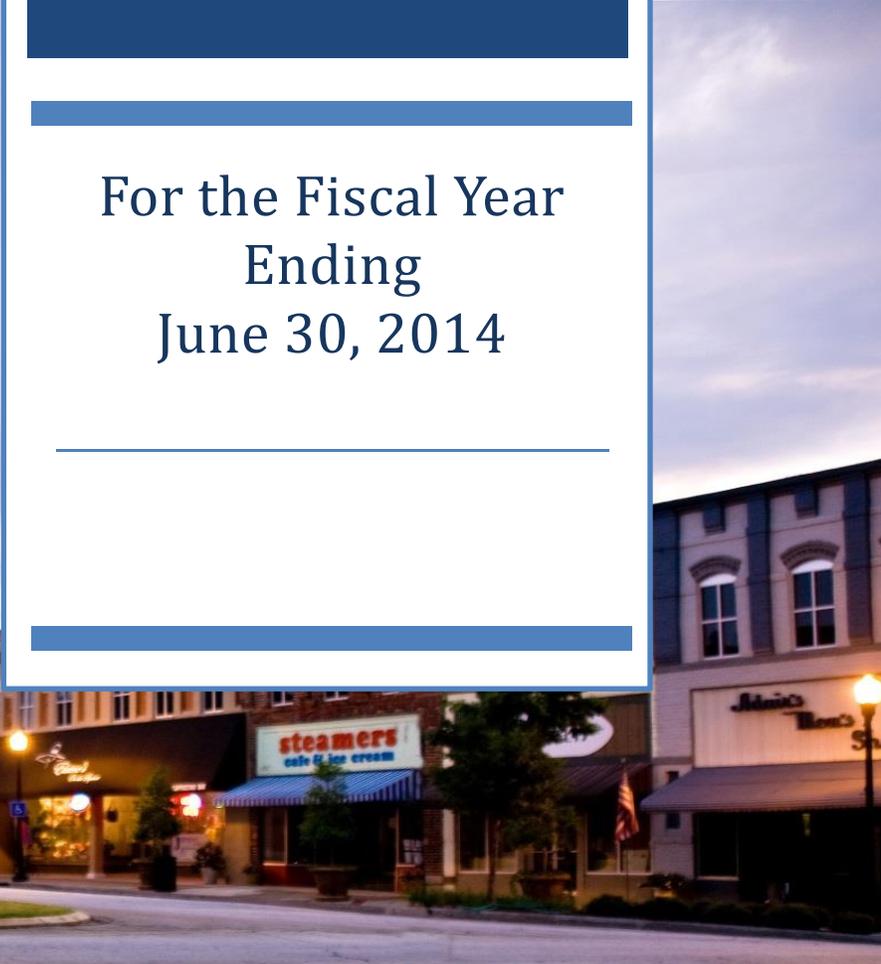


City of Clinton Comprehensive Annual Financial Report



CLINTON
South Carolina

For the Fiscal Year
Ending
June 30, 2014



**CITY OF CLINTON
CLINTON, SOUTH CAROLINA**

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INTRODUCTORY SECTION



CLINTON

South Carolina

November 17, 2014

Robert T. McLean
Mayor

Frank N. Stovall
City Manager

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

Mary J. Byrd
City Council Member

Daniel O. Cook, Jr.
City Council Member

John H. Dowdle
City Council Member

Shirley Y. Jenkins
City Council Member

Eddie L. McGee
City Council Member

Norman Scarborough
City Council Member

Joey Meadors
Director
Dept. of Administrative
Services

Robin E. Morse
Director
Dept. of Public Safety

Dale Satterfield
Director
Dept. of Public Works

Stephen Taylor
Director
Dept. of Community &
Economic Development

South Carolina 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, we hereby issue 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 & Co., LLC, 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, 2014, 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 unmodified opinion that the City of Clinton's financial statements for the fiscal year ended June 30, 2014, 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 8,900 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 appointed 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 owns 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 Business Association, 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.

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 that continues to drive the development of construction jobs, real estate sales, and creation of new service industries in downtown Clinton. During the previous year, investment in construction in our city increased to nearly \$4.7 million.

Long-term financial planning

The City of Clinton operates within a five-year strategic plan, incorporating input from the Mayor, City Council, staff, and the general public. The strategic plan focuses on improving the quality of life for the citizens of Clinton, primarily in the arenas of economic development, housing, marketing, technology, parks, and recreational opportunities. In addition to the five year strategic plan, the City completed their required ten year Comprehensive Plan in 2011. The next round of long range planning is set to begin in 2015.

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

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

Internal Controls

Management of the City of Clinton is responsible for establishing and maintaining a system of internal controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition;

and (2) the readability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that: (1) the cost of internal control should not exceed the benefits likely to be delivered; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

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

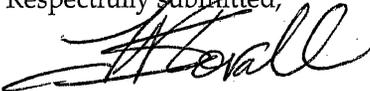
Awards and Acknowledgments

The Governmental Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Clinton for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2013. This was the 25th 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 Finance Director with the guidance of the independent auditors, McKinley, Cooper & Co., LLC. We would like to express our appreciation to all personnel who assisted and contributed to the preparation of this report.

Respectfully submitted,



Frank Stovall
City Manager



Principal Officers

Robert McLean, Mayor
Daniel O. Cook, Jr., Mayor Pro-Tem
Mary J. Byrd, Council Member
John Dowdle, Council Member
Shirley Jenkins, Council Member
Edward L. McGee, Council Member
Norman Scarborough, 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, 2013

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, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Clinton, South Carolina, as of and for the year ended June 30, 2014, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



To the Honorable Mayor and Members of City Council
City of Clinton
November 17, 2014

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Clinton, South Carolina as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and schedule of funding progress for retiree health plan, 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, South Carolina'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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

To the Honorable Mayor and Members of City Council
City of Clinton
November 17, 2014

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2014, on our consideration of the City of Clinton, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Clinton, South Carolina's internal control over financial reporting and compliance.

