



City of Clinton South Carolina



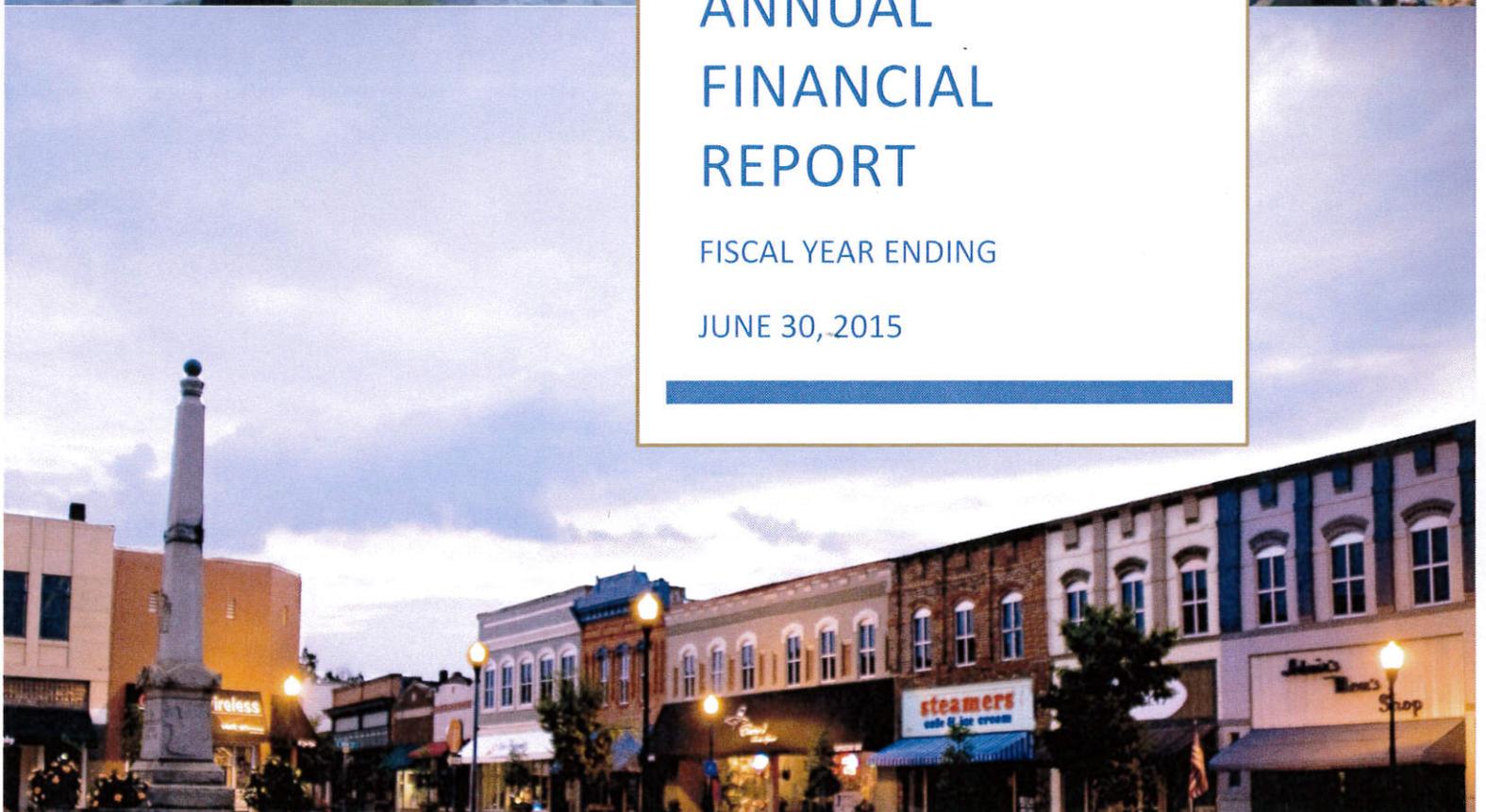
CLINTON
South Carolina



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDING

JUNE 30, 2015



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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**Submitted By:
Finance Department**

**CITY OF CLINTON
CLINTON, SOUTH CAROLINA**

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INTRODUCTORY SECTION



CLINTON
South Carolina

Robert T. McLean
Mayor

November 17, 2015

Frank N. Stovall, ICMA-CM
City Manager

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

Mary J. Byrd
City Council Member

Daniel O. Cook, Jr.
City Council Member

Shirley Y. Jenkins
City Council Member

Gary I. Kuykendall
City Council Member

Norman Scarborough
City Council Member

Jimmy Young
City Council Member

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, 2015.

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.

Joey Meadors
Director
Dept. of Administrative
Services

Renee Morrow
Chief Financial Officer

Robin Morse
Director
Dept. of Public Safety

Dale Satterfield
Director
Dept. of Public Works

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, 2015, 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, 2015, 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 PLD Development Inc. (formerly 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 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.

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

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, 2014. This was the 26th 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,



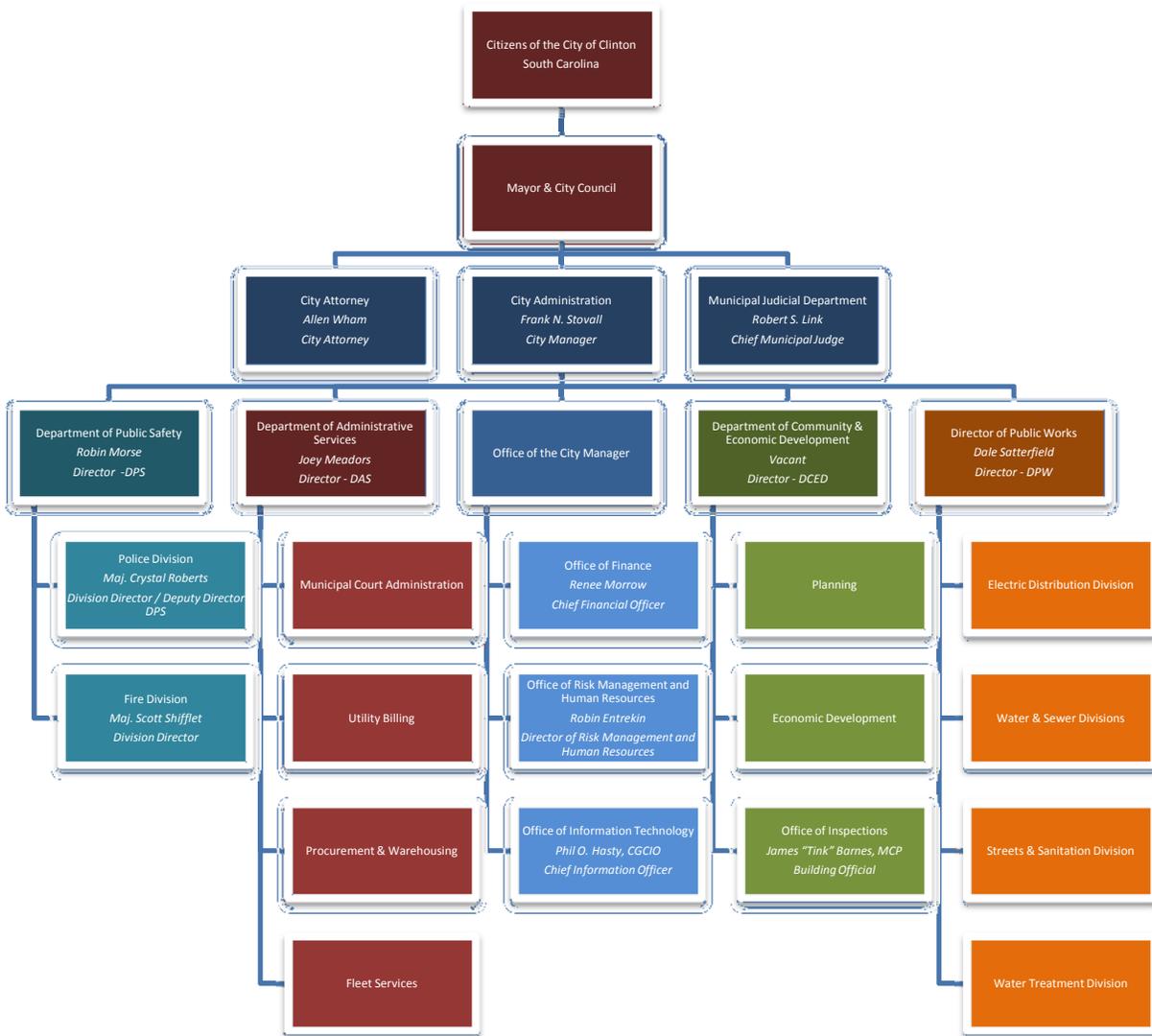
Frank N. Stovall, ICMA-CM
City Manager



Renee Morrow
Chief Financial Officer

CITY OF CLINTON, SOUTH CAROLINA

ORGANIZATIONAL CHART



Principal Officers

Robert McLean, Mayor
Daniel O. Cook, Jr., Mayor Pro-Tem
Mary J. Byrd, Council Member
Gary Kuykendall, Council Member
Shirley Jenkins, Council Member
Norman Scarborough, Council Member
Jimmy Young, Council Member

Frank N. Stovall, City Manager
Renee Morrow, Chief Financial Office
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, 2014

Executive Director/CEO

FINANCIAL SECTION

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, each major fund, and the aggregate remaining fund information of the City of Clinton as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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



To the Honorable Mayor and Members of City Council
City of Clinton
November 17, 2015

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9-20 and required supplementary information on pages 56-59, 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.

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

McKinley, Cooper & Co., LLC

Greenville, South Carolina
November 17, 2015

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, 2015. 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

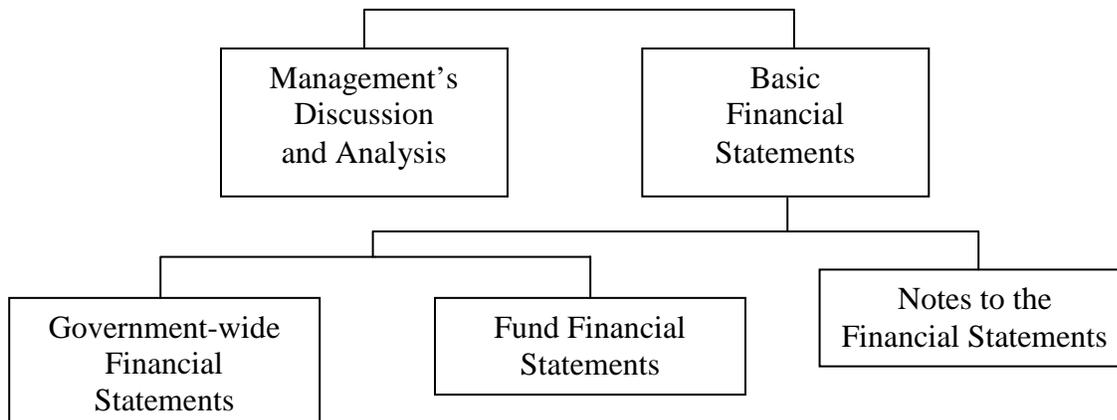
- The net position of the City of Clinton totaled \$17,610,870 at the close of the fiscal year.
- The government's total net position increased by \$2,699,579 due to increases in the both business-type activities, and governmental activities during the current fiscal year.
- As of the close of the current fiscal year, the City's governmental fund reported an ending fund balance of \$5,315,979, an increase of \$812,356 from the prior year. The City's unassigned fund balance is \$1,651,607.
- The City recorded a prior period adjustment to the government-wide financial statements to adjust net pension liability and net position of the governmental activities by \$4,109,128 and net position of the business-type activities by \$2,899,149, for a total reduction in net position of \$7,008,277. The prior period adjustment of \$2,899,149, recorded to the financial statements of the business-type activities was also recorded to the City's proprietary fund statements.

