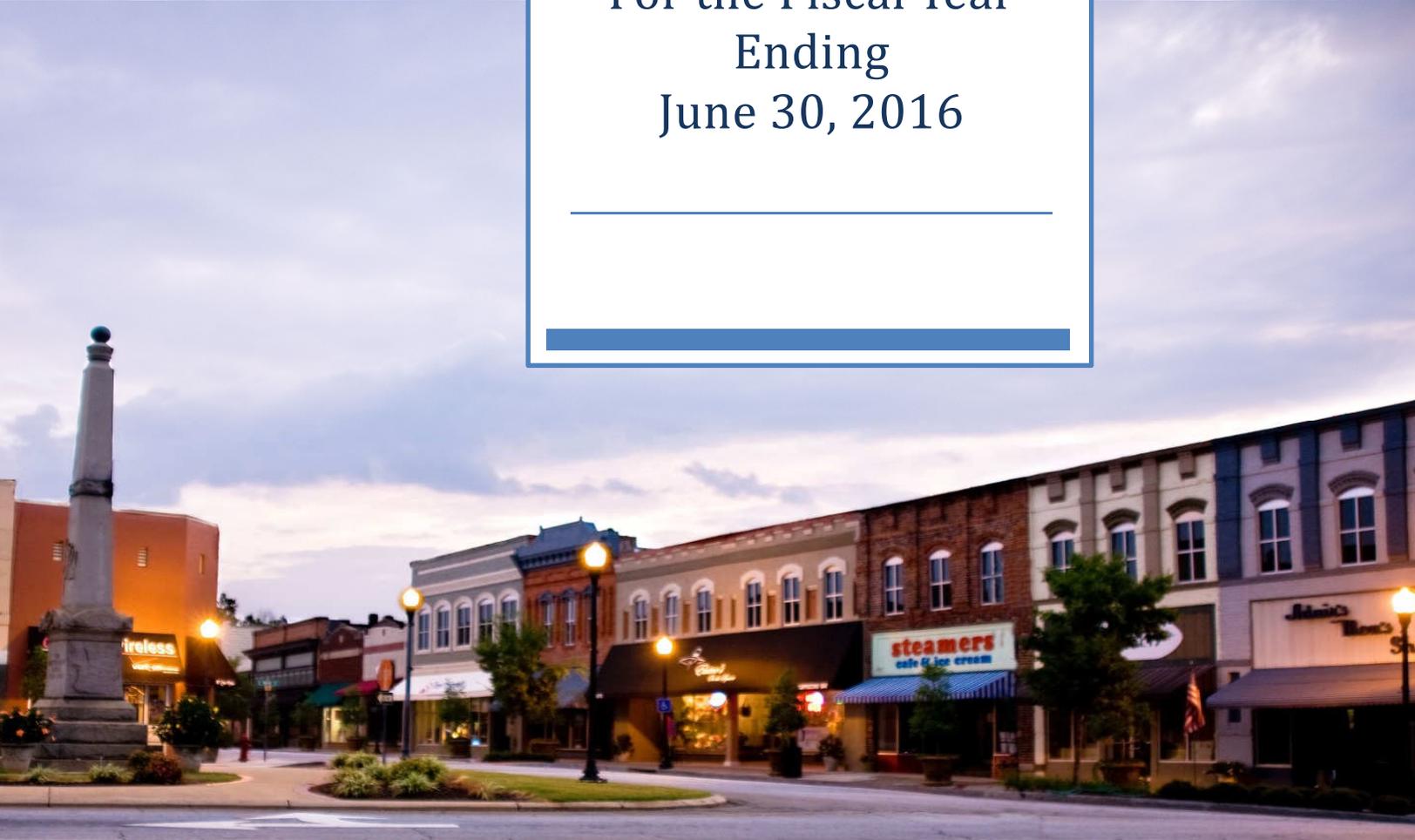


City of Clinton Comprehensive Annual Financial Report



CLINTON
South Carolina

For the Fiscal Year
Ending
June 30, 2016



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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**Submitted By:
Finance Department**

**CITY OF CLINTON
CLINTON, SOUTH CAROLINA**

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INTRODUCTORY SECTION



CLINTON

South Carolina

Robert T. McLean
Mayor

November 11, 2016

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

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

Jerre Threatt
Director Dept. of
Community & Economic
Development

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, 2014.

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

The independent certified public accounting firm of McKinley Cooper, Certified Public Accountants, has audited the City of Clinton's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Clinton for the fiscal year ended June 30, 2016, 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, 2016, are fairly presented in conformity with GAAP in all material respects. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Government

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

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

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

Factors Affecting Financial Condition

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

Local Economy

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

the City's utilities. The City is served by Laurens County Memorial Hospital 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 for the Pharmacy School has now tapered off.

Long-term Financial Planning

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

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

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

Financial Policies and Budgetary Initiatives

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

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

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

Internal Controls

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

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

Awards and Acknowledgments

The Governmental Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Clinton for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2015. This was the 27th 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.

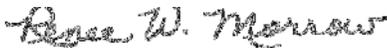
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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



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, 2015

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, 2016 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 11, 2016

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, 2016, 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 9-19 and required supplementary information on pages 56-60, 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 11, 2016

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, 2016. 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

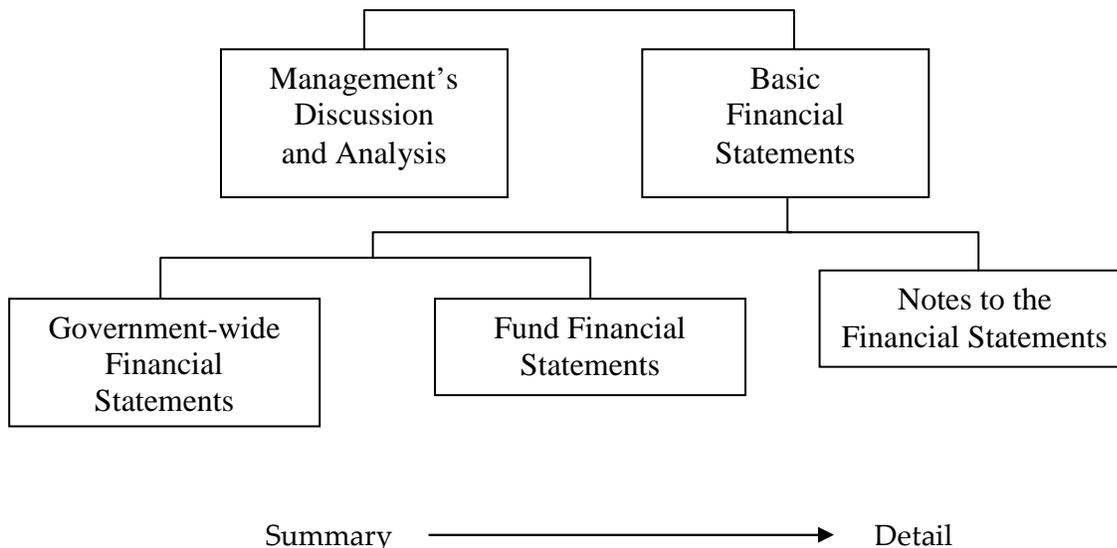
- The net position of the City of Clinton totaled \$18,928,780 at the close of the fiscal year.
- The government's total net position increased by \$1,317,910 due to increases in the both business-type activities, and governmental activities during the current fiscal year.
- As of the close of the current fiscal year, the City's governmental fund reported an ending fund balance of \$6,486,475, an increase of \$1,170,496 from the prior year. The City's unassigned fund balance is \$2,216,119.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (pages 20-21) 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 22-29) 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 30-56 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	
	2016	2015	2016	2015	2016	2015
Current and Other Assets	\$ 6,779,191	\$ 5,672,184	\$ 10,327,966	\$ 11,069,040	\$ 17,107,157	\$ 16,741,224
Capital Assets	6,334,178	6,436,397	11,920,333	11,372,311	18,254,511	17,808,708
Total Assets	13,113,369	12,108,581	22,248,299	22,441,351	35,361,668	34,549,932
Deferred Outflows of Resources	442,933	407,712	492,072	50,226	935,005	913,938
Long-term Liabilities						
Outstanding	5,517,358	5,087,837	9,955,048	10,281,693	15,472,406	15,369,530
Other Liabilities	250,478	256,877	1,561,852	1,560,744	1,812,330	1,817,621
Total Liabilities	5,767,836	5,344,714	11,516,900	11,842,437	17,284,736	17,187,151
Deferred Inflows of Resources	77,286	417,936	5,871	247,913	83,157	665,849
Net Position						
Net investment in capital assets	5,749,034	5,833,109	5,624,722	6,371,227	11,373,756	12,204,336
Restricted	4,176,097	3,569,743	1,423,153	2,112,982	5,599,250	5,682,725
Unrestricted	(2,213,951)	(2,649,209)	4,169,725	2,373,018	1,955,774	(276,191)
Total Net Position	\$ 7,711,180	\$ 6,753,643	\$ 11,217,600	\$ 10,857,227	\$ 18,928,780	\$ 17,610,870

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 \$35,361,668 and \$935,005, respectively, exceeded liabilities and deferred inflows by \$18,928,780 as of June 30, 2016. The City's net position increased by \$1,317,910 for the fiscal year ended June 30, 2016. However, the largest portion of net position (60%) reflects the City's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The City of Clinton uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Clinton's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The unrestricted net position balance of the City is \$1,955,774 as of June 30, 2016.

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 fiscal years ending on or after June 30, 2015.

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

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

Net Position	<u>2016</u>	<u>2015</u>	<u>Increase/ (Decrease)</u>
Net Investment in Capital Assets	\$ 11,373,756	\$ 12,204,336	\$ (830,580)
Restricted	5,599,250	5,682,725	(83,475)
Unrestricted (exclusive of GASB 68)	9,148,844	6,794,939	2,353,905
Unrestricted (GASB 68 portion)	<u>(7,193,070)</u>	<u>(7,071,130)</u>	<u>(121,940)</u>
Total Net Position	<u>\$ 18,928,780</u>	<u>\$ 17,610,870</u>	<u>\$ 1,317,910</u>

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**City of Clinton
Changes in Net Position**

Figure 3

	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 1,924,377	\$ 1,952,181	\$ 21,414,965	\$ 21,737,582	\$ 23,339,342	\$ 23,689,763
Operating grants and contributions	540,041	530,275	12,849	-	552,890	530,275
Capital grants and contributions	-	291,273	-	46,777	-	338,050
General revenues:						
Property taxes	848,444	803,106	-	-	848,444	803,106
Other taxes	1,351,370	1,289,852	-	-	1,351,370	1,289,852
Grants and contributions not restricted to specific programs	183,150	183,150	-	-	183,150	183,150
Other	134,696	103,225	95,620	102,613	230,316	205,838
Total revenues	<u>4,982,078</u>	<u>5,153,062</u>	<u>21,523,434</u>	<u>21,886,972</u>	<u>26,505,512</u>	<u>27,040,034</u>
Expenses:						
General government	1,653,849	1,761,576	-	-	1,653,849	1,761,576
Public safety	3,106,087	2,889,177	-	-	3,106,087	2,889,177
Streets and sanitation	792,868	753,800	-	-	792,868	753,800
Museum	35,460	37,059	-	-	35,460	37,059
Cultural and recreation	422,383	406,552	-	-	422,383	406,552
Interest on long-term debt	15,161	9,053	-	-	15,161	9,053
Public works	-	-	1,261,039	1,101,583	1,261,039	1,101,583
Water and sewer	-	-	4,053,908	3,701,979	4,053,908	3,701,979
Electric	-	-	13,846,847	13,679,676	13,846,847	13,679,676
Total expenses	<u>6,025,808</u>	<u>5,857,217</u>	<u>19,161,794</u>	<u>18,483,238</u>	<u>25,187,602</u>	<u>24,340,455</u>
Changes in net position before transfers	(1,043,730)	(704,155)	2,361,640	3,403,734	1,317,910	2,699,579
Transfers	2,001,267	2,027,104	(2,001,267)	(2,027,104)	-	-
Change in net position	957,537	1,322,949	360,373	1,376,630	1,317,910	2,699,579
Net Position, Beginning	6,753,643	5,430,694	10,857,227	9,480,597	17,610,870	14,911,291
Net Position, Ending	<u>\$ 7,711,180</u>	<u>\$ 6,753,643</u>	<u>\$ 11,217,600</u>	<u>\$ 10,857,227</u>	<u>\$ 18,928,780</u>	<u>\$ 17,610,870</u>

Governmental Activities

Governmental activities increased the City's net position by \$957,537. Net position decreased by \$1,043,730 before transfers due to expenses in excess of revenues. Transfers from business-type activities of \$2,001,267 resulted in the net increase of \$957,537 in the governmental net position. Significant receipts were from private contributions of \$505,814.