McKinley, Cooper & Co., LLC

Greenville, South Carolina
November 17, 2014

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, 2014. 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

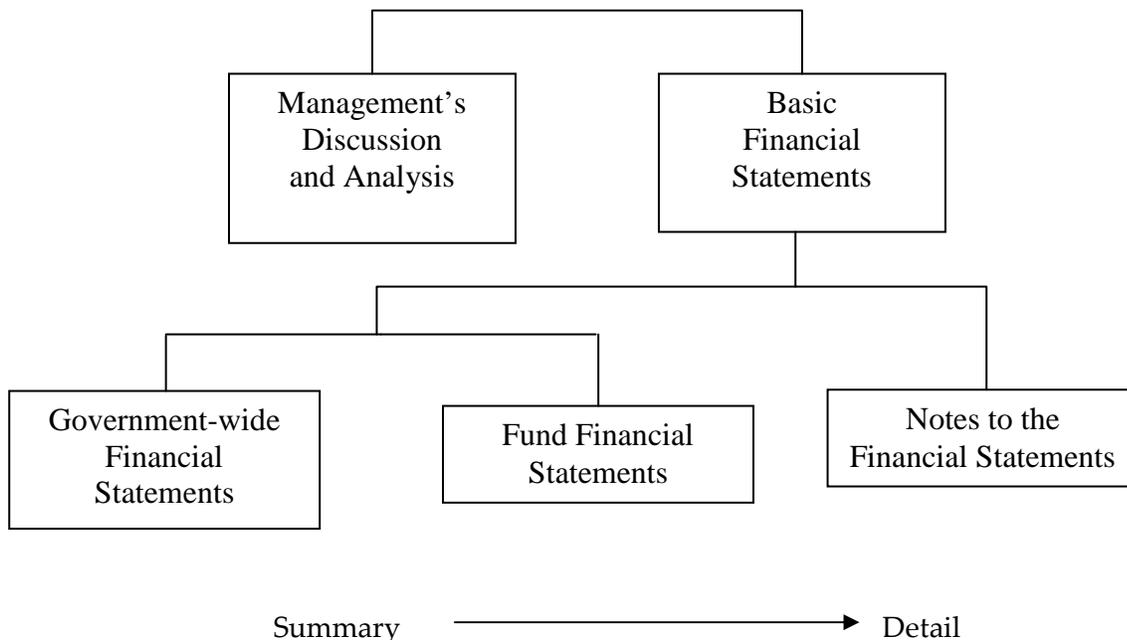
- The net position of the City of Clinton totaled \$21,919,568 at the close of the fiscal year.
- The government's total net position increased by \$1,985,354 due to increases in the both business-type activities, and governmental activities during the current fiscal year.
- As of the close of the current fiscal year, the City's governmental fund reported an ending fund balance of \$4,503,623, an increase of \$1,100,792 from the prior year. The City's unassigned fund balance is \$1,294,302.

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 30-49 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	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	\$ 4,848,783	\$ 3,659,958	\$ 10,408,813	\$ 12,352,585	\$ 15,257,596	\$ 16,012,543
Capital Assets	5,674,517	5,984,694	10,813,852	9,733,851	16,488,369	15,718,545
Intangible Assets	-	-	65,464	75,308	65,464	75,308
	10,523,300	9,644,652	21,288,129	22,161,744	31,811,429	31,806,396
Prior Period Adjustment	-	-	-	(1,292,474)	-	(1,292,474)
Total Assets	10,523,300	9,644,652	21,288,129	20,869,270	31,811,429	30,513,922
Deferred Outflows of Resources	-	-	296,761	-	296,761	-
Long-term Liabilities						
Outstanding	687,945	868,974	7,635,893	8,030,653	8,323,838	8,899,627
Other Liabilities	295,533	215,604	1,569,251	1,464,477	1,864,784	1,680,081
Total Liabilities	983,478	1,084,578	9,205,144	9,495,130	10,188,622	10,579,708
Net Position:						
Invested in capital assets, net of related deb	5,309,464	5,427,510	6,477,044	5,667,030	11,786,508	11,094,540
Restricted	3,111,647	2,687,316	3,099,918	4,152,646	6,211,565	6,839,962
Unrestricted	1,118,711	445,248	2,802,784	2,846,938	3,921,495	3,292,186
	9,539,822	8,560,074	12,379,746	12,666,614	21,919,568	21,226,688
Prior Period Adjustment	-	-	-	(1,292,474)	-	(1,292,474)
Total Net Position	\$ 9,539,822	\$ 8,560,074	\$ 12,379,746	\$ 11,374,140	\$ 21,919,568	\$ 19,934,214

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 \$31,811,429 and \$296,761, respectively, exceeded liabilities by \$21,919,568 as of June 30, 2014. The City's net position increased by \$1,985,354 for the fiscal year ended June 30, 2014. However, the largest portion of net position (54%) 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 net position balance of \$3,921,495 is unrestricted.

Total unrestricted governmental net position increased due to the City's conservative approach during the budget process for fiscal year 2013-2014 and adherence to that budget. As a whole, revenues reported for the City's governmental area were favorable.

