(1,666,505)	(611,884)	(1,143,638)	(534,840)	(457,908)	(923,936)	(920,950)	(561,345)	(1,592,818)
Other Financing Sources (Uses)										
Other Contributions	112,500	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	1,259,688	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
Total Other Financing Sources (Uses)	1,372,188	1,663,000	1,782,380	1,955,994	1,635,632	1,639,894	1,492,090	1,888,678	1,543,179	1,457,064
Net Change in Fund Balance	\$ 971,253	\$ (3,505)	\$ 1,170,496	\$ 812,356	\$ 1,100,792	\$ 1,181,986	\$ 568,154	\$ 967,728	\$ 981,834	\$ (135,754)
Debt Service as a percentage of noncapital expenditures	2.68%	3.09%	3.58%	1.62%	3.91%	4.41%	4.10%	6.08%	6.81%	4.07%

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

The Debt Service as a percentage of NonCapital Expenditures is based on Capital Outlay found in the "Reconciliation of the Statement of Revenues, Expenditures, & Changes in Fund Balance" found on page 26.

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

Calendar Year	Tax Year	Real Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
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%
2017	2017	9,164,350	2,758,632	11,922,982	10.75	192,468,883	6.2%

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)

	<u>2018</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>
Property Tax Rates	<u>10.75</u>	<u>10.75</u>	<u>10.75</u>	<u>10.35</u>	<u>9.75</u>	<u>9.75</u>	<u>9.75</u>	<u>9.75</u>	<u>9.75</u>	<u>9.75</u>
City Direct Rates (2)	<u><u>10.75</u></u>	<u><u>10.75</u></u>	<u><u>10.75</u></u>	<u><u>10.35</u></u>	<u><u>9.75</u></u>	<u><u>9.75</u></u>	<u><u>9.75</u></u>	<u><u>9.75</u></u>	<u><u>9.75</u></u>	<u><u>9.75</u></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	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Highland Park	203,170	1	1.76%			
Comfort Inn(Clinton Holdings)	165,720	2	1.43%			
The Clinton Hotel Group	157,690	3	1.36%	347,340	1	2.85%
National Health Care	145,990	4	1.26%	173,340	3	1.42%
ReHold Clinton, LLC(BILO Shopping Cer	143,600	5	1.24%	132,590	4	1.09%
BellSouth	135,140	6	1.17%	336,200	2	2.76%
Charter Communication	126,290	7	1.09%			
Landau Apartments (Mulligan)	102,590	8	0.89%			
Langston House	102,460	9	0.89%	116,990	5	0.96%
Westchase	98,060	10	0.85%	82,402	7	0.68%
Ingles	89,530		0.77%	93,540	6	0.77%
M S Bailey & Son Bankers	66,670		0.58%	72,050	10	0.59%
CSX Transportation	84,300		0.73%	73,010	9	0.60%
Clinton Manor(Related)	64,270		0.56%	74,550	8	0.61%
	<u>\$ 1,482,310</u>		<u>12.81%</u>	<u>\$ 1,502,012</u>		<u>12.3%</u>

Source: Laurens County Treasurer's Office

City of Clinton, South Carolina
City Property Tax Levies 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
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%	72,826	552,915	100.0%
2012	530,004	455,854	86.0%	73,692	529,546	99.9%
2013	498,539	463,419	86.0%	32,650	496,069	99.5%
2014	685,061	622,929	90.9%	57,399	680,328	99.3%
2015	671,775	596,078	88.7%	70,007	666,086	99.2%
2016	726,958	693,188	95.4%	25,299	718,487	98.8%
2017	862,820	782,413	90.7%	17,360	799,773	92.7%
2018	852,635	757,199	88.8%	-	757,199	88.8%

Source: Laurens County Treasurer's Office

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

Fiscal Year Ended June 30	General Bonded Debt Outstanding		Percentage of Actual Taxable Value of Property	Population	Per Capita (1)
	General Obligation Bonds	Total			
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
2018	100,000	100,000	0.05%	8,637	11.58

(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)
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
2018	100,000			161,811	261,811	0.18%	30
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)
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
2018	8,130,262	(98,916)	522,370	-	8,553,711	5.99%	990
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)
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
2018	8,230,262	(98,916)	684,176	-	8,815,522	6.17%	1,021

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	\$ 11,922,982
Debt limit (8% of total assessed value)	953,839
Debt applicable to limit:	
General obligation bonds	100,000
Less: Amount set aside for repayment	-
Total net debt applicable to limit	100,000
Legal debt margin	\$ 853,839