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



Summary → Detail

Basic Financial Statements

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

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

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

Government-wide Financial Statements

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

The government-wide financial statements include two statements:

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

Proprietary Funds

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 31-55 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	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$ 5,672,184	\$ 4,848,783	\$ 11,069,040	\$ 10,408,813	\$ 16,741,224	\$ 15,257,596
Capital Assets	6,436,397	5,674,517	11,372,311	10,813,852	17,808,708	16,488,369
Intangible Assets	-	-	-	65,464	-	65,464
Total Assets	12,108,581	10,523,300	22,441,351	21,288,129	34,549,932	31,811,429
Deferred Outflows of Resources	407,712	-	50,226	296,761	913,938	296,761
Prior Period Adjustment	-	285,862	-	164,369	-	450,231
Total Liabilities	407,712	285,862	50,226	461,130	913,938	746,992
Long-term Liabilities						
Outstanding	5,087,837	687,945	10,281,693	7,635,893	15,369,530	8,323,838
Other Liabilities	256,877	295,533	1,560,744	1,569,251	1,817,621	1,864,784
Prior Period Adjustment	-	4,394,990	-	3,063,518	-	7,458,508
Total Liabilities	5,344,714	5,378,468	11,842,437	12,268,662	17,187,151	17,647,130
Deferred Inflows of Resources	417,936	-	247,913	-	665,849	-
Net Position:						
Invested in capital assets, net of related debt	5,833,109	5,309,464	6,371,227	6,477,044	12,204,336	11,786,508
Restricted	3,569,743	3,111,647	2,112,982	3,099,918	5,682,725	6,211,565
Unrestricted	(2,649,209)	1,118,711	2,373,018	2,802,784	(276,191)	3,921,495
	6,753,643	9,539,822	10,857,227	12,379,746	17,610,870	21,919,568
Prior Period Adjustment	-	(4,109,128)	-	(2,899,149)	-	(7,008,277)
Total Net Position	\$ 6,753,643	\$ 5,430,694	\$ 10,857,227	\$ 9,480,597	\$ 17,610,870	\$ 14,911,291

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 \$34,549,932 and \$913,938, respectively, exceeded liabilities and deferred inflows by \$17,610,870 as of June 30, 2015. The City's net position increased by \$2,699,579 for the fiscal year ended June 30, 2015. However, the largest portion of net position (69%) 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 (\$276,191) as of June 30, 2015. The implementation of GASB 68 as explained below resulted in the unrestricted portion being reported as negative.

New Pronouncements – Impact of GASB Statement on Net Position of the City

The GASB (Government Accounting Standards Board) Statement No. 68, “Accounting and Financial Reporting for Pensions” is effective for the City for the fiscal year ended June 30, 2015, and has been implemented in these financial statements.

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

As a long-term obligation, the net pension liability is not recorded in the modified accrual basis financial statements of governmental funds. It does not impact the current resources focus of the governmental funds and does not impact the modified accrual fund-level budget-to-actual comparison.

The new GASB 68 standard creates an accounting liability rather than a legal liability. Although pursuant to the accounting standards, the City must report its proportionate share of the pension liability for the state’s defined benefit retirement plans, the City management must continue to insure that the City’s financial position is sound. In fiscal year 2015 when excluding the GASB 68 impact, the City’s unrestricted net position actually increased by \$2,873,444 to a total of \$6,794,939. The increase was due to the City’s conservative approach during the budget process for fiscal year 2014-2015 and adherence to that budget.

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

	<u>2015</u>	<u>2014</u>	<u>Increase/ (Decrease)</u>
Net Position			
Net Investment in Capital Assets	\$ 12,204,336	\$ 11,786,508	\$ 417,828
Restricted	5,682,725	6,211,565	(528,840)
Unrestricted (exclusive of GASB 68)	6,794,939	3,921,495	2,873,444
Unrestricted (GASB 68 portion)	<u>(7,071,130)</u>	<u>-</u>	<u>(7,071,130)</u>
Total Net Position	<u>\$ 17,610,870</u>	21,919,568	<u>\$ (4,308,698)</u>
Prior Period Adjustment		<u>(7,008,277)</u>	
Total Net Position, as restated		<u>\$ 14,911,291</u>	

Changes in Net Position

Figure 3

	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 1,952,181	\$ 1,839,583	\$ 21,737,582	\$ 19,823,115	\$ 23,689,763	\$ 21,662,698
Operating grants and contributions	530,275	534,760	-	-	530,275	534,760
Capital grants and contributions	291,273	-	46,777	631,186	338,050	631,186
General revenues:						
Property taxes	803,106	686,115	-	-	803,106	686,115
Other taxes	1,289,852	1,272,616	-	-	1,289,852	1,272,616
Grants and contributions not restricted to specific programs	183,150	183,150	-	-	183,150	183,150
Other	103,225	60,770	102,613	145,787	205,838	206,557
Total revenues	<u>5,153,062</u>	<u>4,576,994</u>	<u>21,886,972</u>	<u>20,600,088</u>	<u>27,040,034</u>	<u>25,177,082</u>
Expenses:						
General government	1,761,576	1,405,988	-	-	1,761,576	1,405,988
Public safety	2,889,177	2,995,522	-	-	2,889,177	2,995,522
Streets and sanitation	753,800	797,815	-	-	753,800	797,815
Museum	37,059	29,584	-	-	37,059	29,584
Cultural and recreation	406,552	374,683	-	-	406,552	374,683
General public	-	-	-	-	-	-
Interest on						
Long-term debt	9,053	15,553	-	-	9,053	15,553
Public works	-	-	1,101,583	1,110,682	1,101,583	1,110,682
Water and sewer	-	-	3,701,979	3,782,066	3,701,979	3,782,066
Electric	-	-	13,679,676	12,643,973	13,679,676	12,643,973
Total expenses	<u>5,857,217</u>	<u>5,619,145</u>	<u>18,483,238</u>	<u>17,536,721</u>	<u>24,340,455</u>	<u>23,155,866</u>
Changes in net position before transfers	(704,155)	(1,042,151)	3,403,734	3,063,367	2,699,579	2,021,216
Transfers	2,027,104	2,021,899	(2,027,104)	(2,057,761)	-	(35,862)
Change in net position	1,322,949	979,748	1,376,630	1,005,606	2,699,579	1,985,354
Net Position, Beginning	5,430,694	8,560,074	9,480,597	11,374,140	14,911,291	19,934,214
Prior Period Adjustment	-	(4,109,128)	-	(2,899,149)	-	(7,008,277)
Net Position, Ending	<u>\$ 6,753,643</u>	<u>\$ 5,430,694</u>	<u>\$ 10,857,227</u>	<u>\$ 9,480,597</u>	<u>\$ 17,610,870</u>	<u>\$ 14,911,291</u>

Governmental Activities

Governmental activities increased the City's net position by \$1,322,949. Key elements of this increase are as follows:

- Contributions and grants were received totaling \$821,548. Significant receipts were from private contributions of \$516,850, a grant from CDBG for the Martha Dendy Park for \$251,275 and a grant from SC Law enforcement for \$40,000.

Business-type Activities

Business-type activities increased the City of Clinton's net position by \$1,376,630. The key elements of this increase are:

- The increase in utility revenue is partially due to an increase in electric revenues of \$580,000 due to a rate increase imposed by the electric provider and LCWSC passed through to the customer of 5% for treatment only. Base charges for electric, sewer and water services also increased. All base charges for electric increased by \$6.55, sewer base rate charges increased by \$1.50 and water base charges increased by \$1.00.
- Grant funds were received from the Rural Infrastructure Authority (RIA) for water lines on Gastley Drive and Edgewood Drive for approximately \$47,000.
- Overall, the Proprietary Fund held expenses under budget, which contributed to the increased net position, as well.

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 \$1,651,067 while total fund balance was \$5,315,979. The General Fund is able to meet its cash flow needs by borrowing from the Proprietary Fund.

During the current fiscal year, the fund balance of the City of Clinton's general fund increased by \$812,356. Key factors in this increase are as follows:

- Funds from other financing sources totaling \$2,342,261 were received and consisted of the transfer from the Utility Fund of \$2,027,104 and \$313,157 in loan proceeds.
- Collections from Hospitality and State and Local Accommodations taxes totaled \$608,904. Since these funds have restrictions imposed on them, most was retained and added to fund balance.
- A grant was received from the Department of Justice to reimburse funds spent on public safety equipment for \$39,998.
- Property tax revenues increased by approximately \$117,000 due to an increase of 4 mils.

General Fund Budgetary Highlights

Revenues were greater than the budgeted amounts for several revenue sources. The revenues that exceeded budgeted amounts included Business License fees, Property Taxes, State Shared revenues, Local Option Sales, Hospitality, and Accommodations Taxes. Business license fees were over budget by \$144,000 mainly due to collections by South Carolina Municipal Association on behalf of the city for Broker's and Insurance agents whose sales were higher than in the past. Property Taxes and Local Option Sales Taxes are discussed in the preceding paragraph.

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

- Mayor and City Council is over budget in operations by \$17,464 partly due to extra insurance premiums required by SC PEBA. Also during the year, elections were held for three members of Mayor and council. The costs associated with the elections, retirements and the inducting of the new members contributed to the overage.
- The Municipal Court is over budget by \$53,823 due to State Fine Transfers.
- Legal Services is over budget by \$65,352 for due to payments to human resources attorneys for about \$15,000, Professional Services fees of \$37,000 for City parks and services associated with Tourism, Legal fees for Economic Development for \$9,000, and payments to of the City Attorney to include associated costs for health insurance.
- The Public Safety Department is over budget by \$489,810 due to several line items, including Uniforms and Support Equipment which were over budget due to purchase of a complete new uniform conversion, leather gear, guns, and costs associated with the Body cameras. The other major expenditures were charged to Capital Outlay which included a new fire truck (a portion offset by a loan), five vehicles, Body Cameras, PAL 800 radio system and GIS software. Some of the purchases were made through funds set aside in restricted accounts for Public Safety such as Local Option Sales Tax receipts.
- The Street Department operations and Capital Outlay sections are over budget mainly due to street maintenance and sidewalk repairs and replacements, but the total department expenditures stayed within budget.
- The Sanitation Department is slightly over budget in operations by approximately \$4,000 mainly due to landfill costs and tires and maintenance for vehicles, but overall is within budget.
- The Museum is over budget due to expenditures that are offset by unbudgeted receipts from outside donations.
- The Cultural and Recreation department is over budget in salaries by \$8,184 because of the cost associated with the construction of the Martha Dendy Park. Operations is over budget by \$25,896 due to the following line items: Gilliam Center Maintenance that included HVAC maintenance; Parks to include the trees on Maple Street; and contributions to the YMCA Capital Project program.

- The Economic Development Department was over budget due to Capital Outlay. The Martha Dendy Park totaled over \$250,000 which was offset by a grant from CDBG. Also, property and improvement purchases by the city for future economic development purposes equaled over \$120,000.

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 \$2,373,018. The total increase in net position for the fund was \$1,376,630. 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, 2015, totals \$17,808,708, (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 fire turn out gear for \$27,410, body cameras and related equipment for \$41,800, radio system for \$40,000, a new fire truck for \$415,000 and four new public safety vehicles for \$128,000. The Utility Department purchased a Backhoe for \$80,000, Jet Vac Equipment for \$41,000, a Kubota RTV for \$17,000, one new vehicle for \$19,000, confined space equipment for \$19,000 and various other equipment that totaled \$80,000.
- The City of Clinton revitalized infrastructure owned by the City, such as the Martha Dendy Park, and various streets and sidewalks. The City also purchased property for future economic development.
- The City continued to replace Water Lines and Meters through the Rural Infrastructure Authority (RIA) on Gastley Drive and Edgewood Circle for \$69,000.
- Additionally, bond funds for remote read metering for \$118,000, Frontage Road infrastructure for \$504,000 and software installations for \$169,000 were spent during the year 2015 and will remain in progress for the year 2016.
- The Public Works Department replaced and upgraded various equipment using bond funds for \$258,000, which included the water valves, the belt press and the RICE upgrades to the generators.

City of Clinton
Capital Assets

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 1,197,166	\$ 1,105,526	\$ 11,983	\$ 11,983	\$ 1,209,149	\$ 1,117,509
Building	2,350,234	2,433,607	160,647	162,855	2,510,881	2,596,462
Improvements Other than Buildings	1,730,221	1,579,067	7,825,118	8,198,214	9,555,339	9,777,281
Vehicles and Other Equipment	1,157,239	554,780	569,555	435,421	1,726,794	990,201
Construction in Progress	1,537	1,537	2,805,008	2,005,379	2,806,545	2,006,916
	<u>\$ 6,436,397</u>	<u>\$ 5,674,517</u>	<u>\$ 11,372,311</u>	<u>\$ 10,813,852</u>	<u>\$ 17,808,708</u>	<u>\$ 16,488,369</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, 2015, the City of Clinton had total bonded debt outstanding of \$7,047,670. Of this, \$238,000 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	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	\$ 238,000	\$ 282,000	\$ -	\$ -	\$ 238,000	\$ 282,000
Revenue Bonds	-	-	6,809,670	7,272,487	6,809,670	7,272,487
	<u>\$ 238,000</u>	<u>\$ 282,000</u>	<u>\$ 6,809,670</u>	<u>\$ 7,272,487</u>	<u>\$ 7,047,670</u>	<u>\$ 7,554,487</u>

South Carolina State Law limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for City of Clinton is \$984,590. The City has \$238,000 in general obligation bonds outstanding at June 30, 2015. Additional information regarding the City of Clinton's long-term debt can be found in note 2 of the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

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

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

Budget Highlights for the Fiscal Year Ending June 30, 2016

Governmental Activities

The City of Clinton increased property taxes for calendar 2015 from 103.5 to 107.5 mils. The City also implemented a fee of \$20 per parcel added to the annual tax bill for the purpose of offsetting the cost of future capital equipment acquisitions for the Streets and Sanitation Division of the Department of Public Works. 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

In the City's business-type activities, which include the provision of water, sewer, and electric utilities, there were some adjustments to rates charged for those services. The electric base and volumetric charges did not change, but a Purchase Power Cost Adjustment program was implemented in January 2015 to allow for monthly cost recovery due to minor monthly fluctuations in the cost of purchasing power from PMPA. Water rates increased by 2.5%. Sewer base rates were not adjusted, but volumetric rates associated with collection increased by 2% for customers inside the City and 1.6% for customers who reside outside the City. The volumetric charge for treatment was reduced by 11-21% depending on the customer class. A treatment adjustment charge was added to the bill to ensure adequate cost recovery for the treatment portion of the sewer bill since treatment is performed by contract between the City of Clinton and the Laurens County Water & Sewer Commission

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 Frank N. Stovall, City Manager, City of Clinton, P. O. Box 748, Clinton, SC 29325.