City of Clinton
Changes in Net Position

Figure 3

	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 1,839,583	\$ 1,947,539	\$ 19,823,115	\$ 19,341,295	\$ 21,662,698	\$ 21,288,834
Operating grants and contributions	534,760	663,171	-	-	534,760	663,171
Capital grants and contributions	-	-	631,186	1,223,963	631,186	1,223,963
General revenues:						
Property taxes	686,115	506,758	-	-	686,115	506,758
Other taxes	1,272,616	1,179,634	-	-	1,272,616	1,179,634
Grants and contributions not restricted to specific programs	183,150	183,461			183,150	183,461
Other	60,770	60,860	145,787	283,361	206,557	344,221
Total revenues	<u>4,576,994</u>	<u>4,541,423</u>	<u>20,600,088</u>	<u>20,848,619</u>	<u>25,177,082</u>	<u>25,390,042</u>
Expenses:						
General government	1,405,988	1,437,169	-	-	1,405,988	1,437,169
Public safety	2,995,522	2,711,603	-	-	2,995,522	2,711,603
Streets and sanitation	797,815	828,410	-	-	797,815	828,410
Museum	29,584	29,405	-	-	29,584	29,405
Cultural and recreation	374,683	341,133	-	-	374,683	341,133
General public	-	-	-	-	-	-
Interest on						
Long-term debt	15,553	19,810	-	-	15,553	19,810
Public works	-	-	1,110,682	1,110,509	1,110,682	1,110,509
Water and sewer	-	-	3,782,066	3,421,807	3,782,066	3,421,807
Electric	-	-	12,643,973	11,875,161	12,643,973	11,875,161
Total expenses	<u>5,619,145</u>	<u>5,367,530</u>	<u>17,536,721</u>	<u>16,407,477</u>	<u>23,155,866</u>	<u>21,775,007</u>
Changes in net position before transfers	(1,042,151)	(826,107)	3,063,367	4,441,142	2,021,216	3,615,035
Transfers	2,021,899	2,026,161	(2,057,761)	(2,026,161)	(35,862)	-
Change in net position	979,748	1,200,054	1,005,606	2,414,981	1,985,354	3,615,035
Net Position, Beginning	8,560,074	7,360,020	11,374,140	10,251,633	19,934,214	17,611,653
Prior Period Adjustment	-	-	-	(1,292,474)	-	(1,292,474)
Net Position, Ending	<u>\$ 9,539,822</u>	<u>\$ 8,560,074</u>	<u>\$ 12,379,746</u>	<u>\$ 11,374,140</u>	<u>\$ 21,919,568</u>	<u>\$ 19,934,214</u>

Governmental activities.

Governmental activities increased the City's net position by \$979,748. Key elements of this increase are as follows:

- The City kept expenditures down due to economic restraints and forecasts, while revenues were maintained. No major changes are noted when compared to the previous year.

- Contributions and grants were received totaling \$534,760. The main portion of these receipts were from private contributions of \$509,260.

Business-type activities

Business-type activities increased the City of Clinton's net position by \$1,005,606. The key elements of this increase are:

- The increase in utility revenue is partially due to an increase in electric revenues of \$460,000 due to a rate increase imposed by the electric provider and LCWSC passed through to the customer. The City implemented rate increases of 5.7% electric, 4.2% for sewer, and 1.5% to water customers.
- The City also received grants for the construction of Water Lines. One grant was received for the Clinton Mill Neighborhood from the CDBG for \$489,000. Other grant funds were received from the Rural Infrastructure Authority (RIA) for water lines on Gastley Drive and Edgewood Drive.

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 unreserved fund balance of the General Fund was \$1,294,302 while total fund balance was \$4,503,623. 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 \$1,100,792. Key factors in this increase are as follows:

- Funds from other financing sources totaling \$2,021,899 were received which consisted of the transfer from the Utility Fund.
- Collections from Hospitality and Local Accommodations taxes totaled \$460,948. Since these funds have restrictions imposed on them, none was spent.
- A grant was received from the Department of Justice to reimburse funds spent on public safety equipment for \$20,700.
- Due to a slight increase in retail sales in the community, Local Option Sales Tax increased by \$97,340. Most of these additional funds were set aside to offset taxpayer credits for the upcoming year.

- Property tax revenues increased by approximately \$143,000 due to Local Option Sales tax reallocation voted on by the City. The additional funds were set aside for to pay for Public Safety Equipment as agreed.

General Fund Budgetary Highlights

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

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

- Mayor and City Council is over budget in operations by \$10,255 due to professional services and extra insurance premiums required by SC PEBA.
- The Municipal Court is over budget by \$98,722 due to State Fine Transfers and required payments by South Carolina Retirement System on behalf of the Municipal Judges, that has not been required in the past.
- Legal Services is over budget by \$5,063 for payments to SC PEBA on behalf of the attorney.
- The Public Safety Department is over budget by \$69,245 due to several line items, including juvenile costs, fuel and repairs for vehicles, and utility costs.
- The Street Department operations section is over budget due to utility costs, vehicle repairs and maintenance, but the total department expenditures stayed within budget.
- The Sanitation Department is over budget in operations by approximately \$20,000 mainly due to landfill costs and fuel for vehicles, but overall is within budget.
- The Museum is over budget due to expenditures that are offset by unbudgeted receipts from outside donations.
- The Cultural and Recreation department is over budget in salaries by \$13,236 because of the cost associated with the construction of the Born Learning Trail.

Proprietary Funds.

The City of Clinton's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Combined Utility System Enterprise Fund at the end of the fiscal year amounted to \$2,802,784. The total increase in net position for the fund was \$1,005,606. Other factors concerning the finances of the fund have already been addressed in the discussion of the City of Clinton's business-type activities.