Business-type Activities

Business-type activities increased the City of Clinton's net position by \$360,373. The key elements of this increase are:

- Utility revenue was slightly less during Fiscal Year 2015-2016 than Fiscal Year 2014-2015.
- Grant funds received were insubstantial during Fiscal Year 2015-2016.
- The Proprietary Fund held expenses under revenues, which contributed to an increase of \$2,361,640 before transfers.
- A transfer of \$2,001,267 to governmental activities resulted in a net increase of \$360,373 in the net position of business-type activities.

Financial Analysis of the City's Funds

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

Governmental Funds

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

The General Fund is the chief operating fund of the City of Clinton. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$2,216,119 while total fund balance was \$6,486,475. 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 \$1,170,496. Key factors in this increase are as follows:

- Funds from other financing sources totaling \$2,168,647 were received and consisted of the transfer from the Utility Fund of \$2,001,267 and \$167,380 in loan proceeds.
- Collections from Hospitality and State and Local Accommodations taxes totaled \$650,322. Since these funds have restrictions imposed on them, most was retained and added to fund balance.
- Permits and Inspections Revenue was \$80,465 which is an increase of \$31,962 as compared to the last fiscal year. Large renovations and new construction by private parties contributed to the increase.
- Property tax revenues increased by approximately \$134,000 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, Local Option Sales, Hospitality, and Accommodations Taxes. Business license fees were over budget by \$150,000 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 by \$11,000 partly due to extra insurance premiums required by SC PEBA. Also, the morale and welfare line item exceeded the budget by \$4,600 and Telephone costs were over budget, as well.
- The Municipal Court is over budget by \$54,954 due to State Fine Transfers.
- The Street and Sanitation Department operations and Capital Outlay sections are over budget mainly due to street maintenance. The Street Department also purchased a new street sweeper for \$210,580, of which \$167,380 was offset by Loan Proceeds.
- The Cultural and Recreation Department is over budget in salaries and employer costs due to the reallocation of labor in the Sanitation Department which is under budget. Labor is over budget due to the completion of the Martha Dendy Park. Town Beautification is over-budget, as well.
- The Museum is under-budget as a whole but the operations section of the budget is over budget due to expenditures to get rid of and repair damage by rodents (squirrels).
- In many of the departments, salaries and employee benefits are over budget which can be attributed to increased South Carolina retirement costs and health insurance premiums.

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 \$4,169,725. The total increase in net position for the fund was \$360,373. 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, 2016, totals \$18,254,511, (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

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

- The City purchased equipment for the Public Safety Department that included car cameras and related equipment for \$12,500, LIVE Scan equipment for \$35,700, radio system for \$13,000, a speed sign for \$6,700 and three new public safety vehicles for \$104,000. Public Works purchased a Tymco street sweeper for \$210,580 and a new mower for \$6,800. The Utility Department purchased a catskid and forestry equipment for \$134,000, bucket truck for \$188,000, a crane truck for \$91,000 and six vehicles for \$145,000 with one as shared costs

with the General Fund for \$23,000. Various other equipment that totaled \$190,000 included Sewer System Scada \$33,600; security gates and cameras \$13,000; Shared Hydra Stop \$17,000; radio system \$45,000; river leaf screen \$56,000 and river pump motor replacement \$25,000.

- 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.
- During 2015-2016, software installations for \$205,000 and remote read metering for \$210,000 were spent and will remain in progress for the year 2017. The completion of the installation of utilities along the frontage road contributed to the large addition to other improvements that are no longer considered construction in progress.

City of Clinton
Capital Assets

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 1,197,166	\$ 1,197,166	\$ 11,983	\$ 11,983	\$ 1,209,149	\$ 1,209,149
Building	2,285,691	2,350,234	136,582	160,647	2,422,273	2,510,881
Improvements Other than Buildings	1,539,138	1,730,221	8,133,726	7,825,118	9,672,864	9,555,339
Vehicles and Other Equipment	1,310,646	1,157,239	1,136,224	569,555	2,446,870	1,726,794
Construction in Progress	1,537	1,537	2,501,818	2,805,008	2,503,355	2,806,545
	\$ 6,334,178	\$ 6,436,397	\$ 11,920,333	\$ 11,372,311	\$ 18,254,511	\$ 17,808,708

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, 2016, the City of Clinton had total bonded debt outstanding of \$6,244,020. Of this, \$193,000 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	
	2016	2015	2016	2015	2016	2015
General Obligation						
Bonds	\$ 193,000	\$ 238,000	\$ -	\$ -	\$ 193,000	\$ 238,000
Revenue Bonds	-	-	6,051,020	6,809,670	6,051,020	6,809,670
	<u>\$ 193,000</u>	<u>\$ 238,000</u>	<u>\$ 6,051,020</u>	<u>\$ 6,809,670</u>	<u>\$ 6,244,020</u>	<u>\$ 7,047,670</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 \$918,920. The City has \$193,000 in general obligation bonds outstanding at June 30, 2016. 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.

- *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 will not increase property taxes for the 2016/2017 budget. 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, as well as sanitation services, 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. The City did not adjust water rates or sewer collection rates, however the City contracts with a third party to treat the sanitary sewer at a regional facility. The outside party did raise rates by 3%, necessitating that the City also raise the cost for treatment billed to each customer by a corresponding percentage. The City strives to keep the treatment charge that it charges to the customers equal to the charges that the City incurs. A treatment adjustment charge was added to the bill to ensure adequate cost recovery for the treatment portion of the sewer bill in 2015 since treatment is performed by contract between the City of Clinton and the Laurens County Water & Sewer Commission. Sanitation rates were increased by \$0.50 per month.

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF CLINTON, SOUTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Economic Development Corporation
ASSETS				
Cash and cash investments	\$ 2,713,795	\$ 1,423,153	\$ 4,136,948	\$ 1,640,196
Restricted cash	4,176,097	3,605,285	7,781,382	-
Taxes receivable - net	57,216	-	57,216	-
Other receivables - net	271,317	3,431,861	3,703,178	-
Due from component unit	240,094	485,237	725,331	-
Internal balances	(683,036)	683,036	-	-
Inventories	3,708	699,394	703,102	-
Land held for resale	-	-	-	1,475,315
Capital assets				
Land and construction in progress	1,198,703	2,513,801	3,712,504	176,036
Other capital assets - net of depreciation	5,135,475	9,406,532	14,542,007	749,762
Total assets	13,113,369	22,248,299	35,361,668	4,041,309
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding bond	-	197,843	197,843	-
Deferred outflows related to pensions	442,933	294,229	737,162	-
Total deferred outflows of resources	442,933	492,072	935,005	-
LIABILITIES				
Accounts payable and accrued liabilities	248,678	1,316,507	1,565,185	129,931
Customer deposits	-	228,031	228,031	-
Unearned revenue	-	-	-	240,000
Accrued interest payable	1,800	17,314	19,114	1,266
Due to primary government	-	-	-	725,331
Long-term liabilities				
Net OPEB obligation	212,112	274,588	486,700	-
Net pension liability	4,564,368	3,282,707	7,847,075	-
Due within one year	230,761	870,734	1,101,495	96,741
Due in more than one year	510,117	5,527,019	6,037,136	120,378
Total liabilities	5,767,836	11,516,900	17,284,736	1,313,647
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	77,286	5,871	83,157	-
Total deferred inflows of resources	77,286	5,871	83,157	-
NET POSITION				
Net investment in capital assets	5,749,034	5,624,722	11,373,756	749,762
Restricted for				
Debt service	324	98,406	98,730	-
Tourism	4,155,392	-	4,155,392	-
Public safety	20,381	-	20,381	-
Capital projects	-	1,324,747	1,324,747	-
Unrestricted	(2,213,951)	4,169,725	1,955,774	1,977,900
Total net position	\$ 7,711,180	\$ 11,217,600	\$ 18,928,780	\$ 2,727,662

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

CITY OF CLINTON, SOUTH CAROLINA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Economic Development Corporation
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 1,653,849	\$ 997,433	\$ 532,295	\$ -	\$ (124,121)	\$ -	\$ (124,121)	\$ -
Public safety	3,106,087	533,142	1,000	-	(2,571,945)	-	(2,571,945)	-
Streets and sanitation	792,868	393,802	-	-	(399,066)	-	(399,066)	-
Museum	35,460	-	6,746	-	(28,714)	-	(28,714)	-
Cultural and recreational	422,383	-	-	-	(422,383)	-	(422,383)	-
Interest on long-term debt	15,161	-	-	-	(15,161)	-	(15,161)	-
Total governmental activities	6,025,808	1,924,377	540,041	-	(3,561,390)	-	(3,561,390)	-
Business-type activities								
Public works	1,261,039	651,181	-	-	-	(609,858)	(609,858)	-
Water and sewer	4,053,908	4,549,746	-	-	-	495,838	495,838	-
Electric	13,846,847	16,214,038	12,849	-	-	2,380,040	2,380,040	-
Total business-type activities	19,161,794	21,414,965	12,849	-	-	2,266,020	2,266,020	-
Total primary government	\$ 25,187,602	\$ 23,339,342	\$ 552,890	\$ -	(3,561,390)	2,266,020	(1,295,370)	-
Component unit								
Economic Development Corporation	\$ 649,426	\$ -	\$ -	\$ 971,690	-	-	-	322,264
	<u>\$ 649,426</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 971,690</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>322,264</u>
General revenues								
Taxes								
Property taxes, levied for general purposes					848,444	-	848,444	-
Local option sales tax					701,048	-	701,048	-
Hospitality tax					418,175	-	418,175	-
Other taxes					232,147	-	232,147	-
State-shared revenues					183,150	-	183,150	-
Unrestricted investment earnings					32,967	16,857	49,824	1,026
Miscellaneous					101,729	78,763	180,492	59,904
Transfers					<u>2,001,267</u>	<u>(2,001,267)</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers					<u>4,518,927</u>	<u>(1,905,647)</u>	<u>2,613,280</u>	<u>60,930</u>
Change in net position					957,537	360,373	1,317,910	383,194
Net position, beginning					<u>6,753,643</u>	<u>10,857,227</u>	<u>17,610,870</u>	<u>2,344,468</u>
Net position, ending					<u>\$ 7,711,180</u>	<u>\$ 11,217,600</u>	<u>\$ 18,928,780</u>	<u>\$ 2,727,662</u>