BASIC FINANCIAL STATEMENTS

CITY OF CLINTON, SOUTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Economic Development Corporation
ASSETS				
Cash and cash investments	\$ 2,422,745	\$ 3,102,316	\$ 5,525,061	\$ 1,508,715
Restricted cash	3,569,744	2,265,414	5,835,158	-
Taxes receivable - net	112,028	-	112,028	-
Other receivables - net	342,386	3,708,738	4,051,124	-
Due from component unit	128,840	485,237	614,077	-
Internal balances	(908,177)	908,177	-	-
Inventories	4,618	599,158	603,776	-
Land held for resale	-	-	-	1,374,359
Capital assets				
Land and construction in progress	1,198,703	2,816,991	4,015,694	-
Other capital assets - net of depreciation	5,237,694	8,555,320	13,793,014	637,993
Total assets	12,108,581	22,441,351	34,549,932	3,521,067
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding bond	-	247,302	247,302	-
Deferred outflows related to pensions	407,712	258,924	666,636	-
Total deferred outflows of resources	407,712	506,226	913,938	-
LIABILITIES				
Accounts payable and accrued liabilities	251,473	1,322,860	1,574,333	-
Customer deposits	-	222,266	222,266	-
Unearned revenue	3,604	-	3,604	240,000
Accrued interest payable	1,800	15,618	17,418	8,662
Due to primary government	-	-	-	614,077
Long-term liabilities				
Net OPEB obligation	171,180	235,596	406,776	-
Net pension liability	4,131,331	2,940,586	7,071,917	-
Due within one year	202,181	863,482	1,065,663	96,741
Due in more than one year	583,145	6,242,029	6,825,174	217,119
Total liabilities	5,344,714	11,842,437	17,187,151	1,176,599
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	417,936	247,913	665,849	-
Total deferred inflows of resources	417,936	247,913	665,849	-
NET POSITION				
Net investment in capital assets	5,833,109	6,371,227	12,204,336	637,993
Restricted for				
Debt service	8,369	83,646	92,015	-
Tourism	3,538,915	-	3,538,915	-
Public safety	22,459	-	22,459	-
Capital projects	-	2,029,336	2,029,336	-
Unrestricted	(2,649,209)	2,373,018	(276,191)	1,706,475
Total net position	\$ 6,753,643	\$ 10,857,227	\$ 17,610,870	\$ 2,344,468

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

CITY OF CLINTON, SOUTH CAROLINA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

Function/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit Economic Development Corporation
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary government								
Governmental activities								
General government	\$ 1,761,576	\$ 1,055,056	\$ 521,133	\$ 251,275	\$ 65,888	\$ -	\$ 65,888	\$ -
Public safety	2,889,177	504,538	-	39,998	(2,344,641)	-	(2,344,641)	-
Streets and sanitation	753,800	392,587	-	-	(361,213)	-	(361,213)	-
Museum	37,059	-	9,142	-	(27,917)	-	(27,917)	-
Cultural and recreational	406,552	-	-	-	(406,552)	-	(406,552)	-
Interest on long-term debt	9,053	-	-	-	(9,053)	-	(9,053)	-
Total governmental activities	5,857,217	1,952,181	530,275	291,273	(3,083,488)	-	(3,083,488)	-
Business-type activities								
Public works	1,101,583	672,041	-	-	-	(429,542)	(429,542)	-
Water and sewer	3,701,979	4,433,347	-	-	-	731,368	731,368	-
Electric	13,679,676	16,632,194	-	46,777	-	2,999,295	2,999,295	-
Total business-type activities	18,483,238	21,737,582	-	46,777	-	3,301,121	3,301,121	-
Total primary government	\$ 24,340,455	\$ 23,689,763	\$ 530,275	\$ 338,050	(3,083,488)	3,301,121	217,633	-
Component unit								
Economic Development Corporation	\$ 126,547	\$ -	\$ -	\$ 1,047,067	-	-	-	920,520
	<u>\$ 126,547</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,047,067</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>920,520</u>
General revenues								
Taxes								
Property taxes, levied for general purposes					803,106	-	803,106	-
Local option sales tax					680,948	-	680,948	-
Hospitality tax					400,668	-	400,668	-
Other taxes					208,236	-	208,236	-
State-shared revenues					183,150	-	183,150	-
Unrestricted investment earnings					6,289	10,986	17,275	309
Miscellaneous					96,936	91,627	188,563	119,280
Transfers					<u>2,027,104</u>	<u>(2,027,104)</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers					<u>4,406,437</u>	<u>(1,924,491)</u>	<u>2,481,946</u>	<u>119,589</u>
Change in net position					<u>1,322,949</u>	<u>1,376,630</u>	<u>2,699,579</u>	<u>1,040,109</u>
Net position, beginning					<u>9,539,822</u>	<u>12,379,746</u>	<u>21,919,568</u>	<u>1,304,359</u>
Prior Period Adjustment					<u>(4,109,128)</u>	<u>(2,899,149)</u>	<u>(7,008,277)</u>	<u>-</u>
Net Position, beginning, as restated					<u>5,430,694</u>	<u>9,480,597</u>	<u>14,911,291</u>	<u>1,304,359</u>
Net position, ending					<u>\$ 6,753,643</u>	<u>\$ 10,857,227</u>	<u>\$ 17,610,870</u>	<u>\$ 2,344,468</u>

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

CITY OF CLINTON, SOUTH CAROLINA

**BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2015**

	General Fund
ASSETS	
Cash and cash investments	\$ 5,992,489
Receivables - net	
Taxes	112,028
Accounts and other	342,386
Due from component unit	128,840
Inventories	4,618
Total assets	\$ 6,580,361
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	
Liabilities	
Accounts payable and accrued liabilities	\$ 251,473
Due to other funds	908,177
Unearned revenue	3,604
Total liabilities	1,163,254
 Deferred Inflows of Resources	
Unavailable revenues	101,128
Total deferred inflows of resources	101,128
 Fund Balances	
Nonspendable	95,169
Restricted	3,569,743
Unassigned	1,651,067
Total fund balances	5,315,979
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,580,361

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, 2015

Total Fund Balance, Governmental Fund		\$ 5,315,979
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.		6,436,397
Property taxes receivable are not considered available and are, therefore, deferred in the funds.		101,128
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	(238,000)	
Capital Leases	(365,288)	
Compensated absences	(182,038)	
Accrued interest payable	<u>(1,800)</u>	(787,126)
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	(171,180)	
Net pension liability	<u>(4,131,331)</u>	(4,302,511)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pension	407,712	
Deferred inflows of resources related to pensions	<u>(417,936)</u>	<u>(10,224)</u>
Net Position of Governmental Activities in the Statement of Net Position		<u>\$ 6,753,643</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, 2015

	General Fund
REVENUES	
Taxes	\$ 755,705
Licenses and permits	886,356
Intergovernmental revenues	877,638
Fines and forfeitures	159,598
Accommodations tax	208,236
Hospitality tax	400,668
Charges for services	906,227
Contributions and grants	809,792
Interest revenue	6,289
Miscellaneous	95,152
Total revenues	5,105,661
EXPENDITURES	
Current	
General government	1,376,250
Public safety	2,753,296
Streets and sanitation	588,196
Museum	37,059
Cultural and recreational	406,552
Planning & Inspection	199,431
Capital outlay	1,186,507
Debt service	
Principal retirement	76,922
Interest	11,353
Total expenditures	6,635,566
Excess of revenues (under) expenditures	(1,529,905)
OTHER FINANCING SOURCES	
Proceeds from capital leases	315,157
Transfers in	
Overhead allocation transfer	386,267
Contributions transfer	1,640,837
Total other financing sources	2,342,261
Net change in fund balance	812,356
Fund Balance, beginning of year	4,503,623
Fund Balance, end of year	\$ 5,315,979

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, 2015

Net Change in Fund Balance - Total Governmental Fund \$ 812,356

Amounts reported for governmental activities in the statement of activities
are different because:

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.

Capital outlay	1,186,507	
Depreciation expense	<u>(424,627)</u>	761,880

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		47,401
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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.

Issuance of capital leases	(315,157)	
Repayment of long-term debt	<u>76,922</u>	(238,235)

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.

Net OPEB obligation	(32,349)	
Compensated absences	2,023	
Accrued interest	<u>2,300</u>	(28,026)

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned, net of employee contributions is reported as pension expense.

Pension contributions of the City	294,307	
Cost of benefits earned, net of employee contributions	<u>(326,734)</u>	<u>(32,427)</u>

Change in Net Position of Governmental Activities		<u><u>\$ 1,322,949</u></u>
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CITY OF CLINTON, SOUTH CAROLINA

STATEMENT OF NET POSITION
 PROPRIETARY FUND
 JUNE 30, 2015

ASSETS

Current Assets

Cash and cash investments	\$ 3,102,316
Restricted cash	2,265,414
Accounts receivable - net	1,934,884
Unbilled revenue	1,773,854
Due from the general fund	908,177
Due from component unit	485,237
Inventories	599,158
Total current assets	<u>11,069,040</u>

Noncurrent Assets

Capital assets - net of accumulated depreciation	11,372,311
Total noncurrent assets	<u>11,372,311</u>
Total assets	<u>22,441,351</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred charges on refunding bond	247,302
Deferred outflows related to pensions	258,924
Total deferred outflows of resources	<u>506,226</u>
Total assets and deferred outflows of resources	<u>22,947,577</u>

LIABILITIES

Current Liabilities

Accounts payable and accrued liabilities	1,322,860
Customer deposits	222,266
Accrued interest payable	15,618
Compensated absences - current portion	63,827
Obligations under capital leases - current portion	93,568
Revenue bonds payable - current portion	758,650
Total current liabilities	<u>2,476,789</u>

Noncurrent Liabilities

Net OPEB obligation	235,596
Compensated absences - net of current portion	11,264
Obligations under capital leases - net of current portion	127,182
Revenue bonds payable - net of current portion	6,051,020
Net pension liability	2,940,586
Total noncurrent liabilities	<u>9,365,648</u>
Total liabilities	<u>11,842,437</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions	247,913
Total deferred inflows of resources	<u>247,913</u>
Total liabilities and deferred inflows of resources	<u>12,090,350</u>

NET POSITION

Net investment in capital assets	6,371,227
Restricted for capital projects	2,029,336
Restricted for debt service	83,646
Unrestricted	2,373,018
Total net position	<u>\$ 10,857,227</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 FUND
 YEAR ENDED JUNE 30, 2015

	Combined Utility System Enterprise Fund
OPERATING REVENUES	
Utility sales	\$ 20,900,543
Interdepartmental utility sales	633,516
Hookup fees	56,490
Penalties	147,393
Miscellaneous	91,267
Total operating revenues	21,829,209
OPERATING EXPENSES	
Public works administration department	322,733
Information technology department	95,967
Utility billing department	556,657
Electric distribution department	12,976,819
Sanitary sewer department	1,436,006
Water distribution department	451,171
Water plant department	1,082,787
Storm sewer department	110,535
Maintenance department	79,461
Risk management department	78,674
Depreciation	859,222
Total operating expenses	18,050,032
Operating income	3,779,177
NONOPERATING REVENUES (EXPENSES)	
Interest revenue	10,986
Interest expense	(247,308)
Other	(185,898)
Total nonoperating revenues (expenses)	(422,220)
Income before contributions and transfers	3,356,957
Capital contributions - state grants	46,777
Transfers to/from other funds	(2,027,104)
Change in net position	1,376,630
Net position , beginning of year	12,379,746
Prior Period Adjustment	(2,899,149)
Net position , beginning of year, as restated	9,480,597
Net position , end of year	\$ 10,857,227

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

CITY OF CLINTON, SOUTH CAROLINA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 YEAR ENDED JUNE 30, 2015

	Combined Utility System Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 21,205,249
Cash paid for goods and services	(15,387,550)
Cash paid to employees	(1,698,549)
	<hr/>
Net cash provided by operating activities	4,119,150
	<hr/>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Net transfers to other funds	(2,104,578)
	<hr/>
Net cash used by non-capital financing activities	(2,104,578)
	<hr/>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(1,215,675)
Principal payments on capital leases	(66,398)
Principal payments on revenue bonds	(462,817)
Interest and other fees paid	(368,532)
Subsidy from other grants	46,777
	<hr/>
Net cash used by capital and related financing activities	(2,066,645)
	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	10,986
	<hr/>
Net cash provided by investing activities	10,986
	<hr/>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(41,087)
CASH AND CASH EQUIVALENTS, beginning of year	5,408,817
	<hr/>
CASH AND CASH EQUIVALENTS, end of year	\$ 5,367,730
	<hr/> <hr/>