Capital Asset and Debt Administration

Capital Assets

The City of Clinton's investment in capital assets for its governmental and business-type activities as of June 30, 2014, totals \$16,488,369, (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 fire turn-out gear for \$44,357, body armor for \$12,714, and two new public safety vehicles for \$51,000.
- The City of Clinton had various upgrades to buildings owned by the city, including replacement windows and painting at Public Safety for \$24,000, upgrades at MS Bailey and American Legion buildings, and renovations at Department of Public Works and filter plant totaled \$76,000.
- The City continued to replace Water Lines and Meters in the Clinton Mill Community located in the City through a Community Block Development Grant with additions totaling \$530,000. Other grants, through the Rural Infrastructure Authority (RIA), were received to replace water lines on Gastley Drive and Edgewood Drive for \$103,000.
- Additionally, bond funds for remote read metering for \$435,000 and software installations for \$162,259 were spent during the year 2014 and will remain in progress for the year 2015.
- The Public Works Department replaced and upgraded various equipment using bond funds for \$177,000, which included the belt press and polymer system, filters and lab equipment for treatment and a river pump. Also, bond funds were used to continue to install infrastructure on the frontage road for approximately \$172,000.

City of Clinton
Capital Assets

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 1,105,526	\$ 1,105,526	\$ 11,983	\$ 11,983	\$ 1,117,509	\$ 1,117,509
Building	2,433,607	2,513,413	162,855	125,329	2,596,462	2,638,742
Improvements Other than Buildings	1,579,067	1,735,119	8,198,214	8,538,031	9,777,281	10,273,150
Vehicles and Other Equipment	554,780	629,099	435,421	316,355	990,201	945,454
Construction in Progress	1,537	1,537	2,005,379	742,153	2,006,916	743,690
	<u>\$ 5,674,517</u>	<u>\$ 5,984,694</u>	<u>\$ 10,813,852</u>	<u>\$ 9,733,851</u>	<u>\$ 16,488,369</u>	<u>\$ 15,718,545</u>

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

Long-term Debt

As of June 30, 2014, the City of Clinton had total bonded debt outstanding of \$7,554,487. Of this, \$282,000 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	
	2014	2013	2014	2013	2014	2013
General Obligation Bonds	\$ 282,000	\$ 403,013	\$ -	\$ -	\$ 282,000	\$ 403,013
Revenue Bonds	-	-	7,272,487	8,013,689	7,272,487	8,013,689
	<u>\$ 282,000</u>	<u>\$ 403,013</u>	<u>\$ 7,272,487</u>	<u>\$ 8,013,689</u>	<u>\$ 7,554,487</u>	<u>\$ 8,416,702</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 \$516,075. The City has \$282,000 in general obligation bonds outstanding at June 30, 2014. 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 are continuing challenges associated with paring existing jobs with the skills of the current workforce, recruiting new jobs that more closely match the skills of the workforce, and providing workforce training for those individuals who need to develop new skills so that they can compete for existing jobs.
- *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 and property values that are stagnant or growing at rate that is slower than expected. This severely limits that ability of the City to invest in traditional economic development as a government function.
- *Economic Development Product Development:* The City of Clinton continues to invest in product development efforts related to economic development. Product development includes the completion of a frontage road on I-26, the development of a new industrial park on I-26, and smaller improvements to other potential industrial sites within the City limits.
- *Strategic Planning:* The City of Clinton has embarked upon the process of crafting a multi-faceted strategic plan to guide economic development efforts in the future. The plan will assist the City in identifying key industries and opportunities for economic growth, and should assist the City in focusing its economic development efforts to achieve greater success.

Budget Highlights for the Fiscal Year Ending June 30, 2015

Governmental Activities

The City of Clinton increased property taxes for calendar 2014 from 97.5 mills to 103.5 mills. The City did not increase any of the cost of services to the citizens of Clinton that are provided by the governmental sector. Budgeted expenditures in the General Fund are expected to rise only as necessary to meet the fixed cost of City operations.

Business-type Activities:

Electric rates increased approximately 3.33% to cover increased cost of wholesale power from Piedmont Municipal Power Agency. Water rates will increase 1% to customers. Sewer rates increased by 5% for treatment only to cover a rate increase implemented by Laurens County Water and Sewer Commission, the agency that treats the City of Clinton's sewer. Base charges for electric, sewer and water services will increase. All base charges for electric increased by \$6.55, sewer base rate charges increased by \$1.50 and water base charges increased by \$1.00.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

CITY OF CLINTON, SOUTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Economic Development Corporation
ASSETS				
Cash and cash investments	\$ 5,265,955	\$ 2,308,899	\$ 7,574,854	\$ 587,254
Restricted cash	-	3,099,918	3,099,918	-
Taxes receivable - net	63,409	-	63,409	-
Other receivables - net	220,590	3,084,778	3,305,368	-
Due from component unit	122,409	485,237	607,646	-
Internal balances	(830,703)	830,703	-	-
Inventories	7,123	599,278	606,401	-
Land held for resale	-	-	-	1,330,883
Capital assets				
Land and construction in progress	1,107,063	2,017,362	3,124,425	-
Other capital assets - net of depreciation	4,567,454	8,796,490	13,363,944	657,326
Other assets	-	65,464	65,464	-
Total assets	10,523,300	21,288,129	31,811,429	2,575,463
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding bond	-	296,761	296,761	-
Total deferred outflows of resources	-	296,761	296,761	-
LIABILITIES				
Accounts payable and accrued liabilities	287,829	1,339,219	1,627,048	-
Customer deposits	-	213,624	213,624	-
Unearned revenue	3,604	-	3,604	240,000
Accrued interest payable	4,100	16,408	20,508	12,857
Due to primary government	-	-	-	607,646
Long-term liabilities				
Net OPEB obligation	138,831	215,553	354,384	-
Due within one year	150,606	504,733	655,339	96,741
Due in more than one year	398,508	6,915,607	7,314,115	313,860
Total liabilities	983,478	9,205,144	10,188,622	1,271,104
NET POSITION				
Invested in capital assets, net of related debt	5,309,464	6,477,044	11,786,508	657,326
Restricted for				
Debt service	23,850	79,098	102,948	-
Tourism	3,062,861	-	3,062,861	-
Public safety	24,936	-	24,936	-
Capital projects	-	3,020,820	3,020,820	-
Unrestricted	1,118,711	2,802,784	3,921,495	647,033
Total net position	\$ 9,539,822	\$ 12,379,746	\$ 21,919,568	\$ 1,304,359