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

FUND FINANCIAL STATEMENTS

CITY OF CLINTON, SOUTH CAROLINA

**BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2016**

	General Fund
ASSETS	
Cash and cash investments	\$ 6,889,892
Receivables - net	
Taxes	57,216
Accounts and other	271,317
Due from component unit	240,094
Inventories	3,708
Total assets	\$ 7,462,227
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	
Liabilities	
Accounts payable and accrued liabilities	\$ 248,678
Due to other funds	683,036
Total liabilities	931,714
 Deferred Inflows of Resources	
Unavailable revenues	44,038
Total deferred inflows of resources	44,038
 Fund Balances	
Nonspendable	94,259
Restricted	4,176,097
Unassigned	2,216,119
Total fund balances	6,486,475
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,462,227

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, 2016**

Total Fund Balance, Governmental Fund		\$ 6,486,475
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.		6,334,178
Property taxes receivable are not considered available and are, therefore, deferred in the funds.		44,038
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	(193,000)	
Capital Leases	(392,144)	
Compensated absences	(155,734)	
Accrued interest payable	(1,800)	(742,678)
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		(212,112)
The proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State retirement plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.		(4,198,721)
Net Position of Governmental Activities in the Statement of Net Position		\$ 7,711,180

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, 2016

	General Fund
REVENUES	
Taxes	\$ 905,534
Licenses and permits	929,593
Intergovernmental revenues	944,198
Fines and forfeitures	189,202
Accommodations tax	232,147
Hospitality tax	418,175
Charges for services	745,582
Contributions and grants	540,041
Interest revenue	32,967
Miscellaneous	101,729
Total revenues	5,039,168
 EXPENDITURES	
Current	
General government	1,427,196
Public safety	2,935,207
Streets and sanitation	584,609
Museum	35,460
Cultural and recreational	422,383
Capital outlay	431,779
Debt service	
Principal retirement	185,524
Interest	15,161
Total expenditures	6,037,319
 Excess of revenues (under) expenditures	(998,151)
 OTHER FINANCING SOURCES	
Issuance of capital leases	167,380
Transfers in	
Overhead allocation transfer	386,267
Contributions transfer	1,615,000
Total other financing sources	2,168,647
 Net change in fund balance	1,170,496
 Fund Balance, beginning of year	5,315,979
 Fund Balance, end of year	\$ 6,486,475

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, 2016**

Net Change in Fund Balance - Total Governmental Fund \$ 1,170,496

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	431,779	
Depreciation expense	(533,998)	(102,219)

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		(57,090)
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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	(167,380)	
Repayment of long-term debt	185,524	18,144

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	(40,932)	
Compensated absences	26,304	(14,628)

Changes in the proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year for its participation in the State retirement plans are not reported in the governmental funds but are reported in the Statement of Activities.

	(57,166)
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Change in Net Position of Governmental Activities	\$ 957,537
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CITY OF CLINTON, SOUTH CAROLINA

STATEMENT OF NET POSITION
 PROPRIETARY FUND
 JUNE 30, 2016

ASSETS

Current Assets	
Cash and cash investments	\$ 1,423,153
Restricted cash	3,605,285
Accounts receivable - net	1,979,254
Unbilled revenue	1,452,607
Due from the general fund	683,036
Due from component unit	485,237
Inventories	699,394
Total current assets	<u>10,327,966</u>
Noncurrent Assets	
Capital assets - net of accumulated depreciation	11,920,333
Total noncurrent assets	<u>11,920,333</u>
Total assets	<u>22,248,299</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred charges on refunding bond	197,843
Deferred outflows related to pensions	294,229
Total deferred outflows of resources	<u>492,072</u>
Total assets and deferred outflows of resources	<u>22,740,371</u>

LIABILITIES

Current Liabilities	
Accounts payable and accrued liabilities	1,316,507
Customer deposits	228,031
Accrued interest payable	17,314
Compensated absences - current portion	27,050
Obligations under capital leases - current portion	47,347
Revenue bonds payable - current portion	796,337
Total current liabilities	<u>2,432,586</u>
Noncurrent Liabilities	
Net OPEB obligation	274,588
Compensated absences - net of current portion	75,092
Obligations under capital leases - net of current portion	197,244
Revenue bonds payable - net of current portion	5,254,683
Net pension liability	3,282,707
Total noncurrent liabilities	<u>9,084,314</u>
Total liabilities	<u>11,516,900</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions	5,871
Total deferred inflows of resources	<u>5,871</u>
Total liabilities and deferred inflows of resources	<u>11,522,771</u>

NET POSITION

Net investment in capital assets	5,624,722
Restricted for capital projects	1,324,747
Restricted for debt service	98,406
Unrestricted	4,169,725
Total net position	<u>\$ 11,217,600</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, 2016

	Combined Utility System Enterprise Fund
	<u> </u>
OPERATING REVENUES	
Utility sales	\$ 20,502,552
Interdepartmental utility sales	647,229
Hookup fees	55,845
Penalties	222,819
Miscellaneous	65,283
	<u> </u>
Total operating revenues	<u>21,493,728</u>
 OPERATING EXPENSES	
Public works administration department	551,807
Information technology department	161,774
Utility billing department	592,632
Electric distribution department	13,147,062
Sanitary sewer department	1,592,500
Sanitation department	77,120
Water distribution department	549,042
Water plant department	1,131,080
Storm sewer department	12,115
Maintenance department	77,326
Risk management department	104,110
Depreciation	981,965
	<u> </u>
Total operating expenses	<u>18,978,533</u>
 Operating income	<u>2,515,195</u>
 NONOPERATING REVENUES (EXPENSES)	
Interest revenue	16,857
Interest expense	(183,261)
FEMA assistance	12,849
	<u> </u>
Total nonoperating revenues (expenses)	<u>(153,555)</u>
 Income before contributions and transfers	2,361,640
Transfers to/from other funds	(2,001,267)
	<u> </u>
Change in net position	360,373
 Net position, beginning of year	<u>10,857,227</u>
 Net position, end of year	<u>\$ 11,217,600</u>

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, 2016

	<u>Combined Utility System Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 21,770,605
Cash paid for goods and services	(16,164,035)
Cash paid to employees	(1,753,081)
	<hr/>
Net cash provided by operating activities	3,853,489
	<hr/>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Net transfers to other funds	(1,776,126)
	<hr/>
Net cash used by non-capital financing activities	(1,776,126)
	<hr/>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(1,412,587)
Principal payments on capital leases	(93,559)
Principal payments on revenue bonds	(758,650)
Interest and other fees paid	(181,565)
Subsidy from federal grants	12,849
	<hr/>
Net cash used by capital and related financing activities	(2,433,512)
	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	16,857
	<hr/>
Net cash provided by investing activities	16,857
	<hr/>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(339,292)
CASH AND CASH EQUIVALENTS, beginning of year	5,367,730
	<hr/>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 5,028,438</u>

(continued)

CITY OF CLINTON, SOUTH CAROLINA

STATEMENT OF CASH FLOWS - CONTINUED
 PROPRIETARY FUND
 YEAR ENDED JUNE 30, 2016

	Combined Utility System Enterprise Fund
	<hr/>
Reconciliation of Operating Income to Net	
Cash Provided by Operating Activities:	
Operating income	\$ 2,515,195
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	981,965
(Increase) decrease in assets and deferred outflows	
Accounts receivable	(44,370)
Unbilled receivables	321,247
Inventories	(100,236)
Deferred outflows related to pensions	(35,305)
Deferred amount on refunding	49,459
Increase (decrease) in liabilities	
Accounts payable and accrued liabilities	(6,353)
Net OPEB obligation	38,992
Net pension liability	342,121
Deferred inflows related to pensions	(242,042)
Compensated absences	27,051
Customer deposits	5,765
Net cash provided by operating activities	<hr/> \$ 3,853,489 <hr/>
 Noncash Investing, Capital and Financing Activities	
Transfers between funds	<hr/> <hr/> \$ 225,141
Issuance of capital leases	<hr/> <hr/> \$ 117,400
Amortization included in interest expense	<hr/> <hr/> \$ (49,459)
 Reconciliation of Cash and Investments as Shown on the Statement of Net Assets and Cash Flow Statement	
Statement of net assets classification	
Current assets	
Cash	\$ 1,423,153
Restricted cash	3,605,285
Total cash and cash equivalents	<hr/> <hr/> \$ 5,028,438

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

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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, 2016

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, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

New Pronouncements – Implementation of GASB Statement on Fair Value Measurement and Application

The GASB (Government Accounting Standards Board) issued Statement No. 72, “Fair Value Measurement and Application” in February 2015. Statement No. 72 effective for the City for the fiscal year ended June 30, 2016, and has been implemented in these financial statements.

The primary objective of GASB 72 is to address accounting and financial reporting issues related to fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It provides guidance for determining fair value measurement for financial reporting purposes. It also provides guidance for applying fair value measurement for certain investments and disclosures related to all fair value measurements.

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.
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 2016.

The following departments in the general fund had an excess of actual expenditures over budget for the year ended June 30, 2016:

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

<u>Fund/Function/Department</u>	<u>Excess Amount</u>
General Fund:	
Mayor and City Council	\$ 11,005
Municipal Court	54,954
Legal Services	512
Cultural and Recreational	20,867
Streets and Sanitation	128,796

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, 2016, the City did not experience any significant changes in the fair value of its investments.

Inventory

Inventory is valued at cost, which approximates market, using the first-in/first-out (FIFO) method. Inventory in the General Fund consists of gasoline held for consumption. The cost is recorded as an expenditure at the time individual inventory items are used. Reported inventories in the General Fund are equally offset by a fund balance reserve which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets 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:

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

	<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.

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

Nonspendable

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

Restricted

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

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Committed

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

Assigned

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

Unassigned

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

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

Minimum Fund Balance Policy

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

Below are the fund balance classifications for the governmental fund at June 30, 2016:

	General Fund
Fund Balances	
Nonspendable	
Inventory	\$ 3,708
Long-term receivable	90,551
Restricted	
Debt service	324
Public safety	20,381
Accommodations tax	580,634
Hospitality tax	3,574,758
Unassigned	2,216,119
Total Fund Balances	\$ 6,486,475

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.

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

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, 2016, 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	\$ 4,427,442	\$ 2,047,843	\$ 6,475,285	Unrated
State Treasurer's investment pool	Daily	2,507,085	3,015,308	5,522,393	Unrated
		<u>\$ 6,934,527</u>	<u>\$ 5,063,151</u>	<u>\$ 11,997,678</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, 2016, the City is invested with the S.C. Local Government Investment Pool as overseen by the State, which invests in instruments allowed under state laws. The Investment Pool is not rated. It’s a money market type pool, which is fully collateralized, and the underlying securities are held by a third-party bank for the pool.