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt Limit	\$ 953,839	\$ 925,849	\$ 918,920	\$ 984,590	\$ 798,075	\$ 808,993	\$ 963,322	\$ 947,902	\$ 955,565	\$ 974,296
Total Net Debt Applicable to Limit	100,000	147,000	193,000	238,000	282,000	403,013	520,752	635,437	303,123	404,720
Legal Debt Margin	\$ 853,839	\$ 778,849	\$ 725,920	\$ 746,590	\$ 516,075	\$ 405,980	\$ 442,570	\$ 312,465	\$ 652,442	\$ 569,576
Total Net Debt Applicable to the Limit as a % of Debt Limit	10.48%	15.88%	21.00%	24.17%	35.34%	49.82%	54.06%	67.04%	31.72%	41.54%
Total General Bonded Debt as a Percentage of Actual Taxable Value	0.08%	0.08%	0.10%	0.13%	0.15%	0.21%	0.24%	0.29%	0.14%	0.13%
Total Net General Bonded Debt per Capita	\$ 17	\$ 17	\$ 22	\$ 28	\$ 33	\$ 47	\$ 61	\$ 70	\$ 33	\$ 44

- 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, 2018

City of Clinton	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Direct and Overlapping Debt
Total direct debt	\$ 261,811	100%	\$ 261,811
Total direct and overlapping debt	\$ 261,811	100%	\$ 261,811

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	17,512,193	3,793,369	462,818	189,336	5.82
2016	20,863,356	18,139,052	2,724,304	758,650	178,878	2.91
2017	20,620,432	18,303,874	2,316,558	796,337	162,801	2.42
2018	21,181,734	19,361,122	1,820,612	752,421	183,357	1.95

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
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%
2018	8,637	142,791,426	16,533	3,110	3.70%

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, 2018		June 30, 2009	
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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government	7	8	8	8	7	6	6	6	6	6
Public Safety	40	42	42	40	40	40	40	40	44	45
Streets	4	3	3	4	4	5	4	3	3	3
Culture and Recreation	3	1	1	2	2	2	4	3	2	2
Public Works & Sanitation	6	7	7	6	6	6	6	6	6	7
Building Inspector/Planning	2	2	2	2	3	3	3	3	3	3
Utility Employees	40	42	42	40	38	38	38	38	38	37
Total	102	105	105	102	100	100	101	99	102	103

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government										
Building permits issued	201	149	76	164	154	181	179	171	157	124
Public Safety										
Police department										
Criminal/physical non-juvenile arrests(1)	1,797	2,534	2,891	2,415	2,315	2,979	2,725	2,800	2,879	2,737
Fire department										
Fire calls	1077	923	943	810	781	835	746	766	749	575
Fire inspections	145	270	318	287	317	113	435	124	100	88
Streets and Sanitation										
Street resurfacing (in miles)	0.5	-	-	-	-	-	-	-	-	-
Refuse collected (tons per year)	2,950	2,853	2,342	2,807	2,950	2,899	3,964	3,494	3,340	3,706
Maintenance										
Average Equipment Repairs/month	81	81	81	81	81	81	81	81	61	75
Cultural and Recreational										
Museum Operating Hours	0	87	455	455	168	168	168	168	168	168
Public Works										
Water Meters Replaced	25	72	4,244	1,440	1,841	812	205	205	98	133
Water and Sewer										
Water										
Average daily consumption (in millions of gallons)	3	3	2	2	2	2	2	2	2	2
Number of consumers	4347	4093	4,043	4,208	4,154	4,251	4,260	4,377	4,411	4,334
Sewer										
Electric										
Number of consumers	4078	4093	4,045	4,020	3,999	4,069	4,075	4,285	4,392	4,102

Sources: Various City department records.

Notes: (1) Includes tickets

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

Function/Program	Fiscal Years									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Public Safety										
Police department										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	26	30	30	26	22	22	22	22	32	29
Fire Department										
Fire Stations	2	2	2	2	2	2	2	2	2	2
Service units	10	10	10	9	9	9	9	9	9	9
Streets and Sanitation										
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	23.3	23	23	23	23
Number of Street Lights	1,295	1,295	1,295	1,295	1,295	1,295	1,295	1,285	1,279	1,279
Cultural and Recreational										
Number of Parks	8	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
Public Works										
Storm Sewers (in miles)	53	53	53	53	53	53	53	53	53	53
Water and Sewer										
Water main (in miles)	111	104	104	104	103	103	103	101	101	101
Sanitary sewers (in miles)	73	64	64	64	63	63	63	63	63	63
Electric										
Distribution lines (in miles)	85	81	81	81	80	80	80	75	75	70
Number of Substations	3	4	4	4	4	4	4	4	4	4

Source: Capital Asset schedules and various department records.