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

CITY OF CLINTON, SOUTH CAROLINA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

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	\$ 1,405,988	\$ 850,204	\$ 478,897	\$ -	\$ (76,887)	\$ -	\$ (76,887)	\$ -
Public safety	2,995,522	216,270	20,699	-	(2,758,553)	-	(2,758,553)	-
Streets and sanitation	797,815	773,109	-	-	(24,706)	-	(24,706)	-
Museum	29,584	-	9,005	-	(20,579)	-	(20,579)	-
Cultural and recreational	374,683	-	26,159	-	(348,524)	-	(348,524)	-
Interest on long-term debt	15,553	-	-	-	(15,553)	-	(15,553)	-
Total governmental activities	<u>5,619,145</u>	<u>1,839,583</u>	<u>534,760</u>	<u>-</u>	<u>(3,244,802)</u>	<u>-</u>	<u>(3,244,802)</u>	<u>-</u>
Business-type activities								
Public works	1,110,682	551,365	-	-	-	(559,317)	(559,317)	-
Water and sewer	3,782,066	4,034,139	-	631,186	-	883,259	883,259	-
Electric	12,643,973	15,237,611	-	-	-	2,593,638	2,593,638	-
Total business-type activities	<u>17,536,721</u>	<u>19,823,115</u>	<u>-</u>	<u>631,186</u>	<u>-</u>	<u>2,917,580</u>	<u>2,917,580</u>	<u>-</u>
Total primary government	<u>\$ 23,155,866</u>	<u>\$ 21,662,698</u>	<u>\$ 534,760</u>	<u>\$ 631,186</u>	<u>(3,244,802)</u>	<u>2,917,580</u>	<u>(327,222)</u>	<u>-</u>
Component unit								
Economic Development Corporation	\$ 94,322	\$ -	\$ -	\$ 198,653	-	-	-	104,331
	<u>\$ 94,322</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 198,653</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,331</u>
General revenues								
Taxes								
Property taxes, levied for general purposes					686,115	-	686,115	-
Local option sales tax					736,436	-	736,436	-
Other taxes					536,180	-	536,180	-
Grants and contributions not restricted to specific programs					-	-	-	-
Hospitality tax					-	-	-	-
Franchise fees					-	-	-	-
State-shared revenues					183,150	-	183,150	-
Fines and forfeits					-	-	-	-
Unrestricted investment earnings					11,611	7,961	19,572	-
Loss on sale of assets					-	-	-	-
Miscellaneous					49,159	137,826	186,985	45,125
Transfers					2,021,899	(2,057,761)	(35,862)	35,862
Total general revenues and transfers					<u>4,224,550</u>	<u>(1,911,974)</u>	<u>2,312,576</u>	<u>80,987</u>
Change in net position					<u>979,748</u>	<u>1,005,606</u>	<u>1,985,354</u>	<u>185,318</u>
Net position, beginning					<u>8,560,074</u>	<u>12,666,614</u>	<u>21,226,688</u>	<u>1,119,041</u>
Prior Period Adjustment					<u>-</u>	<u>(1,292,474)</u>	<u>(1,292,474)</u>	<u>-</u>
Net Position, beginning, as restated					<u>8,560,074</u>	<u>11,374,140</u>	<u>19,934,214</u>	<u>1,119,041</u>
Net position, ending					<u>\$ 9,539,822</u>	<u>\$ 12,379,746</u>	<u>\$ 21,919,568</u>	<u>\$ 1,304,359</u>

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

CITY OF CLINTON, SOUTH CAROLINA

**BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2014**

	General Fund
ASSETS	
Cash and cash investments	\$ 5,265,955
Receivables - net	
Taxes	63,409
Accounts and other	220,590
Due from component unit	122,409
Inventories	7,123
Total assets	\$ 5,679,486
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	
Liabilities	
Accounts payable and accrued liabilities	\$ 287,829
Due to other funds	830,703
Unearned revenue	3,604
Total liabilities	1,122,136
 Deferred Inflows of Resources	
Unavailable revenues	53,727
Total deferred inflows of resources	53,727
 Fund Balances	
Nonspendable	97,674
Restricted	3,111,647
Unassigned	1,294,302
Total fund balances	4,503,623
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,679,486

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, 2014**

Total Fund Balance, Governmental Fund		\$ 4,503,623
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.		5,674,517
Certain other long-term liabilities are not available to pay current period expenditures and, therefore, are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		(138,831)
Property taxes receivable are not considered available and are, therefore, deferred in the funds.		53,727
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	(282,000)	
Capital Leases	(83,053)	
Compensated absences	(184,061)	
Accrued interest payable	(4,100)	
	(553,214)	(553,214)
Net Assets of Governmental Activities in the Statement of Net Position		\$ 9,539,822