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

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s policy is that all deposits in excess of federal insurance amounts be collateralized with securities held by the pledging financial institution’s trust department or agent in the City’s name. At June 30, 2016, all deposits are either insured or fully collateralized.

CITY OF CLINTON, SOUTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016**

NOTE 2 – CASH AND INVESTMENTS - CONTINUED

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

Receivables and Allowances for Doubtful Accounts

Receivables presented in the Statement of Net Position are net of allowances for doubtful accounts of \$2,055,317 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	-	3,431,861	3,431,861
Other receivables	180,766	-	180,766
	\$ 271,317	\$ 3,431,861	\$ 3,703,178

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 2015 tax year and the assessed valuation of real property was \$8,842,210. The purpose of the levies was for current expenditures and to defray public expenditures of the City as well as to meet current indebtedness contracted by the City for general corporate purposes.

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

Unpaid real and personal property taxes	\$ 2,589
Delinquent tax receivables	56,075
Allowance for uncollectibles	(1,448)
	\$ 57,216

CITY OF CLINTON, SOUTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Capital Assets

Capital asset activity for the year ended June 30, 2016, was as follows:

	Beginning Balances	Increases	Decreases/ Transfers	Ending Balances
Government Activities:				
Nondepreciable capital assets				
Land	\$ 1,197,166	\$ -	\$ -	\$ 1,197,166
Construction in progress	1,537	-	-	1,537
	<u>1,198,703</u>	<u>-</u>	<u>-</u>	<u>1,198,703</u>
Depreciable capital assets				
Buildings	3,713,935	19,179	-	3,733,114
Other improvements	6,713,224	-	-	6,713,224
Vehicles and other equipment	7,658,814	412,600	-	8,071,414
	<u>18,085,973</u>	<u>431,779</u>	<u>-</u>	<u>18,517,752</u>
Less accumulated depreciation				
Buildings	1,363,701	83,722	-	1,447,423
Other improvements	4,983,003	191,083	-	5,174,086
Vehicles and other equipment	6,501,575	259,193	-	6,760,768
Total accumulated depreciation	<u>12,848,279</u>	<u>533,998</u>	<u>-</u>	<u>13,382,277</u>
Total depreciable capital assets - net	<u>5,237,694</u>	<u>(102,219)</u>	<u>-</u>	<u>5,135,475</u>
Governmental Activities Capital Assets - Net	<u>\$ 6,436,397</u>	<u>\$ (102,219)</u>	<u>\$ -</u>	<u>\$ 6,334,178</u>

	Beginning Balances	Increases	Decreases/ Transfers	Ending Balances
Business-type Activities:				
Nondepreciable capital assets				
Land	\$ 11,983	\$ -	\$ -	\$ 11,983
Construction in progress	2,805,008	721,823	(1,025,013)	2,501,818
	<u>2,816,991</u>	<u>721,823</u>	<u>(1,025,013)</u>	<u>2,513,801</u>
Depreciable capital assets				
Buildings	1,072,882	-	(2,050)	1,070,832
Other improvements	29,000,580	1,025,013	-	30,025,593
Vehicles and other equipment	3,488,640	808,164	(548,317)	3,748,487
	<u>33,562,102</u>	<u>1,833,177</u>	<u>(550,367)</u>	<u>34,844,912</u>
Less accumulated depreciation				
Buildings	912,235	24,065	(2,050)	934,250
Other improvements	21,175,462	716,405	-	21,891,867
Vehicles and other equipment	2,919,085	241,495	(548,317)	2,612,263
Total accumulated depreciation	<u>25,006,782</u>	<u>981,965</u>	<u>(550,367)</u>	<u>25,438,380</u>
Total depreciable capital assets - net	<u>8,555,320</u>	<u>851,212</u>	<u>-</u>	<u>9,406,532</u>
Business-type Activities Capital Assets - Net	<u>\$ 11,372,311</u>	<u>\$ 1,573,035</u>	<u>\$ (1,025,013)</u>	<u>\$ 11,920,333</u>

CITY OF CLINTON, SOUTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>
Component Unit Activities:				
Depreciable capital assets				
Buildings	\$ 773,324	\$ 131,102	\$ -	\$ 904,426
Less accumulated depreciation	<u>(135,331)</u>	<u>(19,333)</u>	<u>-</u>	<u>(154,664)</u>
Component Unit Activities - Capital Assets - Net	<u>\$ 637,993</u>	<u>\$ 111,769</u>	<u>\$ -</u>	<u>\$ 749,762</u>

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

Government Activities		
General government		\$ 154,859
Public safety		170,880
Streets and sanitation		208,259
Total depreciation expense		<u>\$ 533,998</u>
Business-type Activities		
Public works		\$ 265,131
Water and sewer		461,523
Electric		255,311
Total depreciation expense		<u>\$ 981,965</u>

Liabilities

Long-term Liabilities

The following is a summary of long-term obligations of the primary government for the year ended June 30, 2016:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Governmental Activities:					
Net OPEB obligation	\$ 171,180	\$ 40,932	\$ -	\$ 212,112	\$ -
Net pension liability	4,131,331	433,037	-	4,564,368	-
General obligation bonds	238,000	-	(45,000)	193,000	46,000
Capitalized lease obligations	365,288	167,380	(140,524)	392,144	122,468
Compensated absences	182,038	119,425	(145,729)	155,734	62,293
Total governmental activities	<u>\$ 5,087,837</u>	<u>\$ 760,774</u>	<u>\$ (331,253)</u>	<u>\$ 5,517,358</u>	<u>\$ 230,761</u>

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

	Beginning Balances	Increases	Decreases	Ending Balances	One Year
Business-type Activities:					
Net OPEB obligation	\$ 235,596	\$ 38,992	\$ -	\$ 274,588	\$ -
Net pension liability	2,940,586	342,121	-	3,282,707	-
Revenue bonds	6,809,670	-	(758,650)	6,051,020	796,337
Capital lease obligations	220,750	117,400	(93,559)	244,591	47,347
Compensated absences	75,091	103,067	(76,016)	102,142	27,050
Total business-type activities	<u>\$ 10,281,693</u>	<u>\$ 601,580</u>	<u>\$ (928,225)</u>	<u>\$ 9,955,048</u>	<u>\$ 870,734</u>

The following is a summary of the long-term obligations of the discretely presented component unit for the year ended June 30, 2016:

	Beginning Balances	Increases	Decreases	Ending Balances	Due Within One Year
Component Unit Activities					
Note payable	\$ 313,860	\$ -	\$ (96,741)	\$ 217,119	\$ 96,741
Total component unit activities	<u>\$ 313,860</u>	<u>\$ -</u>	<u>\$ (96,741)</u>	<u>\$ 217,119</u>	<u>\$ 96,741</u>

Compensated Absences

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

Net OPEB Obligation

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

Governmental Fund Debt

General Obligation Bonds

Bonds payable at June 30, 2016 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%.	\$ 193,000
	<u>193,000</u>
Less current maturities	<u>(46,000)</u>
Long-term liabilities	<u>\$ 147,000</u>

CITY OF CLINTON, SOUTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

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

Year Ending June 30,	Principal	Interest	Total
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
	\$ 193,000	\$ 14,828	\$ 207,828

Capital Lease Obligations

Capital leases payable at June 30, 2016 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%.	\$ 264,541
\$167,380 street sweeper capital lease for 3 years, beginning August, 2015. Annual payments of \$57,038, including interest of 1.45%.	111,643
\$78,157 Grapple truck capital lease for 5 years, beginning November, 2012. Annual payments of \$16,670, including interest at 2.24%.	15,960
	\$ 392,144

The future minimum lease obligations as of June 30, 2016, were as follows:

Year Ending June 30,	
2017	\$ 129,086
2018	112,756
2019	55,717
2020	55,717
2021	55,717
Total Minimum Lease Obligation	408,993
Less Amount Representing Interest	(16,849)
Present Value of Minimum Lease Payments	\$ 392,144

Proprietary Fund Debt

Revenue Bonds

Bonds payable at June 30, 2016 were comprised of the following issues:

CITY OF CLINTON, SOUTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

\$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. \$ 2,644,020

\$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. 3,407,000

Less current maturities 6,051,020

Long-term liabilities (796,337)

\$ 5,254,683

Debt service requirements to maturity including interest on all outstanding revenue bonds at June 30, 2016 are as follows:

Year Ending June 30,	Principal	Interest	Total
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
2021	891,000	91,698	982,698
Thereafter	1,871,000	93,690	1,964,690
	<u>\$ 6,051,020</u>	<u>\$ 733,887</u>	<u>\$ 6,784,907</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, 2016.

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

Capital Lease Obligations

Capital leases payable at June 30, 2016 were comprised of the following:

CITY OF CLINTON, SOUTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

\$117,409 skid steer capital lease for 5 years, beginning November, 2015. Annual payments of \$24,834, including interest at 1.98%.	\$ 117,409
\$152,432 Bucket truck capital lease for 68 months, beginning February, 2015. Annual payments of \$26,811, including interest at 1.78%.	127,182
	<u>\$ 244,591</u>

The future minimum lease obligations as of June 30, 2016, were as follows:

Year Ending June 30,	
2017	\$ 51,645
2018	51,645
2019	51,645
2020	51,645
2021	51,645
Total Minimum Lease Obligation	<u>258,225</u>
Less Amount Representing Interest	<u>(13,634)</u>
Present Value of Minimum Lease Payments	<u>\$ 244,591</u>

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
2017	\$ 96,741	\$ 12,716	\$ 109,457
2018	96,741	8,021	104,762
2019	23,637	2,793	26,430
	<u>\$ 217,119</u>	<u>\$ 23,530</u>	<u>\$ 240,649</u>

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	\$ 44,038	\$ -
	<u>\$ 44,038</u>	<u>\$ -</u>

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2016

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

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

Interfund Receivables, Payables and Transfers

On June 30, 2016, the Enterprise Fund was due \$683,036 from the General Fund for utility services incurred by the General Fund.

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

	Transfer to General Fund
Transfer from	
Combined Utility Fund for contributions	\$ 1,615,000
Combined Utility Fund for overhead allocations	386,267
	\$ 2,001,267

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

Component Unit

On June 30, 2016, the City had the following amounts due from the Economic Development Corporation for expenditures relating to economic development.

Due to General Fund	\$ 240,094
Due to Utility Fund	485,237
	\$ 725,331

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.