(continued)

CITY OF CLINTON, SOUTH CAROLINA

STATEMENT OF CASH FLOWS - CONTINUED
 PROPRIETARY FUND
 YEAR ENDED JUNE 30, 2015

	<u>Combined Utility System Enterprise Fund</u>
Reconciliation of Operating Income to Net	
Cash Provided by Operating Activities:	
Operating income	\$ 3,779,177
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	859,222
(Increase) decrease in assets and deferred outflows	
Accounts receivable	(78,347)
Unbilled receivables	(545,613)
Inventories	120
Deferred outflows related to pensions	(94,555)
Deferred amount on refunding	49,459
Increase (decrease) in liabilities	
Accounts payable and accrued liabilities	(16,359)
Net OPEB obligation	20,043
Net pension liability	(122,932)
Deferred inflows related to pensions	247,913
Compensated absences	12,380
Customer deposits	8,642
Net cash provided by operating activities	<u><u>\$ 4,119,150</u></u>
Noncash Investing, Capital and Financing Activities	
Transfers to other funds	\$ (77,474)
Issuance of capital leases	<u>\$ 202,006</u>
Amortization included in interest expense	<u>\$ (49,459)</u>
Reconciliation of Cash and Investments as Shown on the Statement of Net Assets and Cash Flow Statement	
Statement of net assets classification	
Current assets	
Cash	\$ 3,102,316
Restricted cash	2,265,414
Total cash and cash equivalents	<u><u>\$ 5,367,730</u></u>

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

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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 as applicable to governments. As required by U.S. generally accepted accounting principles, these basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City has one discretely presented component unit which is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. The following entity is presented as a discretely presented component unit:

Clinton Economic Development Corporation (EDC) – The EDC was established to support economic development in and around the City and is governed by a board of not less than 25 nor more than 35 members appointed by the EDC executive committee. The EDC holds land for sale to entities that intend to develop the land for new business in the City. The government is financially accountable for the EDC.

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.

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.

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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 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.

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

New Pronouncements – Implementation of GASB Statement on Pensions

The GASB (Government Accounting Standards Board) issued Statement No. 68, “*Accounting and Financial Reporting for Pensions*” in June, 2012. Statement No. 68 is effective for the City for the fiscal year ended June 30, 2015, and has been implemented in these financial statements. The primary objective of this Statement is to improve accounting and financial reporting by state and local governmental entities for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

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

The City is required to report a net pension liability (and related deferred outflows and inflows of resources) for its participation in the SCRS on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the Statement of Net Position) and present more extensive note disclosures.

As a long-term obligation, the net pension liability is not recorded in the modified accrual basis financial statements of governmental funds. It does not impact the current resources focus of the governmental funds and does not impact the modified accrual fund-level budget-to-actual comparison.

Budgets and Budgetary Accounting

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

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

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 2014.

The following departments in the general fund had an excess of actual expenditures over budget for the year ended June 30, 2015:

<u>Fund/Function/Department</u>	<u>Excess Amount</u>
General Fund:	
Mayor and City Council	\$ 18,416
Municipal Court	53,823
Legal Services	65,352
Police and Fire Divisions	489,810
Museum	4,521
Cultural and Recreational	24,159
Economic Development	343,746

Assets, Liabilities, and Fund Equity

Statement of Cash Flows

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

Cash and Investments

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, cash and investments (including restricted assets) include cash on hand, demand deposits, short-term investments with a maturity of three months or less when purchased, and long-term investments with a maturity of greater than three months when purchased. Cash on hand, demand deposits and highly liquid investments with a maturity of three months or less when purchased are considered to be cash and cash equivalents. Investments are reported at fair value. The calculation of realized gains and losses is independent of the calculation of changes in the fair value of investments. During the year ended June 30, 2015, 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.

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 are recorded at estimated fair market value at the date of donation. 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 reported as deferred charges and amortized over the term of the related debt.

Compensated Absences

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

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

Net Position/Fund Balances

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

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Nonspendable

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

Restricted

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

Committed

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

Assigned

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

Unassigned

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

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

Minimum Fund Balance Policy

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

Below are the fund balance classifications for the governmental fund at June 30, 2015:

	General Fund
Fund Balances	
Nonspendable	
Inventory	\$ 4,618
Long-term receivable	90,551
Restricted	
Debt service	8,369
Public safety	22,459
Accommodations tax	391,963
Hospitality tax	3,146,952
Unassigned	1,651,067
Total Fund Balances	\$ 5,315,979

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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.

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, 2015, the City had deposits and investments as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Credit Quality</u>
Deposits with financial institutions	Daily	\$ \$ 4,061,277	\$ \$ 3,067,041	\$ \$ 7,128,318	Unrated
State Treasurer's investment pool	Daily	2,170,523	2,322,983	4,493,506	Unrated
		<u>\$ 6,231,800</u>	<u>\$ 5,390,024</u>	<u>\$ 11,621,824</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, 2015, 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.

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015

NOTE 2 – CASH AND INVESTMENTS - CONTINUED

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, 2015, 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 \$373,233 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	-	3,708,738	3,708,738
Other receivables	251,835	-	251,835
	<u>\$ 342,386</u>	<u>\$ 3,708,738</u>	<u>\$ 4,051,124</u>

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 103.5 for the 2014 tax year and the assessed valuation of real property was \$8,868,590. 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:

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Unpaid real and personal property taxes	\$	3,020
Delinquent tax receivables		125,665
Allowance for uncollectibles		(16,657)
		\$ 112,028

Capital Assets

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

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balances
Government Activities:				
Nondepreciable capital assets				
Land	\$ 1,105,526	\$ 91,640	\$ -	\$ 1,197,166
Construction in progress	1,537	-	-	1,537
	1,107,063	91,640	-	1,198,703
Depreciable capital assets				
Buildings	3,698,447	15,488	-	3,713,935
Other improvements	6,362,912	350,312	-	6,713,224
Vehicles and other equipment	7,102,047	729,067	(172,300)	7,658,814
	17,163,406	1,094,867	(172,300)	18,085,973
Less accumulated depreciation				
Buildings	1,264,840	98,861	-	1,363,701
Other improvements	4,783,845	199,158	-	4,983,003
Vehicles and other equipment	6,547,267	126,608	(172,300)	6,501,575
Total accumulated depreciation	12,595,952	424,627	(172,300)	12,848,279
Total depreciable capital assets - net	4,567,454	670,240	-	5,237,694
Governmental Activities Capital Assets - Net	\$ 5,674,517	\$ 761,880	\$ -	\$ 6,436,397

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balances
Business-type Activities:				
Nondepreciable capital assets				
Land	\$ 11,983	\$ -	\$ -	\$ 11,983
Construction in progress	2,005,379	799,629	-	2,805,008
	2,017,362	799,629	-	2,816,991
Depreciable capital assets				
Buildings	1,045,702	27,180	-	1,072,882
Other improvements	28,719,560	281,020	-	29,000,580
Vehicles and other equipment	3,441,716	310,398	(263,474)	3,488,640
	33,206,978	618,598	(263,474)	33,562,102
Less accumulated depreciation				
Buildings	882,847	29,388	-	912,235
Other improvements	20,521,346	654,116	-	21,175,462
Vehicles and other equipment	3,006,295	175,718	(262,928)	2,919,085
Total accumulated depreciation	24,410,488	859,222	(262,928)	25,006,782
Total depreciable capital assets - net	8,796,490	(240,624)	(546)	8,555,320
Business-type Activities Capital Assets - Net	\$ 10,813,852	\$ 559,005	\$ (546)	\$ 11,372,311

CITY OF CLINTON, SOUTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Component Unit Activities:

Depreciable capital assets

Buildings	\$ 773,324	\$ -	\$ -	\$ 773,324
Less accumulated depreciation	<u>(115,998)</u>	<u>(19,333)</u>	<u>-</u>	<u>(135,331)</u>
Component Unit Activities - Capital Assets - Net	<u>\$ 657,326</u>	<u>\$ (19,333)</u>	<u>\$ -</u>	<u>\$ 637,993</u>

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

Government Activities		
General government		\$ 123,142
Public safety		135,881
Streets and sanitation		<u>165,604</u>
Total depreciation expense		<u>\$ 424,627</u>
Business-type Activities		
Public works		\$ 231,990
Water and sewer		403,834
Electric		<u>223,398</u>
Total depreciation expense		<u>\$ 859,222</u>

Liabilities

Long-term Liabilities

The following is a summary of long-term obligations of the primary government for the year ended June 30, 2015:

	Beginning Balance - as restated	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Net OPEB obligation	\$ 138,831	\$ 32,349	\$ -	\$ 171,180	\$ -
Net pension liability	4,394,990	24,064	(287,723)	4,131,331	-
General obligation bonds	282,000	-	(44,000)	238,000	45,000
Capitalized lease obligations	83,053	315,157	(32,922)	365,288	84,366
Compensated absences	<u>184,061</u>	<u>113,715</u>	<u>(115,738)</u>	<u>182,038</u>	<u>72,815</u>
Total governmental activities	<u>\$ 5,082,935</u>	<u>\$ 485,285</u>	<u>\$ (480,383)</u>	<u>\$ 5,087,837</u>	<u>\$ 202,181</u>
Business-type Activities:					
Net OPEB obligation	\$ 215,553	\$ 20,043	\$ -	\$ 235,596	\$ -
Net pension liability	3,063,518	-	(122,932)	2,940,586	-
Revenue bonds	7,272,487	-	(462,817)	6,809,670	758,650
Capital lease obligations	85,142	202,006	(66,398)	220,750	93,568
Compensated absences	<u>62,711</u>	<u>68,914</u>	<u>(56,534)</u>	<u>75,091</u>	<u>11,264</u>
Total business-type activities	<u>\$ 10,699,411</u>	<u>\$ 290,963</u>	<u>\$ (708,681)</u>	<u>\$ 10,281,693</u>	<u>\$ 863,482</u>

CITY OF CLINTON, SOUTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

The following is a summary of the long-term obligations of the discretely presented component unit for the year ended June 30, 2015:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Component Unit Activities					
Note payable	\$ 410,601	\$ -	\$ (96,741)	\$ 313,860	\$ 96,741
Total component unit activities	\$ 410,601	\$ -	\$ (96,741)	\$ 313,860	\$ 96,741

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, 2015 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%.	\$ 238,000
	<u>238,000</u>
Less current maturities	(45,000)
Long-term liabilities	<u>\$ 193,000</u>

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

Year Ending June 30,	Principal	Interest	Total
2016	\$ 45,000	\$ 7,188	\$ 52,188
2017	46,000	5,829	51,829
2018	47,000	4,439	51,439
2019	49,000	3,020	52,020
2020	51,000	1,540	52,540
	<u>\$ 238,000</u>	<u>\$ 22,016</u>	<u>\$ 260,016</u>

CITY OF CLINTON, SOUTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Capital Lease Obligations

Capital leases payable at June 30, 2015 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%.	\$ 315,157
\$84,900 Leaf vacuum truck capital lease for 5 years, beginning November, 2011. Annual payments of \$18,217, including interest of 2.39%.	17,791
\$78,157 Grapple truck capital lease for 5 years, beginning November, 2012. Annual payments of \$16,670, including interest at 2.24%.	32,280
	\$ 365,228

The future minimum lease obligations as of June 30, 2015, were as follows:

Year Ending June 30,		
2016	\$	90,624
2017		72,407
2018		55,717
2019		55,717
2020		55,717
2021		55,717
Total Minimum Lease Obligation		385,899
Less Amount Representing Interest		(20,671)
Present Value of Minimum Lease Payments	\$	365,228

Proprietary Fund Debt

Revenue Bonds

Bonds payable at June 30, 2015 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.	\$ 3,276,670
\$4,000,000 Combined Utility System Refunding and Improvement Revenue Bonds of the City of Clinton, South Carolina, dated June 7, 2011. Annual maturities of \$114,000 to \$951,000 and semi-annual interest at 3.32% maturing in 2023.	3,533,000
Less current maturities	6,809,670
Long-term liabilities	(758,650)
	\$ 6,051,020

CITY OF CLINTON, SOUTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Debt service requirements to maturity including interest on all outstanding revenue bonds at June 30, 2015 are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 758,650	\$ 178,879	\$ 937,529
2017	796,337	162,801	959,138
2018	813,421	145,915	959,336
2019	829,856	128,679	958,535
2020	849,406	111,104	960,510
Thereafter	2,762,000	185,388	2,947,388
	<u>\$ 6,809,670</u>	<u>\$ 912,766</u>	<u>\$ 7,722,436</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 \$49,458 for the year ended June 30, 2015.