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, 2014

	General Fund
REVENUES	
Taxes	\$ 678,011
Licenses and permits	850,204
Intergovernmental revenues	981,350
Fines and forfeitures	156,270
Accommodations tax	157,341
Hospitality tax	378,839
Charges for services	773,109
Contributions and grants	534,760
Interest revenue	11,611
Miscellaneous	47,395
	Total revenues
	4,568,890
EXPENDITURES	
Current	
General government	1,254,950
Public safety	2,844,050
Streets and sanitation	603,563
Museum	29,584
Cultural and recreational	374,683
Capital outlay	175,483
Debt service	
Principal retirement	192,131
Interest	15,553
	Total expenditures
	5,489,997
Excess of revenues (under) expenditures	(921,107)
OTHER FINANCING SOURCES	
Transfers in	
Overhead allocation transfer	386,267
Contributions transfer	1,635,632
	Total other financing sources
	2,021,899
Net change in fund balance	1,100,792
Fund Balance, beginning of year	3,402,831
Fund Balance, end of year	\$ 4,503,623

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, 2014**

Net Change in Fund Balance - Total Governmental Fund \$ 1,100,792

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	175,483
Depreciation expense	(485,660)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Changes in unavailable tax revenues	8,104
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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.

Repayment of long-term debt	192,131
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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	(50,182)
Compensated absences	39,080

Change in Net Position of Governmental Activities	\$ 979,748
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CITY OF CLINTON, SOUTH CAROLINA

STATEMENT OF NET POSITION
 PROPRIETARY FUND
 JUNE 30, 2014

ASSETS

Current Assets

Cash and cash investments	\$	2,308,899
Restricted cash		3,099,918
Accounts receivable - net		1,856,537
Unbilled revenue		1,228,241
Due from the general fund		830,703
Due from component unit		485,237
Inventories		599,278
Total current assets		10,408,813

Noncurrent Assets

Capital assets - net of accumulated depreciation		10,813,852
Other assets		65,464
Total noncurrent assets		10,879,316

Total assets		21,288,129
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DEFERRED OUTFLOWS OF RESOURCES

Deferred charges on refunding bond		296,761
Total deferred outflows of resources		296,761
Total assets and deferred outflows of resources		21,584,890

LIABILITIES

Current Liabilities

Accounts payable and accrued liabilities		1,339,219
Customer deposits		213,624
Accrued interest payable		16,408
Compensated absences - current portion		9,406
Obligations under capital leases - current portion		32,509
Revenue bonds payable - current portion		462,818
Total current liabilities		2,073,984

Noncurrent Liabilities

Net OPEB obligation		215,553
Compensated absences - net of current portion		53,305
Obligations under capital leases - net of current portion		52,633
Revenue bonds payable - net of current portion		6,809,669
Total noncurrent liabilities		7,131,160

Total liabilities		9,205,144
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NET POSITION

Invested in capital assets, net of related debt		6,477,044
Restricted for capital projects		3,020,820
Restricted for debt service		79,098
Unrestricted		2,802,784
Total net position	\$	12,379,746

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, 2014

	Combined Utility System Enterprise Fund
	<hr/>
OPERATING REVENUES	
Utility sales	\$ 18,890,871
Interdepartmental utility sales	649,915
Hookup fees	47,131
Penalties	230,198
Miscellaneous	142,826
	<hr/>
Total operating revenues	19,960,941
	<hr/>
OPERATING EXPENSES	
Public works administration department	439,821
Information technology department	93,421
Utility billing department	522,767
Electric distribution department	12,024,172
Sanitary sewer department	1,642,100
Water distribution department	343,534
Water plant department	1,120,671
Storm sewer department	105,440
Maintenance department	66,945
Risk management department	90,494
Depreciation	814,296
	<hr/>
Total operating expenses	17,263,661
	<hr/>
Operating income	2,697,280
	<hr/>
NONOPERATING REVENUES (EXPENSES)	
Interest revenue	7,961
Interest expense	(263,216)
Other	(9,844)
	<hr/>
Total nonoperating revenues (expenses)	(265,099)
	<hr/>
Income before contributions and transfers	2,432,181
Capital contributions - state grants	103,223
Capital contributions - federal grants	527,963
Transfers to/from other funds	(2,021,899)
Transfers to/from component unit	(35,862)
	<hr/>
Change in net position	1,005,606
	<hr/>
Net position , beginning of year	12,666,614
	<hr/>
Prior Period Adjustment	(1,292,474)
	<hr/>
Net position , beginning of year, as restated	11,374,140
	<hr/>
Net position , end of year	\$ 12,379,746
	<hr/> <hr/>

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, 2014

	Combined Utility System Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 19,997,125
Cash paid for goods and services	(14,793,923)
Cash paid to employees	(1,575,019)
	<hr/>
Net cash provided by operating activities	3,628,183
	<hr/>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Net transfers to other funds	(2,359,460)
Net transfers from component unit	149,315
	<hr/>
Net cash used by non-capital financing activities	(2,210,145)
	<hr/>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(1,894,297)
Principal payments on capital leases	(41,583)
Principal payments on revenue bonds	(741,202)
Interest and other fees paid	(265,663)
Subsidy from federal grants	527,963
Subsidy from other grants	103,223
	<hr/>
Net cash used by capital and related financing activities	(2,311,559)
	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	7,961
	<hr/>
Net cash provided by investing activities	7,961
	<hr/>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(885,560)
CASH AND CASH EQUIVALENTS, beginning of year	6,294,377
	<hr/>
CASH AND CASH EQUIVALENTS, end of year	\$ 5,408,817
	<hr/> <hr/>

(continued)