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2016

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

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 – Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two Member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a class Three member.
- State ORP – As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State Optional Retirement Program (State ORP), which is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers. For this reason, State ORP programs are not part of the retirement systems' trust funds for financial statement purposes. Employee and Employer contributions to the State ORP are at the same rate as SCRS. A direct remittance is required from the employers to the member's account with investment providers for the employee contribution and a portion of the employer contributions (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an identical death benefit contribution, if applicable, which is retained by SCRS.
- PORS – To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also at least earn \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Benefits

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

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2016

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

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

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

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

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

Contributions

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

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Required employee contribution rates are as follows:

	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2015</u>
SCRS		
Employee Class Two	8.16%	8.00%
Employee Class Three	8.16%	8.00%
State ORP		
Employee	8.16%	8.00%
PORS		
Employee Class Two	8.74%	8.41%
Employee Class Three	8.74%	8.41%

Required employer contribution rates are as follows:

	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2015</u>
SCRS		
Employee Class Two	10.91%	10.75%
Employee Class Three	10.91%	10.75%
Employer Incidental Death Benefit	0.15%	0.15%
State ORP		
Employer Contribution (2)	10.91%	10.75%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employee Class Two	13.34%	13.01%
Employee Class Three	13.34%	13.01%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Actuarial assumptions and methods used during the annual valuation process are subject to periodic revision, typically with an experience study, as actual results over an extended period of time are compared with past expectations and new estimates are made about the future. South Carolina state statutes require that an actuarial experience study be completed at least once each five-year period. The last experience study was performed on data through June 30, 2010, and the next experience study, performed on data through June 30, 2015, is currently underway.

CITY OF CLINTON, SOUTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

The June 30, 2015, total pension plan liability, net pension liability, and sensitivity information were determined by consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on the July 1, 2014, actuarial valuations, as adopted by the PEBA Board and Budget and Control Board which utilized membership data as of July 1, 2014. The total pension liability was rolled-forward from the valuation date to the plan’s fiscal year ended June 30, 2015, using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS.

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2014, valuations for SCRS and PORS:

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

The post-retiree mortality assumption is dependent upon the member’s job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000. Assumptions used in the July 1, 2014 valuations for SCRS and PORS are as follows:

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

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

At June 30, 2016, the City reported a liability of \$7,847,075 for its proportionate share of the net pension liability. A liability of \$4,564,368 was reported for governmental liabilities and a liability of \$3,282,707 was reported for business-type activities. The net pension liability was measured as of June 30, 2015, 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.

CITY OF CLINTON, SOUTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

For the year ended June 30, 2016, the City recognized pension expense of \$599,744. At June 30, 2016, 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	\$ 86,079	\$ 77,286	\$ 58,323	\$ 5,871
Changes of assumptions:				
Net difference between projected and actual earnings on pension plan investments	40,866	-	21,973	-
Changes in proportion and differences between:				
City contributions and proportionate share of contributions	20,547	-	31,570	-
City contributions subsequent to the measurement date	295,441	-	182,363	-
Total	<u>\$ 442,933</u>	<u>\$ 77,286</u>	<u>\$ 294,229</u>	<u>\$ 5,871</u>

\$295,441 and \$182,363 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, 2017.

The following schedule reflects the amortization of the net balance of remaining deferred outflows/(inflows) of resources at the measurement date. Average remaining service lives of all employees provided with pensions through the pension plan at the measurement date was 4 years for SCRS:

<u>Measurement Period Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2017	\$ 17,552	\$ 26,499
2018	17,552	26,499
2019	17,551	26,499
2020	17,551	26,498
New Balance of Deferred Outflow/(Inflow) of Resources	<u>\$ 70,206</u>	<u>\$ 105,995</u>

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2015, for SCRS and PORS are as follows:

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
 JUNE 30, 2016

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Position Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 44,097,310,230	\$ 25,131,828,101	\$ 18,965,482,129	57.0%
PORS	\$ 6,151,321,222	\$ 3,971,824,838	\$ 2,179,496,384	64.6%

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

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments, as used in the July 1, 2014, actuarial valuations, was based upon the 30-year capital market outlook at the end of the fourth quarter 2013, as developed by the Retirement Systems Investment Commission in collaboration with its investment consultant Aon Hewitt. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economics forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation as adopted by the Investment Commission for fiscal year 2015. The long-term expected rate of return is produced by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.50 percent assumed annual investment rate of return set in statute and used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

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CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long-term Expected Portfolio Real Rate of Return</u>
Short-term			
Cash	2.0%	1.90%	0.04%
Short duration	3.0%	2.00%	0.06%
Domestic Fixed Income			
Core fixed income	7.0%	2.70%	0.19%
Mixed credit	6.0%	3.80%	0.23%
Global Fixed Income			
Global fixed income	3.0%	2.80%	0.08%
Emerging markets debt	6.0%	5.10%	0.31%
Global Public Equity	31.0%	7.10%	2.20%
Global Tactical Asset Allocation	10.0%	4.90%	0.49%
Alternatives			
Hedge funds (low beta)	8.0%	4.30%	0.34%
Private debt	7.0%	9.90%	0.69%
Private equity	9.0%	9.90%	0.89%
Real estate (broad market)	5.0%	6.00%	0.30%
Commodities	3.0%	5.90%	0.18%
Total expected real return	100.0%		6.00%
Inflation for Actuarial purposes			2.75%
Total expected nominal return			8.75%

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that the funding policy specified in the South Carolina State Code of Laws will remain unchanged in future years. Based on those assumptions, each Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis

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

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2016

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

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	\$ 23,910,053,704	\$ 18,965,482,129	\$ 14,821,302,520
PORS	\$ 2,968,982,818	\$ 2,179,496,384	\$ 1,473,738,169

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.

Funding Policy

As of June 30, 2016, there were 21 employee retirees receiving benefits. The Plan is financed on a pay-as-you-go basis and through separate contributions to the South Carolina Other Retirement Benefits Employer Trust (SCORBET), a tax-exempt governmental trust under Internal Revenue Code 115. SCORBET allows each member to choose a contribution amount into the trust based on the actuarially determined annual required contribution. Each member continues to contract with its current health provider for retiree health care coverage and the SCORBET pays the benefits chosen by the employer directly to the employer or provider. Each member also shares in the SCORBET’s administrative and investment related expenses.

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

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, 2016:

Net OPEB Obligation (Asset)			
	Governmental Activities	Business-type Activities	Total
Annual required contribution (ARC)	\$ 118,422	\$ 95,221	\$ 213,643
Interest on net OPEB obligation	9,019	7,252	16,271
Adjustment to ARC	(14,593)	(11,734)	(26,327)
Annual OPEB cost	112,848	90,739	203,587
Contributions made	(71,916)	(51,747)	(123,663)
Increase in net OPEB (asset) obligation	40,932	38,992	79,924
Net OPEB obligation (assets), beginning of year	171,180	235,596	406,776
Net OPEB obligation (assets), end of year	\$ 212,112	\$ 274,588	\$ 486,700

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

Governmental Activities			
	Annual OPEB Cost	% of OPEB Contributed	Net OPEB Obligation (Asset)
Year Ended			
June 30, 2016	\$ 112,848	63.73%	\$ 212,112
June 30, 2015	107,863	70.00%	171,180
June 30, 2014	107,964	53.52%	138,831
June 30, 2013	102,995	63.80%	88,649
June 30, 2012	102,642	84.18%	51,367

Business-type Activities			
	Annual OPEB Cost	% of OPEB Contributed	Net OPEB Obligation (Asset)
Year Ended			
June 30, 2016	\$ 90,739	57.03%	\$ 274,588
June 30, 2015	74,881	73.23%	235,596
June 30, 2014	71,928	39.94%	215,552
June 30, 2013	69,017	39.41%	172,351
June 30, 2012	72,797	38.42%	130,535

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2016

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Year Ended	Annual OPEB Cost	% of OPEB Contributed	Net OPEB Obligation (Asset)
June 30, 2016	\$ 203,587	60.74%	\$ 486,700
June 30, 2015	182,744	71.33%	406,776
June 30, 2014	179,892	48.00%	354,383
June 30, 2013	172,012	54.01%	261,000
June 30, 2012	175,439	65.19%	181,902

Funded Status and Funding Progress

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

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

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

Actuarial Methods and Assumptions

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

The following table summarizes actuarial methods and assumptions used:

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

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

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

Risk Management

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

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

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

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

NOTE 3 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES AND COMMITMENTS

Piedmont Municipal Power Agency

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

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

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2016

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

The purpose of the contract is to purchase power from PMPA at rates lower than Duke Power Company would charge. If future power rates of PMPA become greater than expected, the City of Clinton would be committed to buy from PMPA at the higher rates. The amount of this commitment cannot be estimated as of June 30, 2016.

For the year ended June 30, 2016, the City's purchased power expense from PMPA was \$11,962,066. Also, the amount included in accounts payable and accrued liabilities for accrued purchased power from PMPA at June 30, 2016 is \$1,055,423.

Arbitrage Rebate Liabilities

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

Federal Grants

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

Construction and Other Purchase Commitments

During the fiscal year, the City entered into an agreement with a contractor for the construction of site improvements to the Clinton Corporate Park for a total cost of approximately \$660,000. As of June 30, 2016, approximately \$150,000 remains on the commitment.

NOTE 4 – SUBSEQUENT EVENTS

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CLINTON, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2016

	General Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes	\$ 766,000	\$ 766,000	\$ 905,534	\$ 139,534
Licenses and permits	721,000	721,000	929,593	208,593
Intergovernmental revenues	895,000	895,000	944,198	49,198
Fines and forfeitures	192,000	192,000	189,202	(2,798)
Accommodations tax	138,000	138,000	232,147	94,147
Hospitality tax	310,000	310,000	418,175	108,175
Charges for services	751,988	751,988	745,582	(6,406)
Contributions and grants	508,000	508,000	540,041	32,041
Interest	5,000	5,000	32,967	27,967
Miscellaneous	95,500	95,500	101,729	6,229
Total revenues	4,382,488	4,382,488	5,039,168	656,680
EXPENDITURES				
Current				
General government	1,822,669	1,822,669	1,421,821	400,848
Public safety	2,940,780	2,940,780	2,910,671	30,109
Streets and sanitation	638,832	638,832	584,609	54,223
Museum	28,236	28,236	35,460	(7,224)
Culture and recreation	401,108	401,108	430,475	(29,367)
Capital outlay	460,191	460,191	453,598	6,593
Debt service				
Principal retirement	163,873	163,873	185,464	(21,591)
Interest	13,066	13,066	15,221	(2,155)
Total expenditures	6,468,755	6,468,755	6,037,319	431,436
Excess of revenues over (under) expenditures	(2,086,267)	(2,086,267)	(998,151)	1,088,116
OTHER FINANCING SOURCES				
Proceeds from capital leases	-	-	167,380	167,380
Operating transfers in				
Overhead allocation transfer	386,267	386,267	386,267	-
Contributions-ED	150,000	150,000	150,000	-
Contributions transfer	1,550,000	1,550,000	1,465,000	(85,000)
Total other financing sources	2,086,267	2,086,267	2,168,647	82,380
Net change in fund balance	\$ -	\$ -	1,170,496	\$ 1,170,496
Fund Balance, beginning			5,315,979	
Fund Balance, ending			\$ 6,486,475	

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, 2016

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%
2015	\$ -	\$ 1,931,578	\$ 1,931,578	0.00%	\$ 3,598,856	53.67%

CITY OF CLINTON, SOUTH CAROLINA

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

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

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

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**

	2016	2015
<u>SCRS</u>		
City's proportion of the net pension liability	0.028%	0.028%
City's proportionate share of the net pension liability	\$ 5,419,007	\$ 4,854,244
City's covered-employee payroll	\$ 2,759,307	\$ 2,659,422
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	196.39%	182.53%
Plan's fiduciary net position	\$ 25,131,828,101	\$ 25,738,521,026
Plan fiduciary net position as a percentage of the total pension liability from PEBA	57.0%	59.9%
	2016	2015
<u>PORS</u>		
City's proportion of the net pension liability	0.111%	0.116%
City's proportionate share of the net pension liability	\$ 2,428,068	\$ 2,217,673
City's covered-employee payroll	\$ 1,325,070	\$ 1,342,510
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	183.24%	165.19%
Plan's fiduciary net position	\$ 3,971,824,838	\$ 3,985,101,996
Plan fiduciary net position as a percentage of the total pension liability from PEBA	64.6%	67.5%

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

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016

Method and Assumptions Used in Calculations of Actuarially Determined Contributions: The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, 2015, one year prior to the end of the fiscal year in which contributions are reported. The actuarial methods and assumptions used to determine the contractually required contributions for the year ended June 30, 2016 reported in that schedule can be found in Note 2 of the basic financial statements.