There are a number of 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, 2015 were comprised of the following:

\$88,331 Bucket truck capital lease for 5 years, beginning November, 2011. Annual payments of \$19,029, including interest at 2.51%.	\$ 18,553
\$72,155 Bucket truck capital lease for 5 years, beginning March, 2013. Annual payments of \$15,417, including interest at 2.3%.	24,878
\$152,432 Bucket truck capital lease for 68 months, beginning February, 2015. Annual payments of \$26,811, including interest at 1.78%.	152,432
\$49,574 Backhoe capital lease for 22 months, beginning August, 2014. Annual payments of \$25,169, including interest at 1.17%.	24,887
	<u>\$ 220,750</u>

The future minimum lease obligations as of June 30, 2015, were as follows:

CITY OF CLINTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Year Ending June 30,		
2016	\$	96,459
2017		26,811
2018		26,811
2019		26,811
2020		26,811
2021		26,811
Total Minimum Lease Obligation		230,514
Less Amount Representing Interest		(9,764)
Present Value of Minimum Lease Payments	\$	220,750

Discretely Presented Component Unit Debt

Note Payable

On April 15, 2010, the Economic Development Corporation financed the purchase of land held for resale by incurring a note payable of \$967,405. The note matures May 2019 with annual installments of \$96,741 beginning May 2011 with an interest rate of 4.75% payable for the first five years.

Annual debt requirements for the Economic Development Corporation’s note payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 96,741	\$ 17,414	\$ 114,155
2017	96,741	12,716	109,457
2018	96,741	8,021	104,762
2019	23,637	2,793	26,430
	\$ 313,860	\$ 40,944	\$ 354,804

Unavailable/Unearned Revenue

The balance in unavailable/unearned revenue on the fund statements and the government-wide statements at yearend is composed of the following elements:

	Fund Statements	Government- wide
Unavailable tax revenue	\$ 101,128	\$ -
Unearned revenue - other	3,604	3,604
	\$ 104,732	\$ 3,604

Unearned revenue of the discretely presented component unit of \$240,000 represents unearned rental income.

Interfund Receivables, Payables and Transfers

On June 30, 2015, the Enterprise Fund was due \$908,177 from the General Fund for utility services incurred by the General Fund.

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

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

	Transfer to General Fund
Transfer from	
Combined Utility Fund for contributions	\$ 1,640,837
Combined Utility Fund for overhead allocations	386,267
	\$ 2,027,104

Transfers were made to help cover operating and overhead expenses of the General Fund.

Component Unit

On June 30, 2015, the City had the following amounts due from the Economic Development Corporation for expenditures relating to economic development.

Due to General Fund	\$ 128,840
Due to Utility Fund	485,237
	\$ 614,077

Employee Retirement Systems – Pension Funds

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 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.

The SCRS and PORS plans are administered by the South Carolina Public Employee Benefit Authority (PEBA).

Membership

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

- SCRS and PORS – Generally, all employees of covered employers are required to participate in either the SCRS or PORS and contribute to the system as a condition of employment.

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

- State ORP – As an alternative to membership in SCRS, eligible employees 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 considered part of the retirement systems for financial statements purposes. Employee and Employer contributions to the State ORP are at the same rates as SCRS.

Benefits

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

- SCRS – Retired members are eligible for a monthly pension benefit. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.
- PORS – Retired members are eligible for a monthly pension benefit. 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.

Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the SCRS and PORS employer and employee contribution rates within certain parameters on the basis of the actuarial valuations.

Required employee contribution rates for fiscal year 2014-2015 are as follows:

SCRS

Employee Class Two	8.00% of earnable compensation
Employee Class Three	8.00% of earnable compensation

State ORP Employee

8.00% of earnable compensation

PORS

Employee Class One	\$21 per month
Employee Class Two	8.41% of earnable compensation
Employee Class Three	8.41% of earnable compensation

CITY OF CLINTON, SOUTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Required employer contributions for fiscal year 2014-2015 are as follows:

SCRS

Employee Class Two	10.75% of earnable compensation
Employee Class Three	10.75% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation

State ORP

Employer Contribution	10.75% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation

PORS

Employee Class One	7.80% of earnable compensation
Employee Class Two	13.01% of earnable compensation
Employee Class Three	13.01% of earnable compensation
Employer Incidental Death Benefit	0.20% of earnable compensation
Employer Accidental Death Program	0.20% of earnable compensation

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

At June 30, 2015, the City reported a liability of \$7,071,917 for its proportionate share of the net pension liability. A liability of \$4,131,331 was reported for governmental activities, and a liability of \$2,940,586 was reported for business-type activities. The net pension liability was measured as of June 30, 2014, 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, 2015, the City recognized pension expense of \$532,760. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 113,405	\$ 417,936	\$ 83,324	\$ 247,913
Changes of assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	-	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-	-	-
City contributions subsequent to the measurement date	294,307	-	175,600	-
Total	<u>\$ 407,712</u>	<u>\$ 417,936</u>	<u>\$ 258,924</u>	<u>\$ 247,913</u>

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

\$469,907 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

Net Pension Liability of the Plan

The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2013. The net pension liability of each defined benefit pension plan was therefore determined based on the July 1, 2013 actuarial valuations, using membership data as of July 1, 2013, projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2014, using generally accepted actuarial procedures.

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. As of June 30, 2014, NPL amounts for SCRS and PORS are as follows:

<u>System</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employers' Net Pension Liability (Asset)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
SCRS	\$ 42,955,205,796	\$ 25,738,521,026	\$ 17,216,684,770	59.9%
PORS	5,899,529,434	3,985,101,996	1,914,427,438	67.5%

Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

<u>Actuarial cost method</u>	<u>SCRS</u>	<u>PORS</u>
	<u>Entry age</u>	<u>Entry age</u>
Actuarial assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	levels off at 3.5%	levels off at 4.0%
Includes inflation at	2.75%	2.75%
Benefit adjustments	lesser of 1% or \$500	lesser of 1% or \$500

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

The post-retiree mortality assumption is dependent upon the member’s job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000.

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

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

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Discount Rate

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
System	1.00% Decrease 6.50%	Current Discount Rate 7.50%	1.00% Increase 8.50%
SCRS	\$ 22,279,455,340	\$ 17,216,684,770	\$ 12,992,881,787
PORS	2,675,362,636	1,914,427,438	1,284,816,794

Pension Plan Fiduciary Net Position

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

Post Retirement Health Care Benefits

Description

Effective July 1, 2008, the City adopted the provisions of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions (GASB 45). The City, through a substantive commitment to provide certain postretirement healthcare maintains a single employer defined benefit plan to provide certain postretirement healthcare benefits. For all participants that have a minimum of 25 years of uninterrupted service with the City and are eligible to retire under SCRS/SCPORS, the City explicitly provides the entire cost of coverage for retirees and 50% of the cost of coverage for their spouses prior to the age of 65 that is not paid for by 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.

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Funding Policy

As of June 30, 2015, there were 24 employee retirees receiving benefits. The Plan is financed on a pay-as-you-go basis and through separate contributions to the South Carolina Other Retirement Benefits Employer Trust (SCORBET), a tax-exempt governmental trust under Internal Revenue Code 115. SCORBET allows each member to choose a contribution amount into the trust based on the actuarially determined annual required contribution. Each member continues to contract with its current health provider for retiree health care coverage and the SCORBET pays the benefits chosen by the employer directly to the employer or provider. Each member also shares in the SCORBET's administrative and investment related expenses.

Annual OPEB Cost and Net OPEB Obligation (Asset)

The City's OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities or funding excess over a period not to exceed thirty years. The following table presents the OPEB cost for the year, the amount actually contributed and changes in the OPEB Plan for the year ended June 30, 2015:

Net OPEB Obligation (Asset)			
	Governmental Activities	Business-type Activities	Total
Annual required contribution (ARC)	\$ 108,981	\$ 75,652	\$ 184,633
Interest on net OPEB obligation	8,364	5,812	14,176
Adjustment to ARC	(9,482)	(6,583)	(16,065)
Annual OPEB cost	107,863	74,881	182,744
Contributions made	(75,514)	(54,838)	(130,352)
Increase in net OPEB (asset) obligation	32,349	20,043	52,392
Net OPEB obligation (assets), beginning of year	138,831	215,553	354,384
Net OPEB obligation (assets), end of year	\$ 171,180	\$ 235,596	\$ 406,776

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

Year Ended	Governmental Activities		Net OPEB Obligation (Asset)
	Annual OPEB Cost	% of OPEB Contributed	
June 30, 2015	\$ 107,863	70.00%	\$ 171,180
June 30, 2014	107,964	53.52%	138,831
June 30, 2013	102,995	63.80%	88,649
June 30, 2012	102,642	84.18%	51,367
June 30, 2011	102,017	91.83%	35,128

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Business-type Activities			
Year Ended	Annual OPEB Cost	% of OPEB Contributed	Net OPEB Obligation (Asset)
June 30, 2015	\$ 74,881	73.23%	\$ 235,596
June 30, 2014	71,928	39.94%	215,552
June 30, 2013	69,017	39.41%	172,351
June 30, 2012	72,797	38.42%	130,535
June 30, 2011	63,760	46.35%	85,707

Total			
Year Ended	Annual OPEB Cost	% of OPEB Contributed	Net OPEB Obligation (Asset)
June 30, 2015	\$ 182,744	71.33%	\$ 406,776
June 30, 2014	179,892	48.00%	354,383
June 30, 2013	172,012	54.01%	261,000
June 30, 2012	175,439	65.19%	181,902
June 30, 2011	165,777	74.34%	120,835

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the Plan had not been funded. The actuarial accrued liability for benefits was \$1,840,447, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,840,447. The covered payroll (annual payroll of active employees covered by the plan) was \$3,578,650, and the ratio of the UAAL to the covered payroll was 51.43%.

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

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

Actuarial Methods and Assumptions

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

The following table summarizes actuarial methods and assumptions used:

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Valuation Date	July 1, 2013
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar Amount, Closed
Amortization Period	25 years from July 1, 2013
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	4.00% annual returns net of both administrative and investment related expenses
Medical Cost Trend Rate	
Pre-Medicare Trend Rate	8.50% - 5.00%
Post-Medicare Trend Rate	0.00%
Ultimate Trend Rate	5.00%
Year of Ultimate Trend Rate	2018
Payroll Growth Rate	3.50%
Inflation Rate	2.75%

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

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

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

NOTE 3 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES AND COMMITMENTS

Piedmont Municipal Power Agency

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

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015

**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, 2015.

For the year ended June 30, 2015, the City's purchased power expense from PMPA was \$11,828,889. Also, the amount included in accounts payable and accrued liabilities for accrued purchased power from PMPA at June 30, 2015 is \$1,073,430.

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

At yearend, the City has outstanding commitments totaling \$81,612 for the purchase of utility department equipment. The City has an outstanding commitment totaling \$149,740 at June 30, 2015 to purchase a utility billing system which includes equipment, software, and implementation/training.

NOTE 4 – PRIOR PERIOD ADJUSTMENT

The City has recorded a prior period adjustment to the government-wide financial statements to adjust net pension liability and net position balance of prior years to implement GASB Statement No. 68. The adjustment is summarized below:

CITY OF CLINTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015

NOTE 4 – PRIOR PERIOD ADJUSTMENT - CONTINUED

	Governmental Activities	Business-type Activities
Prior Period Adjustment		
Beginning net position as previously reported at June 30, 2014	\$ 9,539,822	\$ 12,379,746
Prior period adjustment - Implementation GASB 68:		
Net pension liability (measurement date)	(4,394,990)	(3,063,518)
Deferred outflows - City's contributions made during fiscal year 2014	285,862	164,369
Total prior period adjustment	(4,109,128)	(2,899,149)
Net position as restated, July 1, 2014	\$ 5,430,694	\$ 9,480,597

The prior period adjustment recorded to the financial statements of the business-type activities was also recorded to the City's Proprietary Fund statements. The Proprietary Fund reports the same functions as presented in the business-type activities on the government-wide financial statements and, as such, is also reported on the accrual basis of accounting.

NOTE 5 – SUBSEQUENT EVENTS

In July 2015, the City was approved to receive a \$702,000 Regional Planning Grant from the Community Development Block Grant Program for the purpose of upgrading sewer lines in the Lydia Mill Village. Funds will be drawn as work progresses on the upgrades.