CITY OF CLINTON, SOUTH CAROLINA

STATEMENT OF CASH FLOWS - CONTINUED
 PROPRIETARY FUND
 YEAR ENDED JUNE 30, 2014

	<u>Combined Utility System Enterprise Fund</u>
Reconciliation of Operating Income to Net	
Cash Provided by Operating Activities:	
Operating income	\$ 2,697,280
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	814,296
(Increase) decrease in assets and deferred outflows	
Accounts receivable	72,636
Unbilled receivables	(126,125)
Inventories	(28,389)
Deferred amount on refunding	59,591
Increase (decrease) in liabilities	
Accounts payable and accrued liabilities	124,948
Net OPEB obligation	43,202
Compensated absences	(11,529)
Customer deposits	(17,727)
Net cash provided by operating activities	<u><u>\$ 3,628,183</u></u>
Noncash Investing, Capital and Financing Activities	
Transfers to other funds	<u>\$ (152,384)</u>
Amortization included in interest expense	<u>\$ (59,591)</u>
Reconciliation of Cash and Investments as Shown on the Statement of Net Assets and Cash Flow Statement	
Statement of net assets classification	
Current assets	
Cash	\$ 2,308,899
Restricted cash	3,099,918
Total cash and cash equivalents	<u><u>\$ 5,408,817</u></u>

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

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

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, 2014

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, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 2014.

The following departments in the general fund had an excess of actual expenditures over budget for the year ended June 30, 2014:

<u>Fund/Function/Department</u>	<u>Excess Amount</u>
General Fund:	
Mayor and City Council	\$ 10,255
Municipal Court	98,722
Legal Services	5,063
Police and Fire Divisions	69,245
Museum	5,167
Cultural and Recreational	5,572

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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, 2014, 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:

	<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

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

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.

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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, 2014:

	<u>General Fund</u>
Fund Balances	
Nonspendable	
Inventory	\$ 7,123
Long-term receivable	90,551
Restricted	
Debt service	23,850
Public safety	24,936
Accommodations tax	184,872
Hospitality tax	2,877,989
Unassigned	1,294,302
Total Fund Balances	<u>\$ 4,503,623</u>

Estimates

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

Comparative Data/Reclassifications

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

NOTE 2 – DETAILED NOTES ON ALL FUNDS

Assets

Deposits and Investments

South Carolina statutes authorize the City to invest in obligations of the United States and its agencies, general obligations (not revenue obligations) of the State of South Carolina and its subdivisions, savings and loan associations to the extent of federal insurance, certificates of deposit collaterally secured, repurchase agreements secured by the foregoing obligations, and the State Treasurer's Investment Pool. The State Treasurer's investment pool is a 2a7-like pool which is not registered with the Securities and Exchange Commission (SEC), but has a policy that it will operate in a manner consistent with the SEC's

CITY OF CLINTON, SOUTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2014**

NOTE 2 – DETAILED NOTES ON ALL FUNDS - CONTINUED

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. The City has not adopted a formal deposit or investment policy.

Interest rate risk – the City does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

The City had the following investments as of June 30, 2014:

<u>Investment Type</u>	<u>Maturity</u>	Governmental Activities	Business-type Activities	Total	Credit Quality
State Treasurer's investment pool	Daily	\$ 1,544,530	\$ 1,753,139	\$ 3,297,669	Unrated
		<u>\$ 1,544,530</u>	<u>\$ 1,753,139</u>	<u>\$ 3,297,669</u>	

Receivables and Allowances for Doubtful Accounts

Receivables presented in the Statement of Net Position are net of allowances for doubtful accounts of \$368,766 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	-	3,084,778	3,084,778
Other receivables	130,039	-	130,039
	<u>\$ 220,590</u>	<u>\$ 3,084,778</u>	<u>\$ 3,305,368</u>

Property Taxes

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

The millage rate was 97.5 for the 2013 tax year and the assessed valuation of real property was \$8,974,170. The purpose of the levies was for current expenditures and to defray public expenditures of the City as well as to meet current indebtedness contracted by the City for general corporate purposes.

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

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2014

NOTE 2 – DETAILED NOTES ON ALL FUNDS - CONTINUED

Unpaid real and personal property taxes	\$	3,466
Delinquent tax receivables		70,849
Allowance for uncollectibles		(10,906)
		\$ 63,409

Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balances
Government Activities:				
Nondepreciable capital assets				
Land	\$ 1,105,526	\$ -	\$ -	\$ 1,105,526
Construction in progress	1,537	-	-	1,537
	1,107,063	-	-	1,107,063
Depreciable capital assets				
Buildings	3,662,158	36,289	-	3,698,447
Other improvements	6,362,912	-	-	6,362,912
Vehicles and other equipment	6,962,853	139,194	-	7,102,047
	16,987,923	175,483	-	17,163,406
Less accumulated depreciation				
Buildings	1,148,745	116,095	-	1,264,840
Other improvements	4,627,793	156,052	-	4,783,845
Vehicles and other equipment	6,333,754	213,513	-	6,547,267
Total accumulated depreciation	12,110,292	485,660	-	12,595,952
Total depreciable capital assets - net	4,877,631	(310,177)	-	4,567,454
Governmental Activities Capital Assets - Net	\$ 5,984,694	\$ (310,177)	\$ -	\$ 5,674,517