OTHER SUPPLEMENTARY INFORMATION

CITY OF CLINTON, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2016

	Budget Amounts	Actual Amounts	Variance With Final Budget
General Government			
Mayor and City Council			
Salaries and employee benefits	\$ 55,711	\$ 62,337	\$ (6,626)
Operating	42,157	46,536	(4,379)
	<u>97,868</u>	<u>108,873</u>	<u>(11,005)</u>
Administration			
Salaries and employee benefits	238,489	246,122	(7,633)
Operating	503,109	174,875	328,234
Capital outlay	102,741	19,179	83,562
Debt service	52,188	52,188	-
	<u>896,527</u>	<u>492,364</u>	<u>404,163</u>
Economic Development			
Salaries and employee benefits	124,166	49,118	75,048
Operating	143,329	149,927	(6,598)
Capital outlay	-	7,922	(7,922)
	<u>267,495</u>	<u>206,967</u>	<u>60,528</u>
Municipal Court			
Salaries and employee benefits	78,565	68,304	10,261
Operating	75,381	140,596	(65,215)
	<u>153,946</u>	<u>208,900</u>	<u>(54,954)</u>
Legal Services			
Operating	44,000	44,512	(512)
	<u>44,000</u>	<u>44,512</u>	<u>(512)</u>
Finance Department			
Salaries and employee benefits	220,287	232,092	(11,805)
Operating	297,475	212,777	84,698
	<u>517,762</u>	<u>444,869</u>	<u>72,893</u>
Total General Government	<u>1,977,598</u>	<u>1,506,485</u>	<u>471,113</u>
Public Safety			
Police and Fire Divisions			
Salaries and employee benefits	2,175,667	2,160,275	15,392
Operating	568,953	575,943	(6,990)
Capital outlay	213,750	171,785	41,965
Debt service	55,790	55,718	72
	<u>3,014,160</u>	<u>2,963,721</u>	<u>50,439</u>
Planning and Inspections			
Salaries and employee benefits	133,901	144,742	(10,841)
Operating	62,259	54,247	8,012
Capital outlay	45,000	-	45,000
	<u>241,160</u>	<u>198,989</u>	<u>42,171</u>
Total Public Safety	<u>3,255,320</u>	<u>3,162,710</u>	<u>92,610</u>

(Continued)

CITY OF CLINTON, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED JUNE 30, 2016

	<u>Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Streets and Sanitation			
Streets			
Salaries and employee benefits	\$ 55,981	\$ 65,260	\$ (9,279)
Operating	85,157	100,485	(15,328)
Capital outlay	58,200	217,401	(159,201)
Debt service	18,217	18,217	-
	<u>217,555</u>	<u>401,363</u>	<u>(183,808)</u>
Sanitation			
Salaries and employee benefits	338,239	303,332	34,907
Operating	159,455	115,532	43,923
Debt service	50,744	74,562	(23,818)
	<u>548,438</u>	<u>493,426</u>	<u>55,012</u>
Total Streets and Sanitation	<u>765,993</u>	<u>894,789</u>	<u>(128,796)</u>
Museum			
Salaries and employee benefits	15,301	14,176	1,125
Operating	12,935	21,284	(8,349)
Capital outlay	32,000	7,400	24,600
Total Museum	<u>60,236</u>	<u>42,860</u>	<u>17,376</u>
Cultural and Recreational			
Salaries and employee benefits	114,731	153,773	(39,042)
Operating	286,377	276,702	9,675
Capital	8,500	-	8,500
Total Cultural and Recreational	<u>409,608</u>	<u>430,475</u>	<u>(20,867)</u>
Total General Fund Expenditures	<u>\$ 6,468,755</u>	<u>\$ 6,037,319</u>	<u>\$ 431,436</u>

City of Clinton, South Carolina

Schedule of Fines, Assessments and Surcharges

Victim's Rights Funds

Year ended June 30, 2016

Municipal Court revenue to the City of Clinton

Court revenue booked in General Fund, excluding Victim's rights and other police revenues	\$ 174,727
Court assessment and surcharges to the State of SC	(113,496)
Court refunds	(7,561)
	<hr/>
Net Court Revenues to the City of Clinton	53,670
	<hr/>

Municipal Court revenue to the State of SC

Conviction Surcharges to State Treasurer	5,772
Court assessments to the State Treasurer	60,275
DUI Assessments to the State Treasurer	160
DUI Spinal Cord Research Charges to the State	1,329
DUI DPS Pullouts to the State	1,329
DUS DPS Pullouts to the State	5,690
Drug Surcharges to the State	13,123
Law Enforcement Surcharges to the State	19,586
Criminal Justice Academy Surcharges	3,902
DUI DUAC TEST convictions Fees	164
3% Collection Fees for Installment Purchases	2,166
	<hr/>
Total Court Revenue Sent to State	113,496
	<hr/>

Victim Services

Court Assessments allocated to Victim Services	7,573
Court Surcharges allocated to Victim Services	4,614
	<hr/>
Funds Allocated to Victim Services	12,187
Victim Services and Expenditures	(12,187)
	<hr/>

Excess Revenues Over (Under) Expenditures for Victim Services	\$ -
	<hr/> <hr/>

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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental Activities										
Invested in capital assets, net of related debt	\$ 5,749,034	\$ 5,833,109	\$ 5,309,464	\$ 5,427,510	\$ 5,380,407	\$ 5,305,973	\$ 6,245,735	\$ 6,240,831	\$ 5,215,823	\$ 2,522,698
Restricted	4,176,097	3,569,743	3,111,647	2,687,316	2,192,390	1,930,725	120,951	60,000	25,073	-
Unrestricted	(2,213,951)	(2,649,209)	1,118,711	445,248	(212,777)	(530,943)	200,610	(664,830)	(481,829)	229,640
Total Governmental Activities Net Position	<u>7,711,180</u>	<u>6,753,643</u>	<u>9,539,822</u>	<u>8,560,074</u>	<u>7,360,020</u>	<u>6,705,755</u>	<u>6,567,296</u>	<u>5,636,001</u>	<u>4,759,067</u>	<u>2,752,338</u>
Business-type Activities										
Invested in capital assets, net of related debt	5,624,722	6,371,227	6,477,044	5,667,030	3,782,879	3,963,898	3,987,388	4,055,002	4,576,566	4,606,805
Restricted	1,423,153	2,112,982	3,099,918	4,152,646	4,275,228	4,532,590				
Unrestricted (Deficit)	4,169,725	2,373,018	2,802,784	2,846,938	2,193,526	893,495	3,970,723	3,459,117	3,784,152	4,271,333
Total Business-type Activities Net Position	<u>11,217,600</u>	<u>10,857,227</u>	<u>12,379,746</u>	<u>12,666,614</u>	<u>10,251,633</u>	<u>9,389,983</u>	<u>7,958,111</u>	<u>7,514,119</u>	<u>8,360,718</u>	<u>8,878,138</u>
Primary Government										
Invested in capital assets, net of related debt	11,373,756	12,204,336	11,786,508	11,094,540	9,163,286	9,269,871	10,233,123	10,295,833	9,792,389	7,129,503
Restricted	5,599,250	5,682,725	6,211,565	6,839,962	6,467,618	6,463,315	120,951	60,000	25,073	-
Unrestricted	1,955,774	(276,191)	3,921,495	3,292,186	1,980,749	362,552	4,171,333	2,794,287	3,302,323	4,500,973
Total Primary Government Net Position	<u>\$ 18,928,780</u>	<u>\$ 17,610,870</u>	<u>21,919,568</u>	<u>21,226,688</u>	<u>\$ 17,611,653</u>	<u>16,095,738</u>	<u>\$ 14,525,407</u>	<u>\$ 13,150,120</u>	<u>\$ 13,119,785</u>	<u>\$ 11,630,476</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 Years									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
<u>Governmental Activities:</u>										
General government	\$ 1,653,849	\$ 1,761,576	\$ 1,405,988	\$ 1,437,169	\$ 1,300,773	\$ 1,295,582	\$ 1,220,943	\$ 1,372,530	\$ 1,216,241	\$ 1,785,710
Public safety	3,106,087	2,889,177	2,995,522	2,711,603	2,693,083	3,296,784	3,371,542	3,706,146	3,478,603	3,379,432
Streets and sanitation	792,868	753,800	797,815	828,410	919,878	1,152,525	823,845	860,665	803,276	932,856
Museum	35,460	29,059	29,584	29,405	28,201	39,020	36,519	30,757	14,414	24,402
Cultural and recreation	422,383	406,552	374,683	341,133	371,595	344,306	414,612	380,733	487,729	423,428
General public	-	-	-	-	-	-	-	-	-	-
Interest on long-term debt	15,161	9,053	15,553	19,810	21,626	36,322	46,892	45,375	51,595	53,871
Total Governmental Activities Expenses	<u>6,025,808</u>	<u>5,857,217</u>	<u>5,619,145</u>	<u>5,367,530</u>	<u>5,335,156</u>	<u>6,164,539</u>	<u>5,914,353</u>	<u>6,396,206</u>	<u>6,051,858</u>	<u>6,599,699</u>
<u>Business-type Activities:</u>										
Public works	1,261,039	1,101,583	1,110,682	1,110,509	1,096,479	971,533	896,709	1,102,250	1,002,794	964,756
Water and sewer	4,053,908	3,701,979	3,782,066	3,421,807	3,412,646	3,314,660	3,540,149	3,543,150	3,412,184	3,710,374
Electric	13,846,847	13,679,676	12,643,973	11,875,161	11,807,148	11,075,488	10,177,208	9,901,610	9,717,295	9,021,313
Total Business-type Activities Expenses	<u>19,161,794</u>	<u>18,483,238</u>	<u>17,536,721</u>	<u>16,407,477</u>	<u>16,316,273</u>	<u>15,361,681</u>	<u>14,614,066</u>	<u>14,547,010</u>	<u>14,132,273</u>	<u>13,696,443</u>
Total Primary Government Expenses	<u>25,187,602</u>	<u>24,340,455</u>	<u>23,155,866</u>	<u>21,775,007</u>	<u>21,651,429</u>	<u>21,526,220</u>	<u>20,528,419</u>	<u>20,943,216</u>	<u>20,184,131</u>	<u>20,296,142</u>
<u>Governmental Activities:</u>										
Charges for services										
General government	997,433	1,055,056	850,204	945,883	700,768	728,486	726,281	784,473	-	-
Public safety	533,142	504,538	216,270	267,866	261,484	609,697	602,499	574,395	1,505,245	1,257,787
Streets and sanitation	393,802	392,587	773,109	733,790	752,282	353,313	370,654	369,226	373,479	358,592
Operating grants and contributions	540,041	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
Total Governmental Activities Program Revenues	<u>2,464,418</u>	<u>2,773,729</u>	<u>2,374,343</u>	<u>2,610,710</u>	<u>2,267,700</u>	<u>3,139,160</u>	<u>2,847,858</u>	<u>3,603,878</u>	<u>3,305,513</u>	<u>3,785,359</u>
<u>Business-type Activities:</u>										
Utility Sales	21,149,781	21,533,699	19,545,786	19,083,398	18,301,660	17,910,853	16,348,768	14,855,640	15,256,635	14,430,222
Hook up fees	55,845	56,490	47,131	38,731	38,450	42,771	41,400	38,965	40,180	42,250
Penalties	222,819	147,393	230,198	219,166	383,064	211,313	239,276	200,520	193,431	201,377
Operating grants and contributions	12,849	46,777	-	-	-	-	-	-	42,008	-
Capital grants and contributions	-	-	631,186	1,223,963	439,363	236,960	-	-	-	-
Total Business-type Activities Program Revenues	<u>21,441,294</u>	<u>21,784,359</u>	<u>20,454,301</u>	<u>20,565,258</u>	<u>19,162,537</u>	<u>18,401,897</u>	<u>16,629,444</u>	<u>15,095,125</u>	<u>15,532,254</u>	<u>14,673,849</u>
Total Primary Government Program Revenues	<u>23,905,712</u>	<u>24,558,088</u>	<u>22,828,644</u>	<u>23,175,968</u>	<u>21,430,237</u>	<u>21,541,057</u>	<u>19,477,302</u>	<u>18,699,003</u>	<u>18,837,767</u>	<u>18,459,208</u>
Net (Expense) Revenue										
Governmental Activities	(3,561,390)	(3,083,488)	(3,244,802)	(2,756,820)	(3,067,456)	(3,025,379)	(3,066,495)	(2,792,328)	(2,746,345)	(2,814,340)
Business-type Activities	2,279,500	3,301,121	2,917,580	4,157,781	2,846,264	3,040,216	2,015,378	548,115	1,399,981	977,406
Total Primary Government	<u>(1,281,890)</u>	<u>217,633</u>	<u>(327,222)</u>	<u>1,400,961</u>	<u>(221,192)</u>	<u>14,837</u>	<u>(1,051,117)</u>	<u>(2,244,213)</u>	<u>(1,346,364)</u>	<u>(1,836,934)</u>