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, 2015

	General Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes	\$ 720,256	\$ 720,256	\$ 755,705	\$ 35,449
Licenses and permits	718,000	718,000	886,356	168,356
Intergovernmental revenues	858,000	858,000	877,638	19,638
Fines and forfeitures	191,000	191,000	159,598	(31,402)
Accommodations tax	60,000	60,000	208,236	148,236
Hospitality tax	300,000	300,000	400,668	100,668
Charges for services	802,744	802,744	906,227	103,483
Contributions and grants	480,000	480,000	809,792	329,792
Interest	5,000	5,000	6,289	1,289
Miscellaneous	-	-	95,152	95,152
Total revenues	4,135,000	4,135,000	5,105,661	970,661
EXPENDITURES				
Current				
General government	1,650,763	1,650,763	1,376,250	274,513
Public safety	2,720,386	2,720,386	2,753,296	(32,910)
Streets and sanitation	649,337	649,337	588,196	61,141
Museum	32,538	32,538	37,059	(4,521)
Culture and recreation	372,393	372,393	406,552	(34,159)
Accommodations	70,000	70,000	-	70,000
Planning & Inspection	223,269	223,269	199,431	23,838
Capital outlay	278,900	278,900	1,186,507	(907,607)
Debt service				
Principal retirement	190,000	190,000	76,922	113,078
Interest	70,944	70,944	11,353	59,591
Total expenditures	6,258,530	6,258,530	6,635,566	(377,036)
Excess of revenues over (under) expenditures	(2,123,530)	(2,123,530)	(1,529,905)	593,625
OTHER FINANCING SOURCES				
Proceeds from capital leases	-	-	315,157	315,157
Operating transfers in				
Overhead allocation transfer	386,267	386,267	386,267	-
Museum Reimbursement	5,000	5,000	-	(5,000)
Contributions-ED	150,000	150,000	80,837	(69,163)
Contributions transfer	1,582,263	1,582,263	1,560,000	(22,263)
Total other financing sources	2,123,530	2,123,530	2,342,261	218,731
Net change in fund balance	\$ -	\$ -	812,356	\$ 812,356
Fund Balance, beginning			4,503,623	
Fund Balance, ending			\$ 5,315,979	

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 FUNDING PROGRESS FOR RETIREE HEALTH PLAN
 JUNE 30, 2015

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

CITY OF CLINTON, SOUTH CAROLINA

SCHEDULE OF PENSION PLAN CONTRIBUTIONS *
SOUTH CAROLINA RETIREMENT SYSTEM AND POLICE OFFICER RETIREMENT SYSTEM

	<u>2015</u>
<u>SCRS</u>	
Contractually required Contribution	\$ 289,877
Contributions in relation to the contractually required contribution	<u>(289,877)</u>
Contribution deficiency (excess)	<u>\$ -</u>
City's covered-employee payroll	\$ 2,659,422
Contributions as a percentage of covered-employee payroll	10.9%
	<u>2015</u>
<u>PORS</u>	
Contractually required Contribution	\$ 180,031
Contributions in relation to the contractually required contribution	<u>(180,031)</u>
Contribution deficiency (excess)	<u>\$ -</u>
City's covered-employee payroll	\$ 1,342,510
Contributions as a percentage of covered-employee payroll	13.4%

* Fiscal year 2015 was the first year of GASB 68 implementation, therefore, only one year is shown.

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**

	2015
<u>SCRS</u>	
City's proportion of the net pension liability	0.028%
City's proportionate share of the net pension liability	\$ 4,854,244
City's covered-employee payroll	\$ 2,659,422
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	182.53%
Plan's fiduciary net position	\$ 25,738,521,026
Plan fiduciary net position as a percentage of the total pension liability from PEBA	59.9%
	2015
<u>PORS</u>	
City's proportion of the net pension liability	0.116%
City's proportionate share of the net pension liability	\$ 2,217,673
City's covered-employee payroll	\$ 1,342,510
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	165.19%
Plan's fiduciary net position	\$ 3,985,101,996
Plan fiduciary net position as a percentage of the total pension liability from PEBA	67.5%

* Fiscal year 2015 was the first year of GASB 68 implementation, therefore, only one year is shown.

OTHER SUPPLEMENTARY INFORMATION

CITY OF CLINTON, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2015

	<u>Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
General Government			
Mayor and City Council			
Salaries and employee benefits	\$ 55,968	\$ 56,920	\$ (952)
Operating	42,700	60,164	(17,464)
	<u>98,668</u>	<u>117,084</u>	<u>(18,416)</u>
Administration			
Salaries and employee benefits	256,398	264,313	(7,915)
Operating	523,900	153,218	370,682
Capital outlay	17,000	64,900	(47,900)
Debt service	185,392	52,516	132,876
	<u>982,690</u>	<u>534,947</u>	<u>447,743</u>
Economic Development			
Salaries and employee benefits	78,384	71,354	7,030
Operating	74,793	55,177	19,616
Capital outlay	-	370,392	(370,392)
	<u>153,177</u>	<u>496,923</u>	<u>(343,746)</u>
Municipal Court			
Salaries and employee benefits	70,876	73,091	(2,215)
Operating	75,140	126,748	(51,608)
	<u>146,016</u>	<u>199,839</u>	<u>(53,823)</u>
Legal Services			
Operating	28,000	93,352	(65,352)
	<u>28,000</u>	<u>93,352</u>	<u>(65,352)</u>
Finance Department			
Salaries and employee benefits	225,181	219,278	5,903
Operating	219,423	202,635	16,788
	<u>444,604</u>	<u>421,913</u>	<u>22,691</u>
Total General Government	<u>1,853,155</u>	<u>1,864,058</u>	<u>(10,903)</u>
Public Safety			
Police and Fire Divisions			
Salaries and employee benefits	2,261,305	2,116,587	144,718
Operating	459,081	636,709	(177,628)
Capital outlay	223,400	720,945	(497,545)
Debt service	40,645	-	40,645
	<u>2,984,431</u>	<u>3,474,241</u>	<u>(489,810)</u>
Planning and Inspections			
Salaries and employee benefits	134,419	136,921	(2,502)
Operating	88,850	62,510	26,340
Capital outlay	500	-	500
	<u>223,769</u>	<u>199,431</u>	<u>24,338</u>
Total Public Safety	<u>3,208,200</u>	<u>3,673,672</u>	<u>(465,472)</u>

(Continued)

CITY OF CLINTON, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED JUNE 30, 2015

	<u>Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Streets and Sanitation			
Streets			
Salaries and employee benefits	\$ 232,236	\$ 194,145	\$ 38,091
Operating	83,000	102,066	(19,066)
Capital outlay	15,000	30,270	(15,270)
Debt service	18,217	18,217	-
	<u>348,453</u>	<u>344,698</u>	<u>3,755</u>
Sanitation			
Salaries and employee benefits	204,326	158,156	46,170
Operating	129,775	133,829	(4,054)
Capital outlay	13,000	-	13,000
Debt service	16,690	17,542	(852)
	<u>363,791</u>	<u>309,527</u>	<u>54,264</u>
Total Streets and Sanitation	<u>712,244</u>	<u>654,225</u>	<u>58,019</u>
Museum			
Salaries and employee benefits	15,338	14,467	871
Operating	17,200	22,592	(5,392)
Total Museum	<u>32,538</u>	<u>37,059</u>	<u>(4,521)</u>
Cultural and Recreational			
Salaries and employee benefits	114,318	122,502	(8,184)
Operating	258,075	284,050	(25,975)
Capital	10,000	-	10,000
Total Cultural and Recreational	<u>382,393</u>	<u>406,552</u>	<u>(24,159)</u>
Accomodations			
Operating	70,000	-	70,000
Total Accomodations	<u>70,000</u>	<u>-</u>	<u>70,000</u>
Total General Fund Expenditures	<u>\$ 6,258,530</u>	<u>\$ 6,635,566</u>	<u>\$ (377,036)</u>

CITY OF CLINTON, SOUTH CAROLINA

**SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES
VICTIM'S RIGHTS FUNDS
YEAR ENDED JUNE 30, 2015**

Municipal Court Revenue to the City of Clinton

Court revenue booked in General Fund, excluding victim's rights and other police revenues'	\$ 142,916
Court assessment and surcharges to the State of SC	(105,414)
Court refunds	(2,542)
Net Court Revenues to the City of Clinton	<u>34,960</u>

Municipal Court Revenue to the State of SC

Conviction Surchasrges to State Treasurer	5,781
Court assessments to the State Treasurer	50,695
DUI Assessments to the State Treasurer	124
DUI Spinal Cord Research Charges to the State	1,034
DUI DPS Pullouts to the State	534
DUS DPS Pullouts to the State	6,199
Drug Surcharges to the State	13,437
Law Enforcement Surcharges to the State	22,546
Criminal Justice Academy Surcharges	4,494
DUI DUAC TEST convictions Fees	65
3% Collection Fees for Installment Purchases	506
Total Court Revenue sent to State	<u>105,414</u>

Victim Services

Court Assessments allocated to Victim Services	6,368
Court Surchasrds allocated to Victim Services	<u>6,503</u>
Funds Allocated to Victim Services	12,871
Victim Services and Expenditures	<u>(12,871)</u>

Excess of revenues over (under) expenditures for victim services	<u><u>\$ 0</u></u>
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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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental Activities										
Invested in capital assets, net of related debt	\$ 5,833,109	\$ 5,309,464	\$ 5,427,510	\$ 5,380,407	\$ 5,305,973	\$ 6,245,735	\$ 6,240,831	\$ 5,215,823	\$ 2,522,698	\$ 2,461,642
Restricted	3,569,743	3,111,647	2,687,316	2,192,390	1,930,725	120,951	60,000	25,073	-	-
Unrestricted	(2,649,209)	1,118,711	445,248	(212,777)	(530,943)	200,610	(664,830)	(481,829)	229,640	(471,974)
Total Governmental Activities Net Position	<u>6,753,643</u>	<u>9,539,822</u>	<u>8,560,074</u>	<u>7,360,020</u>	<u>6,705,755</u>	<u>6,567,296</u>	<u>5,636,001</u>	<u>4,759,067</u>	<u>2,752,338</u>	<u>1,989,668</u>
Business-type Activities										
Invested in capital assets, net of related debt	6,371,227	6,477,044	5,667,030	3,782,879	3,963,898	3,987,388	4,055,002	4,576,566	4,606,805	5,653,939
Restricted	2,112,982	3,099,918	4,152,646	4,275,228	4,532,590					
Unrestricted (Deficit)	2,373,018	2,802,784	2,846,938	2,193,526	893,495	3,970,723	3,459,117	3,784,152	4,271,333	3,672,367
Total Business-type Activities Net Position	<u>10,857,227</u>	<u>12,379,746</u>	<u>12,666,614</u>	<u>10,251,633</u>	<u>9,389,983</u>	<u>7,958,111</u>	<u>7,514,119</u>	<u>8,360,718</u>	<u>8,878,138</u>	<u>9,326,306</u>
Primary Government										
Invested in capital assets, net of related debt	12,204,336	11,786,508	11,094,540	9,163,286	9,269,871	10,233,123	10,295,833	9,792,389	7,129,503	8,115,581
Restricted	5,682,725	6,211,565	6,839,962	6,467,618	6,463,315	120,951	60,000	25,073		
Unrestricted	(276,191)	3,921,495	3,292,186	1,980,749	362,552	4,171,333	2,794,287	3,302,323	4,500,973	3,200,393
Total Primary Government Net Position	<u>\$ 17,610,870</u>	<u>\$ 21,919,568</u>	<u>\$ 21,226,688</u>	<u>\$ 17,611,653</u>	<u>\$ 16,095,738</u>	<u>\$ 14,525,407</u>	<u>\$ 13,150,120</u>	<u>\$ 13,119,785</u>	<u>\$ 11,630,476</u>	<u>\$ 11,315,974</u>
Prior Period Adjustment		(7,008,277)	(1,292,474)		(411,559)					
Total Primary Government Net Position, as restated		<u>\$ 14,911,291</u>	<u>\$ 19,934,214</u>		<u>\$ 15,684,179</u>					

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

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses										
Governmental Activities:										
General government	\$ 1,761,576	\$ 1,405,988	\$ 1,437,169	\$ 1,300,773	\$ 1,295,582	\$ 1,220,943	\$ 1,372,530	\$ 1,216,241	\$ 1,785,710	\$ 1,082,973
Public safety	2,889,177	2,995,522	2,711,603	2,693,083	3,296,784	3,371,542	3,706,146	3,478,603	3,379,432	3,285,175
Streets and sanitation	753,800	797,815	828,410	919,878	1,152,525	823,845	860,665	803,276	932,856	1,050,878
Museum	37,059	29,584	29,405	28,201	39,020	36,519	30,757	14,414	24,402	23,197
Cultural and recreation	406,552	374,683	341,133	371,595	344,306	414,612	380,733	487,729	423,428	347,284
General public	-	-	-	-	-	-	-	-	-	-
Interest on long-term debt	9,053	15,553	19,810	21,626	36,322	46,892	45,375	51,595	53,871	38,607
Total Governmental Activities Expenses	5,857,217	5,619,145	5,367,530	5,335,156	6,164,539	5,914,353	6,396,206	6,051,858	6,599,699	5,828,114
Business-type Activities:										
Public works	1,101,583	1,110,682	1,110,509	1,096,479	971,533	896,709	1,102,250	1,002,794	964,756	953,155
Water and sewer	3,701,979	3,782,066	3,421,807	3,412,646	3,314,660	3,540,149	3,543,150	3,412,184	3,710,374	3,097,398
Electric	13,679,676	12,643,973	11,875,161	11,807,148	11,075,488	10,177,208	9,901,610	9,717,295	9,021,313	9,215,461
Total Business-type Activities Expenses	18,483,238	17,536,721	16,407,477	16,316,273	15,361,681	14,614,066	14,547,010	14,132,273	13,696,443	13,266,014
Total Primary Government Expenses	24,340,455	23,155,866	21,775,007	21,651,429	21,526,220	20,528,419	20,943,216	20,184,131	20,296,142	19,094,128
Governmental Activities:										
Charges for services										
General government	1,055,056	850,204	945,883	700,768	728,486	726,281	784,473	-	-	-
Public safety	504,538	216,270	267,866	261,484	609,697	602,499	574,395	1,505,245	1,257,787	1,204,143
Streets and sanitation	392,587	773,109	733,790	752,282	353,313	370,654	369,226	373,479	358,592	321,559
Operating grants and contributions	530,275	534,760	663,171	553,166	1,088,829	1,116,663	1,318,142	615,355	1,168,980	-
Capital grants and contributions	291,273	-	-	-	358,835	31,761	557,642	811,434	1,000,000	697,809
Total Governmental Activities Program Revenues	2,773,729	2,374,343	2,610,710	2,267,700	3,139,160	2,847,858	3,603,878	3,305,513	3,785,359	2,223,511
Business-type Activities:										
Utility Sales	21,533,699	19,545,786	19,083,398	18,301,660	17,910,853	16,348,768	14,855,640	15,256,635	14,430,222	14,376,677
Hook up fees	56,490	47,131	38,731	38,450	42,771	41,400	38,965	40,180	42,250	40,353
Penalties	147,393	230,198	219,166	383,064	211,313	239,276	200,520	193,431	201,377	212,080
Operating grants and contributions	46,777	-	-	-	-	-	-	42,008	-	-
Capital grants and contributions	-	631,186	1,223,963	439,363	236,960	-	-	-	-	-
Total Business-type Activities Program Revenues	21,784,359	20,454,301	20,565,258	19,162,537	18,401,897	16,629,444	15,095,125	15,532,254	14,673,849	14,629,110
Total Primary Government Program Revenues	24,558,088	22,828,644	23,175,968	21,430,237	21,541,057	19,477,302	18,699,003	18,837,767	18,459,208	16,852,621
Net (Expense) Revenue										
Governmental Activities	(3,083,488)	(3,244,802)	(2,756,820)	(3,067,456)	(3,025,379)	(3,066,495)	(2,792,328)	(2,746,345)	(2,814,340)	(3,604,603)
Business-type Activities	3,301,121	2,917,580	4,157,781	2,846,264	3,040,216	2,015,378	548,115	1,399,981	977,406	1,363,096
Total Primary Government	217,633	(327,222)	1,400,961	(221,192)	14,837	(1,051,117)	(2,244,213)	(1,346,364)	(1,836,934)	(2,241,507)

(continued)

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes	\$ 2,092,958	\$ 1,958,731	\$ 1,686,392	\$ 1,642,785	\$ 1,666,738	\$ 1,748,808	\$ 1,682,231	\$ 1,504,992	\$ 1,326,390	\$ 1,231,373
Grants and contributions not restricted to specific programs	183,150	183,150	183,461	157,962	192,346	235,149	274,252	274,252	245,746	230,320
Miscellaneous	103,225	60,770	60,860	120,774	299,367	239,567	180,669	763,579	540,935	195,981
Transfers	2,027,104	2,021,899	2,026,161	1,800,200	1,740,045	1,679,446	1,587,583	1,688,105	1,609,055	1,577,860
Total Governmental Activities	4,406,437	4,224,550	3,956,874	3,721,721	3,898,496	3,902,970	3,724,735	4,230,928	3,722,126	3,235,534
Business-type Activities:										
Miscellaneous	102,613	145,787	283,361	227,145	131,701	108,060	192,870	158,682	183,451	185,225
Transfers	(2,027,104)	(2,057,761)	(2,026,161)	(1,800,200)	(1,740,045)	(1,679,446)	(1,587,583)	(1,688,105)	(1,609,055)	(1,577,860)
Total Business-type Activities	(1,924,491)	(1,911,974)	(1,742,800)	(1,573,055)	(1,608,344)	(1,571,386)	(1,394,713)	(1,529,423)	(1,425,604)	(1,392,635)
Total Primary Government	2,481,946	2,312,576	2,214,074	2,148,666	2,290,152	2,331,584	2,330,022	2,701,505	2,296,522	1,842,899
Change in Net Position										
Governmental Activities	1,322,949	979,748	1,200,054	654,265	873,117	836,475	932,407	1,484,583	907,786	(369,069)
Prior Period Adjustment	-	(4,109,128)	-	-	-	94,820	-	-	-	-
Total Governmental Activities	1,322,949	(3,129,380)	1,200,054	654,265	873,117	931,295	932,407	1,484,583	907,786	(369,069)
Business-type Activities	1,376,630	1,005,606	2,414,981	1,273,209	1,431,872	443,992	(846,598)	(129,442)	(448,198)	(29,539)
Prior Period Adjustment	-	(2,899,149)	(1,292,474)	-	(411,559)	-	-	-	-	-
Total Primary Government	\$ 2,699,579	\$ (5,022,923)	\$ 2,322,561	\$ 1,927,474	\$ 1,893,430	\$ 1,375,287	\$ 85,809	\$ 1,355,141	\$ 459,588	\$ (398,608)

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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental Activities										
General government	\$ 1,812,174	\$ 1,329,101	\$ 1,433,203	\$ 1,209,152	\$ 1,576,622	\$ 1,578,526	\$ 1,996,856	\$ 1,307,122	\$ 1,952,269	\$ 595,439
Public safety	544,536	236,969	423,052	282,809	689,669	735,989	1,080,858	1,550,448	1,377,674	1,306,513
Streets and sanitation	392,587	773,109	733,790	752,282	712,148	370,654	409,226	373,479	358,592	321,559
Museum	9,142	9,005	7,304	8,868	114,687	-	-	-	-	-
Cultural and recreation	15,290	26,159	13,361	14,589	46,034	143,439	116,938	74,464	96,823	-
Subtotal Governmental Activities	<u>2,773,729</u>	<u>2,374,343</u>	<u>2,610,710</u>	<u>2,267,700</u>	<u>3,139,160</u>	<u>2,828,608</u>	<u>3,603,878</u>	<u>3,305,513</u>	<u>3,785,358</u>	<u>2,223,511</u>
Business-type Activities:										
Public works	672,041	551,365	631,277	366,118	299,046	280,676	239,485	233,611	243,627	252,433
Water and sewer	4,433,347	4,665,325	4,398,735	4,588,589	4,323,426	4,059,056	3,854,730	4,246,996	3,881,204	3,742,092
Electric	16,678,971	15,237,611	15,535,246	14,207,830	13,560,212	12,289,712	11,000,910	11,051,647	10,549,018	10,634,595
Subtotal Business-type Activities	<u>21,784,359</u>	<u>20,454,301</u>	<u>20,565,258</u>	<u>19,162,537</u>	<u>18,182,684</u>	<u>16,629,444</u>	<u>15,095,125</u>	<u>15,532,254</u>	<u>14,673,849</u>	<u>14,629,120</u>
Total Primary Government	<u>24,558,088</u>	<u>22,828,644</u>	<u>23,175,968</u>	<u>21,430,237</u>	<u>21,321,844</u>	<u>19,458,052</u>	<u>18,699,003</u>	<u>18,837,767</u>	<u>18,459,207</u>	<u>16,852,631</u>
Prior Period Adjustment	-	-	(1,292,474)	-	(411,559)	-	-	-	-	-
Total Primary Government	<u>\$ 24,558,088</u>	<u>\$ 22,828,644</u>	<u>\$ 21,883,494</u>	<u>\$ 21,430,237</u>	<u>\$ 20,910,285</u>	<u>\$ 19,458,052</u>	<u>\$ 18,699,003</u>	<u>\$ 18,837,767</u>	<u>\$ 18,459,207</u>	<u>\$ 16,852,631</u>

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

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

	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund										
Nonspendable	\$ 95,169	\$ 97,674	\$ 97,467	\$ 96,025	\$ 96,879	\$ 93,888	\$ -	\$ -	\$ -	\$ -
Reserved	-	-	-	-	-	-	382,055	355,255	307,948	231,854
Restricted	3,569,743	3,111,647	2,687,316	2,192,390	1,930,725	1,284,056	-	-	-	-
Unreserved	-	-	-	-	-	-	(818,360)	(956,070)	(1,512,940)	(1,080,667)
Unrestricted:										
Committed	-	-	-	444,530	394,775	138,984	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	1,651,067	1,294,302	618,048	(512,100)	(769,688)	(980,315)	-	-	-	-
Total General Fund	5,315,979	4,503,623	3,402,831	2,220,845	1,652,691	536,613	(436,305)	(600,815)	(1,204,992)	(848,813)
All Other Governmental Funds										
Nonspendable	-	-	-	-	1,101,588	1,101,588	-	-	-	-
Reserved	-	-	-	-	-	-	1,062,588	1,148,810	1,148,810	1,448,778
Restricted	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	(303,173)	(173,388)	155,854	191,415
Unrestricted:										
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(386,787)	(238,437)	-	-	-	-
Total All Other Governmental Funds	-	-	-	-	714,801	863,151	759,415	975,422	1,304,664	1,640,193
Total Governmental Fund Balance	\$ 5,315,979	\$ 4,503,623	\$ 3,402,831	\$ 2,220,845	\$ 2,367,492	\$ 1,399,764	\$ 323,110	\$ 374,607	\$ 99,672	\$ 791,380

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,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues										
Taxes	\$ 755,705	\$ 678,011	\$ 518,687	\$ 482,014	\$ 591,042	\$ 651,227	\$ 662,479	\$ 613,895	\$ 646,308	\$ 629,118
Fees, licenses and permits	886,356	850,204	945,883	700,768	728,486	726,090	784,473	837,851	711,586	721,869
Intergovernmental	877,638	981,350	885,574	902,738	1,328,628	1,038,369	1,690,632	1,758,264	1,411,905	995,366
Fines and forfeitures	159,598	156,270	207,495	200,185	269,953	253,903	225,799	268,449	230,880	204,925
Accommodations tax	208,236	157,341	180,009	138,781	147,865	137,474	107,220	66,374	45,987	35,582
Hospitality tax	400,668	378,839	360,529	366,000	328,197	321,362	305,224	247,182	-	-
Charges for services	906,227	773,109	733,790	752,282	755,222	807,928	813,595	852,342	701,074	598,909
Contributions	809,792	534,760	663,171	514,966	991,159	964,005	1,290,153	1,081,773	709,547	489,985
Investment income	6,289	11,611	10,177	6,866	4,670	17,796	10,605	18,210	2,549	2,146
Miscellaneous	95,152	47,395	48,037	113,026	172,532	133,434	(151,790)	151,324	436,225	192,480
Total Revenues	5,105,661	4,568,890	4,553,352	4,177,626	5,317,754	5,051,588	5,738,390	5,895,664	4,896,061	3,870,380
Expenditures										
General government	1,376,250	1,254,950	1,279,074	1,182,040	1,191,967	1,098,197	1,235,251	1,089,052	1,676,950	997,309
Public safety	2,753,296	2,844,050	2,562,079	2,556,863	3,046,848	3,066,580	3,417,130	3,329,282	3,199,801	3,157,865
Streets and sanitation	588,196	603,563	636,656	685,314	1,009,491	684,463	718,471	776,723	833,831	930,179
Museum	37,059	29,584	29,405	28,201	39,020	36,519	30,757	14,415	24,403	22,401
Culture and recreation	406,552	374,683	341,133	365,832	338,353	407,862	374,258	472,873	410,236	332,852
Planning & Inspection	199,431	-	-	-	-	-	-	-	-	-
Capital outlay	1,186,507	175,483	325,339	463,461	634,859	319,008	1,617,592	1,448,925	1,562,234	240,756
Debt service										
Principal	76,922	192,131	201,178	180,569	298,351	339,572	204,236	302,037	437,930	128,853
Interest	11,353	15,553	22,663	25,549	66,082	46,999	40,959	59,084	51,439	37,872
Total Expenditures	6,635,566	5,489,997	5,397,527	5,487,829	6,624,971	5,999,200	7,638,654	7,492,391	8,196,824	5,848,087
Excess of Revenues Over (Under) Expenditures	(1,529,905)	(921,107)	(844,175)	(1,310,203)	(1,307,217)	(947,612)	(1,900,264)	(1,596,727)	(3,300,763)	(1,977,707)
Other Financing Sources (Uses)										
Contributions	-	-	-	-	-	-	-	-	1,000,000	-
Issuance of long-term debt	-	-	-	-	450,000	250,000	-	-	-	611,280
Proceeds from capital leases	315,157	-	-	78,157	84,900	-	176,927	-	-	74,180
Proceeds from bond issuance	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	1,355
Transfers in (out)	2,027,104	2,021,899	2,026,161	1,800,200	1,740,045	1,679,446	1,587,583	1,912,757	1,609,055	1,577,860
Total Other Financing Sources (Uses)	2,342,261	2,021,899	2,026,161	1,878,357	2,274,945	1,929,446	1,764,510	1,912,757	2,609,055	2,264,675
Net Change in Fund Balance	\$ 812,356	\$ 1,100,792	\$ 1,181,986	\$ 568,154	\$ 967,728	\$ 981,834	\$ (135,754)	\$ 316,030	\$ (691,708)	\$ 286,968
Debt Service as a percentage of noncapital expenditures	1.62%	3.91%	4.41%	4.10%	6.08%	6.81%	4.07%	5.98%	7.38%	2.97%