City of Clinton, South Carolina

Changes in Net Position Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Years									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Revenues and Other Changes in Net Position										
<u>Governmental Activities:</u>										
Taxes	\$ 2,199,814	\$ 2,092,958	\$ 1,958,731	\$ 1,686,392	\$ 1,642,785	\$ 1,666,738	\$ 1,748,808	\$ 1,682,231	\$ 1,504,992	\$ 1,326,390
Grants and contributions not restricted to specific programs	183,150	183,150	183,150	183,461	157,962	192,346	235,149	274,252	274,252	245,746
Miscellaneous	134,696	103,225	60,770	60,860	120,774	299,367	239,567	180,669	763,579	540,935
Transfers	2,001,267	2,027,104	2,021,899	2,026,161	1,800,200	1,740,045	1,679,446	1,587,583	1,688,105	1,609,055
Total Governmental Activities	4,518,927	4,406,437	4,224,550	3,956,874	3,721,721	3,898,496	3,902,970	3,724,735	4,230,928	3,722,126
<u>Business-type Activities:</u>										
Miscellaneous	82,140	102,613	145,787	283,361	227,145	131,701	108,060	192,870	158,682	183,451
Transfers	(2,001,267)	(2,027,104)	(2,057,761)	(2,026,161)	(1,800,200)	(1,740,045)	(1,679,446)	(1,587,583)	(1,688,105)	(1,609,055)
Total Business-type Activities	(1,919,127)	(1,924,491)	(1,911,974)	(1,742,800)	(1,573,055)	(1,608,344)	(1,571,386)	(1,394,713)	(1,529,423)	(1,425,604)
Total Primary Government	2,599,800	2,481,946	2,312,576	2,214,074	2,148,666	2,290,152	2,331,584	2,330,022	2,701,505	2,296,522
Change in Net Position										
Governmental Activities	957,537	1,322,949	979,748	1,200,054	654,265	873,117	836,475	932,407	1,484,583	907,786
Prior Period Adjustment	-	-	(4,109,128)	-	-	-	94,820	-	-	-
Total Governmental Activities	957,537	1,322,949	(3,129,380)	1,200,054	654,265	873,117	931,295	932,407	1,484,583	907,786
Business-type Activities	360,373	1,376,630	1,005,606	2,414,981	1,273,209	1,431,872	443,992	(846,598)	(129,442)	(448,198)
Prior Period Adjustment	-	-	(2,899,149)	(1,292,474)	-	(411,559)	-	-	-	-
Total Primary Government	\$ 1,317,910	\$ 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

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 Years									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental Activities										
General government	\$ 1,506,900	\$ 1,812,174	\$ 1,329,101	\$ 1,433,203	\$ 1,209,152	\$ 1,576,622	\$ 1,578,526	\$ 1,996,856	\$ 1,307,122	\$ 1,952,269
Public safety	534,142	544,536	236,969	423,052	282,809	689,669	735,989	1,080,858	1,550,448	1,377,674
Streets and sanitation	393,802	392,587	773,109	733,790	752,282	712,148	370,654	409,226	373,479	358,592
Museum	6,746	9,142	9,005	7,304	8,868	114,687	-	-	-	-
Cultural and recreation	22,828	15,290	26,159	13,361	14,589	46,034	143,439	116,938	74,464	96,823
Subtotal Governmental Activities	<u>2,464,418</u>	<u>2,773,729</u>	<u>2,374,343</u>	<u>2,610,710</u>	<u>2,267,700</u>	<u>3,139,160</u>	<u>2,828,608</u>	<u>3,603,878</u>	<u>3,305,513</u>	<u>3,785,358</u>
Business-type Activities:										
Public works	651,181	672,041	551,365	631,277	366,118	299,046	280,676	239,485	233,611	243,627
Water and sewer	4,549,746	4,433,347	4,665,325	4,398,735	4,588,589	4,323,426	4,059,056	3,854,730	4,246,996	3,881,204
Electric	16,226,887	16,678,971	15,237,611	15,535,246	14,207,830	13,560,212	12,289,712	11,000,910	11,051,647	10,549,018
Subtotal Business-type Activities	<u>21,427,814</u>	<u>21,784,359</u>	<u>20,454,301</u>	<u>20,565,258</u>	<u>19,162,537</u>	<u>18,182,684</u>	<u>16,629,444</u>	<u>15,095,125</u>	<u>15,532,254</u>	<u>14,673,849</u>
Total Primary Government	<u>23,892,232</u>	<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>
Prior Period Adjustment	-	-	-	(1,292,474)	-	(411,559)	-	-	-	-
Total Primary Government	<u>\$ 23,892,232</u>	<u>\$ 24,558,088</u>	<u>\$ 22,828,644</u>	<u>\$ 21,883,494</u>	<u>\$ 21,430,237</u>	<u>\$ 20,910,285</u>	<u>\$ 19,458,052</u>	<u>\$ 18,699,003</u>	<u>\$ 18,837,767</u>	<u>\$ 18,459,207</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 Years Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund										
Nonspendable	\$ 94,259	\$ 95,169	\$ 97,674	\$ 97,467	\$ 96,025	\$ 96,879	\$ 93,888	\$ -	\$ -	\$ -
Reserved	-	-	-	-	-	-	-	382,055	355,255	307,948
Restricted	4,176,097	3,569,743	3,111,647	2,687,316	2,192,390	1,930,725	1,284,056	-	-	-
Unreserved	-	-	-	-	-	-	-	(818,360)	(956,070)	(1,512,940)
Unrestricted:										
Committed	-	-	-	-	444,530	394,775	138,984	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	2,216,119	1,651,067	1,294,302	618,048	(512,100)	(769,688)	(980,315)	-	-	-
Total General Fund	<u>6,486,475</u>	<u>5,315,979</u>	<u>4,503,623</u>	<u>3,402,831</u>	<u>2,220,845</u>	<u>1,652,691</u>	<u>536,613</u>	<u>(436,305)</u>	<u>(600,815)</u>	<u>(1,204,992)</u>
All Other Governmental Funds										
Nonspendable	-	-	-	-	-	1,101,588	1,101,588	-	-	-
Reserved	-	-	-	-	-	-	-	1,062,588	1,148,810	1,148,810
Restricted	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	(303,173)	(173,388)	155,854
Unrestricted:										
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(386,787)	(238,437)	-	-	-
Total All Other Governmental Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>714,801</u>	<u>863,151</u>	<u>759,415</u>	<u>975,422</u>	<u>1,304,664</u>
Total Governmental Fund Balance	<u>\$ 6,486,475</u>	<u>\$ 5,315,979</u>	<u>\$ 4,503,623</u>	<u>\$ 3,402,831</u>	<u>\$ 2,220,845</u>	<u>\$ 2,367,492</u>	<u>\$ 1,399,764</u>	<u>\$ 323,110</u>	<u>\$ 374,607</u>	<u>\$ 99,672</u>