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

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

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
2004	2004	7,655,161	3,957,436	11,612,597	9.05	201,270,016	5.8%
2005	2005	7,681,321	3,909,031	11,590,352	9.05	204,168,749	5.7%
2006	2006	7,985,181	3,824,823	11,810,004	9.85	214,900,518	5.5%
2007	2007	7,807,600	3,684,127	11,491,727	9.85	211,137,532	5.4%
2008	2008	8,679,500	3,499,199	12,178,699	9.75	226,705,700	5.4%
2009	2009	8,718,720	3,225,845	11,944,565	9.75	222,968,991	5.4%
2010	2010	8,858,150	2,990,625	11,848,775	9.75	218,885,476	5.4%
2011	2011	9,061,950	2,979,578	12,041,528	9.75	222,797,962	5.4%
2012	2012	8,991,160	4,291,557	13,282,717	9.75	191,605,582	6.9%
2013	2013	8,974,170	3,003,103	11,977,273	9.75	190,095,907	6.3%
2014	2014	8,868,590	3,438,781	12,307,371	10.35	190,156,588	6.5%

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)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Property Tax Rates	10.35	9.75	9.75	9.75	9.75	9.75	9.75	9.75	9.85	9.85
City Direct Rates (2)	10.35	9.75	9.85	9.85						

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	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
BellSouth	\$ 361,080	1	2.93%	\$ 399,490	1	3.38%
Highland Park	290,740	2	2.36%			
The Clinton Hotel Group	273,430	3	2.22%	272,290	2	2.31%
National Health Care	225,268	4	1.83%	145,430	3	1.23%
Comfort Inn(Clinton Holdings)	159,600	5	1.30%	-		
ReHold Clinton, LLC(BILO Shopping Cer	132,590	6	1.08%	146,920	4	1.24%
Charter Communication	102,870	7	0.84%	104,210		
McDonalds	101,240	8	0.82%			
Ingles	97,020	9	0.79%	118,030	7	1.00%
Westchase	95,140	10	0.77%	71,670	9	0.61%
Landau Apartments(Turtlerock)(AIMCO)	89,570		0.73%	122,920	6	1.04%
Langston House	84,040		0.68%	116,990	8	0.99%
M S Bailey & Son Bankers	73,890		0.60%	146,920	5	1.24%
Quality Inn (Viram Enterprises)	52,610		0.43%	68910	10	0.58%
	<u>\$ 2,139,088</u>		<u>14.94%</u>	<u>\$ 1,713,780</u>		<u>13.6%</u>

Source: Laurens County Treasurer's Office

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Tax Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	530,679	423,096	80.0%	27,291	450,387	84.9%
2006	592,427	459,789	78.0%	30,472	490,261	82.8%
2007	531,559	487,557	91.7%	22,271	509,828	95.9%
2008	531,287	491,411	92.5%	28,695	520,106	97.9%
2009	532,686	483,412	90.7%	49,312	532,724	100.0%
2010	559,594	487,542	87.1%	62,136	549,678	98.2%
2011	553,011	480,089	86.8%	33,189	513,278	92.8%
2012	530,004	455,854	86.0%	64,582	520,436	98.2%
2013	498,539	463,419	86.0%	7,341	470,760	94.4%
2014	685,061	622,929	90.9%	18,997	641,926	93.7%
2015	671,775	596,078	88.7%	-	596,078	88.7%

Source: Laurens County Treasurer's Office

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

General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Population	Per Capita (1)
Fiscal Year Ended June 30	General Obligation Bonds	Total			
2006	689,934	689,934	0.34%	8,926	77.29
2007	596,158	596,158	0.28%	8,891	67.05
2008	500,582	500,582	0.24%	8,934	56.03
2009	404,720	404,720	0.18%	8,923	45.36
2010	303,123	303,123	0.14%	8,506	35.64
2011	635,437	635,437	0.29%	8,521	74.57
2012	520,752	520,752	0.23%	8,503	61.24
2013	403,013	403,013	0.21%	8,550	47.14
2014	282,000	282,000	0.15%	8,550	32.98
2015	238,000	238,000	0.13%	8,550	27.84

(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)
2006	689,934	153,968	843,902	0.68%	95
2007	596,158	114,685	710,843	0.56%	80
2008	500,582	257,875	758,457	0.58%	85
2009	404,720	328,428	733,148	0.55%	82
2010	303,123	213,624	516,747	0.40%	61
2011	635,437	225,337	860,774	0.64%	101
2012	520,752	237,610	758,362	0.55%	89
2013	403,013	154,171	557,184	0.40%	65
2014	282,000	83,053	365,053	0.25%	43
2015	238,000	365,229	603,229	0.41%	71

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)
2006	7,660,050	(406,502)	200,830	-	7,454,378	6.01%	835
2007	7,112,612	(344,466)	152,668	-	6,920,814	5.47%	778
2008	6,623,450	(348,430)	244,008	-	6,519,028	5.00%	730
2009	6,512,506	(319,394)	289,482	448,092	6,930,686	5.20%	777
2010	5,920,915	(290,359)	202,251	-	5,832,807	4.48%	686
2011	9,371,568	(261,323)	216,036	-	9,326,281	6.97%	1,095
2012	8,744,696	(232,286)	220,749	-	8,733,159	6.39%	1,027
2013	8,013,689	(356,352)	126,724	-	7,784,061	5.52%	910
2014	7,272,487	(296,761)	85,140	-	7,060,866	4.89%	826
2015	6,809,670	(247,293)	220,750	-	6,783,127	4.58%	793

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)
2006	8,349,984	(406,502)	354,798	-	8,298,280	6.69%	930
2007	7,708,770	(344,466)	267,353	-	7,631,657	6.03%	858
2008	7,124,032	(348,430)	501,883	-	7,277,485	5.58%	815
2009	6,917,226	(319,394)	617,910	448,092	7,663,834	5.74%	859
2010	6,224,038	(290,359)	415,875	-	6,349,554	4.87%	746
2011	10,007,005	(261,323)	441,373	-	10,187,055	7.62%	1,196
2012	9,265,448	(232,286)	458,359	-	9,491,521	6.94%	1,116
2013	8,416,702	(356,352)	280,895	-	8,341,245	5.92%	976
2014	7,554,487	(296,761)	168,193	-	7,425,919	5.14%	869
2015	7,047,670	(247,293)	585,979	-	7,386,356	4.99%	864

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 2015

Assessed value	<u>\$ 12,307,371</u>
Debt limit (8% of total assessed value)	<u>984,590</u>
Debt applicable to limit:	
General obligation bonds	238,000
Less: Amount set aside for repayment	-
Total net debt applicable to limit	<u>238,000</u>
Legal debt margin	<u>\$ 746,590</u>

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Debt Limit	\$ 984,590	\$ 798,075	\$ 808,993	\$ 963,322	\$ 947,902	\$ 955,565	\$ 974,296	\$ 919,338	\$ 944,800	\$ 927,228
Total Net Debt Applicable to Limit	<u>238,000</u>	<u>282,000</u>	<u>403,013</u>	<u>520,752</u>	<u>635,437</u>	<u>303,123</u>	<u>404,720</u>	<u>500,582</u>	<u>596,158</u>	<u>689,934</u>
Legal Debt Margin	<u>\$ 746,590</u>	<u>\$ 516,075</u>	<u>\$ 405,980</u>	<u>\$ 442,570</u>	<u>\$ 312,465</u>	<u>\$ 652,442</u>	<u>\$ 569,576</u>	<u>\$ 418,756</u>	<u>\$ 348,642</u>	<u>\$ 237,294</u>
Total Net Debt Applicable to the Limit as a % of Debt Limit	24.17%	35.34%	49.82%	54.06%	67.04%	31.72%	41.54%	54.45%	63.10%	74.41%
Total General Bonded Debt as a Percentage of Actual Taxable Value	0.15%	15.00%	0.21%	0.24%	0.29%	0.14%	0.13%	0.19%	0.23%	0.29%
Total Net General Bonded Debt per Capita	\$ 28	\$ 33	\$ 47	\$ 61	\$ 70	\$ 33	\$ 44	\$ 55	\$ 65	\$ 76

- 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, 2015

City of Clinton	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Direct and Overlapping Debt
Total direct debt	603,229	100%	603,229
Total direct and overlapping debt	603,229	100%	603,229

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		
2006	14,505,825	12,903,742	1,602,083	535,777	312,123	1.89
2007	14,533,442	13,317,342	1,216,100	547,439	327,590	1.39
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	20,278,013	18,050,032	2,227,981	462,818	189,336	3.42

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
2006	8,926	126,831,337	13,896	3,208	6.90%
2007	8,891	126,598,949	14,239	3,108	6.50%
2008	8,934	130,351,227	14,590	3,173	12.40%
2009	8,923	133,404,277	14,951	3,279	11.40%
2010	8,506	130,308,853	15,320	3,158	10.90%
2011	8,521	133,760,780	15,698	3,077	9.90%
2012	8,503	136,772,912	16,085	3,070	9.90%
2013	8,550	140,923,595	16,482	3,077	8.20%
2014	8,550	144,402,063	16,889	3,133	5.60%
2015	8,550	147,966,391	17,306	3,112	6.60%

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 2000, 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, 2015		June 30, 2006	
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 School District #56		Laurens County School District #56	
National Health Corporation		National Health Corporation	
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		Thornwell Orphanage	
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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government	8	7	6	6	6	6	6	6	6	5
Public Safety	40	40	40	40	40	44	45	52	49	50
Streets	4	4	5	4	3	3	3	4	5	8
Culture and Recreation	2	2	2	4	3	2	2	3	3	3
Public Works & Sanitation	6	6	6	6	6	6	7	7	7	7
Building Inspector/Planning	2	3	3	3	3	3	3	3	2	3
Utility Employees	40	38	38	38	38	38	37	38	35	35
Total	102	100	100	101	99	102	103	113	107	111

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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government										
Building permits issued	164	154	181	179	171	157	124	120	129	133
Public Safety										
Police department										
Criminal/physical non-juvenile arrests(2)	2,415	2,315	2,979	2,725	2,800	2,879	2,737	2,198	2,456	1,586
Fire department										
Fire calls	810	781	835	746	766	749	575	755	510	765
Fire inspections	287	317	113	435	124	100	88	55	42	65
Streets and Sanitation										
Street resurfacing (in miles)	0	0	0	-	-	-	-	-	-	-
Refuse collected (tons per year)	2,807	2,950	2,899	3,964	3,494	3,340	3,706	3,306	3,207	2,367
Maintenance										
Average Equipment Repairs/month	81	81	81	81	81	61	75	80	70	84
Cultural and Recreational										
Museum Operating Hours	168	168	168	168	168	168	168	168	168	168
Public Works										
Water Meters Replaced (1)	1,440	1,841	812	205	205	98	133	97	97	120
Water and Sewer										
Water										
Average daily consumption (in millions of gallons)	2	2	2	2	2	2	2	3	3	2
Number of consumers	4,208	4,154	4,251	4,260	4,377	4,411	4,334	4,388	4,378	4,283
Sewer										
Electric										
Number of consumers	4,020	3,999	4,069	4,075	4,285	4,392	4,102	4,326	4,322	4,148

Sources: Various City department records.

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

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

Function/Program	Fiscal Years									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Public Safety										
Police department										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	26	22	22	22	22	32	29	29	25	25
Fire Department										
Fire Stations	2	2	2	2	2	2	2	2	2	2
Service units	9	9	9	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	23	23	23	23	23	23
Number of Street Lights	1,295	1,295	1,295	1,295	1,285	1,279	1,279	1,276	1,276	1,276
Cultural and Recreational										
Number of Parks	7	7	7	7	7	7	7	7	7	7
Museum	1	1	1	1	1	1	1	1	1	1
Acreage	21	21	21	21	21	21	21	21	21	21
Public Works										
Storm Sewers (in miles)	53	53	53	53	53	53	53	53	53	53
Water and Sewer										
Water main (in miles)	104	103	103	103	101	101	101	101	101	74
Sanitary sewers (in miles)	64	63	63	63	63	63	63	63	63	60
Electric										
Distribution lines (in miles)	81	80	80	80	75	75	70	70	70	70
Number of Substations	4	4	4	4	4	4	4	4	4	4

Source: Capital Asset schedules and various department records.