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 Years Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Taxes	\$ 905,534	\$ 755,705	\$ 678,011	\$ 518,687	\$ 482,014	\$ 591,042	\$ 651,227	\$ 662,479	\$ 613,895	\$ 646,308
Fees, licenses and permits	929,593	886,356	850,204	945,883	700,768	728,486	726,090	784,473	837,851	711,586
Intergovernmental	944,198	877,638	981,350	885,574	902,738	1,328,628	1,038,369	1,690,632	1,758,264	1,411,905
Fines and forfeitures	189,202	159,598	156,270	207,495	200,185	269,953	253,903	225,799	268,449	230,880
Accommodations tax	232,147	208,236	157,341	180,009	138,781	147,865	137,474	107,220	66,374	45,987
Hospitality tax	418,175	400,668	378,839	360,529	366,000	328,197	321,362	305,224	247,182	-
Charges for services	745,582	906,227	773,109	733,790	752,282	755,222	807,928	813,595	852,342	701,074
Contributions	540,041	809,792	534,760	663,171	514,966	991,159	964,005	1,290,153	1,081,773	709,547
Investment income	32,967	6,289	11,611	10,177	6,866	4,670	17,796	10,605	18,210	2,549
Miscellaneous	101,729	95,152	47,395	48,037	113,026	172,532	133,434	(151,790)	151,324	436,225
Total Revenues	5,039,168	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
Expenditures										
General government	1,427,196	1,376,250	1,254,950	1,279,074	1,182,040	1,191,967	1,098,197	1,235,251	1,089,052	1,676,950
Public safety	2,741,321	2,753,296	2,844,050	2,562,079	2,556,863	3,046,848	3,066,580	3,417,130	3,329,282	3,199,801
Streets and sanitation	584,609	588,196	603,563	636,656	685,314	1,009,491	684,463	718,471	776,723	833,831
Museum	35,460	37,059	29,584	29,405	28,201	39,020	36,519	30,757	14,415	24,403
Culture and recreation	422,383	406,552	374,683	341,133	365,832	338,353	407,862	374,258	472,873	410,236
Planning & Inspection	193,886	199,431	-	-	-	-	-	-	-	-
Capital outlay	431,779	1,186,507	175,483	325,339	463,461	634,859	319,008	1,617,592	1,448,925	1,562,234
Debt service										
Principal	185,524	76,922	192,131	201,178	180,569	298,351	339,572	204,236	302,037	437,930
Interest	15,161	11,353	15,553	22,663	25,549	66,082	46,999	40,959	59,084	51,439
Total Expenditures	6,037,319	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
Excess of Revenues Over (Under) Expenditures	(998,151)	(1,529,905)	(921,107)	(844,175)	(1,310,203)	(1,307,217)	(947,612)	(1,900,264)	(1,596,727)	(3,300,763)
Other Financing Sources (Uses)										
Contributions	-	-	-	-	-	-	-	-	-	1,000,000
Issuance of long-term debt	-	-	-	-	-	450,000	250,000	-	-	-
Proceeds from capital leases	167,380	315,157	-	-	78,157	84,900	-	176,927	-	-
Proceeds from bond issuance	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in (out)	2,001,267	2,027,104	2,021,899	2,026,161	1,800,200	1,740,045	1,679,446	1,587,583	1,912,757	1,609,055
Total Other Financing Sources (Uses)	2,168,647	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
Net Change in Fund Balance	\$ 1,170,496	\$ 812,356	\$ 1,100,792	\$ 1,181,986	\$ 568,154	\$ 967,728	\$ 981,834	\$ (135,754)	\$ 316,030	\$ (691,708)
Debt Service as a percentage of noncapital expenditures	3.58%	1.62%	3.91%	4.41%	4.10%	6.08%	6.81%	4.07%	5.98%	7.38%

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

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

<u>Calendar Year</u>	<u>Tax Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Taxable Assessed Value as a Percentage of Actual Taxable Value</u>
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%
2015	2015	8,842,210	2,644,290	11,486,500	10.75	185,009,540	6.2%

Source: Laurens County Auditor's Office

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

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

	Fiscal Years									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Property Tax Rates	10.75	10.35	9.75	9.75	9.75	9.75	9.75	9.75	9.75	9.85
City Direct Rates (2)	<u>10.75</u>	<u>10.35</u>	<u>9.75</u>	<u>9.85</u>						

Source: City of Clinton Annual Budget

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

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

Taxpayer	2016			2007		
	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	220,110	4	1.79%	145,430	5	1.23%
Comfort Inn(Clinton Holdings)	162,720	5	1.32%	-		
ReHold Clinton, LLC(BILO Shopping Center)	132,590	6	1.08%	155,200	3	1.31%
Westchase	123,500	7	1.00%	71,670	9	0.61%
Charter Communication	95,730	8	0.78%	-		
Ingles	94,350	9	0.77%	118,030	7	1.00%
McDonalds	92,890	10	0.75%	-		
Landau Apartments(Turtlerock)(AIMCO)	90,170		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%	152,560	4	1.29%
Quality Inn (Viram Enterprises)	63,180		0.51%	68,410	10	0.58%
	<u>\$ 2,158,420</u>		<u>15.01%</u>	<u>\$ 1,622,990</u>		<u>13.7%</u>

Source: Laurens County Treasurer's Office

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Tax Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	531,559	487,557	91.7%	22,271	509,828	95.9%
2008	531,287	491,411	92.5%	28,695	520,106	97.9%
2009	532,686	483,412	90.7%	49,312	532,724	100.0%
2010	559,594	487,542	87.1%	62,136	549,678	98.2%
2011	553,011	480,089	86.8%	72,616	552,705	99.9%
2012	530,004	455,854	86.0%	73,405	529,259	99.9%
2013	498,539	463,419	86.0%	31,781	495,200	99.3%
2014	685,061	622,929	90.9%	54,809	677,738	98.9%
2015	671,775	596,078	88.7%	41,928	638,006	95.0%
2016	726,958	693,188	95.4%	-	688,138	94.7%

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			
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	27.61
2016	193,000	193,000	0.10%	8,637	22.35

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

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

Fiscal Year Ended June 30,	Governmental Activities				
	General Obligation Bonds	Capital Leases	Total Governmental Activities	Percentage of Personal Income (2)	Per Capita (2)
	2007	\$ 596,158	\$ 114,685	\$ 710,843	0.56%
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	0.40%	70
2016	193,000	392,130	585,130	0.38%	68

Fiscal Year Ended June 30,	Business-type Activities					Total Business Activities	Percentage of Personal Income (2)	Per Capita (2)
	Revenue Bonds	Deferred Amount on Refunding	Capital Leases	Line of Credit				
	2007	\$ 7,112,612	\$ (344,466)	\$ 152,668	\$ -			
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	4.55%	787	
2016	6,051,020	(197,834)	244,591	-	6,097,777	3.98%	706	

Fiscal Year Ended June 30,	Total Primary Government					Total Government Activities	Percentage of Personal Income (2)	Per Capita (2)
	Revenue Bonds	Deferred Amount on Refunding	Capital Leases	Line of Credit				
	2007	\$ 7,708,770	\$ (344,466)	\$ 267,353	\$ -			
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	4.95%	857	
2016	6,244,020	(197,834)	636,721	-	6,682,907	4.36%	774	

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>\$ 11,486,500</u>
Debt limit (8% of total assessed value)	<u>918,920</u>
Debt applicable to limit:	
General obligation bonds	193,000
Less: Amount set aside for repayment	-
Total net debt applicable to limit	<u>193,000</u>
Legal debt margin	<u>\$ 725,920</u>

	Fiscal Years									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt Limit	\$ 918,920	\$ 984,590	\$ 798,075	\$ 808,993	\$ 963,322	\$ 947,902	\$ 955,565	\$ 974,296	\$ 919,338	\$ 944,800
Total Net Debt Applicable to Limit	<u>193,000</u>	<u>238,000</u>	<u>282,000</u>	<u>403,013</u>	<u>520,752</u>	<u>635,437</u>	<u>303,123</u>	<u>404,720</u>	<u>500,582</u>	<u>596,158</u>
Legal Debt Margin	<u>\$ 725,920</u>	<u>\$ 746,590</u>	<u>\$ 516,075</u>	<u>\$ 405,980</u>	<u>\$ 442,570</u>	<u>\$ 312,465</u>	<u>\$ 652,442</u>	<u>\$ 569,576</u>	<u>\$ 418,756</u>	<u>\$ 348,642</u>
Total Net Debt Applicable to the Limit as a % of Debt Limit	21.00%	24.17%	35.34%	49.82%	54.06%	67.04%	31.72%	41.54%	54.45%	63.10%
Total General Bonded Debt as a Percentage of Actual Taxable Value	0.10%	0.13%	0.15%	0.21%	0.24%	0.29%	0.14%	0.13%	0.19%	0.23%
Total Net General Bonded Debt per Capita	\$ 22	\$ 28	\$ 33	\$ 47	\$ 61	\$ 70	\$ 33	\$ 44	\$ 55	\$ 65

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, 2016

<u>City of Clinton</u>	<u>Debt Outstanding</u>	<u>Estimated Percent Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Total direct debt	\$ 585,130	100%	\$ 585,130
Total direct and overlapping debt	<u>\$ 585,130</u>	<u>100%</u>	<u>\$ 585,130</u>

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

<u>Fiscal Year</u>	<u>Utilities</u>	<u>Operating</u>	<u>Available</u>	<u>Debt Service</u>		
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	21,305,562	18,050,032	3,255,530	462,818	189,336	4.99
2016	20,863,356	18,978,533	1,884,823	758,650	178,878	2.01

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
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	8,502	121,867,668	14,334	3,158	10.90%
2011	8,518	119,073,122	13,979	3,077	9.90%
2012	8,503	126,694,700	14,900	3,070	9.90%
2013	8,536	115,714,016	13,556	3,077	8.20%
2014	8,641	121,881,305	14,105	3,133	5.60%
2015	8,637	126,758,631	14,676	3,112	6.60%
2016	8,637	131,892,187	15,271	3,063	5.80%

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

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

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

June 30, 2016		June 30, 2007	
Company or Organization	Number of Employees (1)(2)	Company or Organization	Percent of Total County Employment(2)
Andeson Hardwood		Andeson Hardwood	
Asten Johnson		Asten Johnson	
Greenville Hospital System		Greenville Hospital System(Laurens County Hospital)	
Laurens County School District #56		Laurens County School District #56	
National Health Corporation		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,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government	8	8	7	6	6	6	6	6	6	6
Public Safety	42	40	40	40	40	40	44	45	52	49
Streets	3	4	4	5	4	3	3	3	4	5
Culture and Recreation	1	2	2	2	4	3	2	2	3	3
Public Works & Sanitation	7	6	6	6	6	6	6	7	7	7
Building Inspector/Planning	2	2	3	3	3	3	3	3	3	2
Utility Employees	42	40	38	38	38	38	38	37	38	35
Total	105	102	100	100	101	99	102	103	113	107

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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government										
Building permits issued	76	164	154	181	179	171	157	124	120	129
Public Safety										
Police department										
Criminal/physical non-juvenile arrests(2)	2,891	2,415	2,315	2,979	2,725	2,800	2,879	2,737	2,198	2,456
Fire department										
Fire calls	943	810	781	835	746	766	749	575	755	510
Fire inspections	318	287	317	113	435	124	100	88	55	42
Streets and Sanitation										
Street resurfacing (in miles)	-	-	-	-	-	-	-	-	-	-
Refuse collected (tons per year)	2,342	2,807	2,950	2,899	3,964	3,494	3,340	3,706	3,306	3,207
Maintenance										
Average Equipment Repairs/month	81	81	81	81	81	81	61	75	80	70
Cultural and Recreational										
Museum Operating Hours	455	455	168	168	168	168	168	168	168	168
Public Works										
Water Meters Replaced (1)	4,244	1,440	1,841	812	205	205	98	133	97	97
Water and Sewer										
Water										
Average daily consumption (in millions of gallons)	2	2	2	2	2	2	2	2	3	3
Number of consumers	4,043	4,208	4,154	4,251	4,260	4,377	4,411	4,334	4,388	4,378
Sewer										
Electric										
Number of consumers	4,045	4,020	3,999	4,069	4,075	4,285	4,392	4,102	4,326	4,322

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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Public Safety										
Police department										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	30	26	22	22	22	22	32	29	29	25
Fire Department										
Fire Stations	2	2	2	2	2	2	2	2	2	2
Service units	10	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	23.3	23	23	23	23	23	23
Number of Street Lights	1,295	1,295	1,295	1,295	1,295	1,285	1,279	1,279	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	104	103	103	103	101	101	101	101	101
Sanitary sewers (in miles)	64	64	63	63	63	63	63	63	63	63
Electric										
Distribution lines (in miles)	81	81	80	80	80	75	75	70	70	70
Number of Substations	4	4	4	4	4	4	4	4	4	4

Source: Capital Asset schedules and various department records.