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balances
Business-type Activities:				
Nondepreciable capital assets				
Land	\$ 11,983	\$ -	\$ -	\$ 11,983
Construction in progress	742,153	1,305,694	(42,468)	2,005,379
	754,136	1,305,694	(42,468)	2,017,362
Depreciable capital assets				
Buildings	981,261	64,441	-	1,045,702
Other improvements	28,411,283	308,277	-	28,719,560
Vehicles and other equipment	3,183,363	258,353	-	3,441,716
	32,575,907	631,071	-	33,206,978
Less accumulated depreciation				
Buildings	855,932	26,915	-	882,847
Other improvements	19,873,252	648,094	-	20,521,346
Vehicles and other equipment	2,867,008	139,287	-	3,006,295
Total accumulated depreciation	23,596,192	814,296	-	24,410,488
Total depreciable capital assets - net	8,979,715	(183,225)	-	8,796,490
Business-type Activities Capital Assets - Net	\$ 9,733,851	\$ 1,122,469	\$ (42,468)	\$ 10,813,852

CITY OF CLINTON, SOUTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2014**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Component Unit Activities:

Depreciable capital assets

Buildings	\$ 773,324	\$ -	\$ -	\$ 773,324
Less accumulated depreciation	<u>96,665</u>	<u>(19,333)</u>	<u>-</u>	<u>(115,998)</u>
Component Unit Activities - Capital Assets - Net	<u>\$ 676,659</u>	<u>\$ (19,333)</u>	<u>\$ -</u>	<u>\$ 657,326</u>

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

Government Activities		
General government		\$ 139,936
Public safety		151,472
Streets and sanitation		<u>194,252</u>
Total depreciation expense		<u>\$ 485,660</u>
Business-type Activities		
Public works		\$ 166,931
Water and sewer		419,639
Electric		<u>227,726</u>
Total depreciation expense		<u>\$ 814,296</u>

Liabilities

Long-term Liabilities

The following is a summary of long-term obligations of the primary government for the year ended June 30, 2014:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Net OPEB obligation	\$ 88,649	\$ 50,182	\$ -	\$ 138,831	\$ -
General obligation bonds	403,013	-	(121,013)	282,000	44,000
Capitalized lease obligations	154,171	-	(71,118)	83,053	32,982
Compensated absences	<u>223,141</u>	<u>99,328</u>	<u>(138,408)</u>	<u>184,061</u>	<u>73,624</u>
Total governmental activities	<u>\$ 868,974</u>	<u>\$ 149,510</u>	<u>\$ (330,539)</u>	<u>\$ 687,945</u>	<u>\$ 150,606</u>
Business-type Activities:					
Net OPEB obligation	\$ 172,351	\$ 43,202	\$ -	\$ 215,553	\$ -
Revenue bonds	8,013,689	-	(741,202)	7,272,487	462,818
Capital lease obligations	126,725	-	(41,583)	85,142	32,509
Compensated absences	<u>74,240</u>	<u>70,653</u>	<u>(82,182)</u>	<u>62,711</u>	<u>9,406</u>
Total business-type activities	<u>\$ 8,387,005</u>	<u>\$ 113,855</u>	<u>\$ (864,967)</u>	<u>\$ 7,635,893</u>	<u>\$ 504,733</u>

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2014

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

The following is a summary of the long-term obligations of the discretely presented component unit for the year ended June 30, 2014:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Component Unit Activities					
Note payable	\$ 541,475	\$ -	\$ (130,874)	\$ 410,601	\$ 96,741
Total component unit activities	<u>\$ 541,475</u>	<u>\$ -</u>	<u>\$ (130,874)</u>	<u>\$ 410,601</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, 2014 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%.	\$ 282,000
	<u>282,000</u>
Less current maturities	(44,000)
Long-term liabilities	<u>\$ 238,000</u>

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

Year Ending June 30,	Principal	Interest	Total
2015	\$ 44,000	\$ 8,516	\$ 52,516
2016	45,000	7,188	52,188
2017	46,000	5,829	51,829
2018	47,000	4,439	51,439
2019	49,000	3,020	52,020
2020	51,000	1,540	52,540
	<u>\$ 282,000</u>	<u>\$ 30,532</u>	<u>\$ 312,532</u>

CITY OF CLINTON, SOUTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2014**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Capital Lease Obligations

Capital leases payable at June 30, 2014 were comprised of the following:

\$84,900 Leaf vacuum truck capital lease for 5 years, beginning November, 2011. Annual payments of \$18,217, including interest of 2.39%.	\$ 35,168
\$78,157 Grapple truck capital lease for 5 years, beginning November, 2012. Annual payments of \$16,670, including interest at 2.24%.	47,885
	\$ 83,053

The future minimum lease obligations as of June 30, 2014, were as follows:

Year Ending June 30,	
2015	\$ 34,907
2016	34,906
2017	16,689
Total Minimum Lease Obligation	86,502
Less Amount Representing Interest	(3,449)
Present Value of Minimum Lease Payments	\$ 83,053

Proprietary Fund Debt

Revenue Bonds

Bonds payable at June 30, 201 were comprised of the following issues:

\$4,224,434 Combined Utility System Refunding and Improvement Revenue Bonds, Series 2012A, of the City of Clinton, South Carolina, dated November 15, 2012. Annual principal maturities of \$294,258 to \$692,856 and a semi-annual interest rate of 1.88% maturing in 2020.	\$ 3,617,487
\$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.	3,655,000
	7,272,487
Less current maturities	(462,818)
Long-term liabilities	\$ 6,809,669

Debt service requirements to maturity including interest on all outstanding revenue bonds at June 30, 2014 are as follows:

CITY OF CLINTON, SOUTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2014**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Year Ending June 30,	Principal	Interest	Total
2015	\$ 462,818	\$ 189,336	\$ 652,154
2016	758,650	178,879	937,529
2017	796,337	162,801	959,138
2018	813,421	145,915	959,336
2019	829,856	128,679	958,535
Thereafter	3,611,405	184,157	3,795,562
	<u>\$ 7,272,487</u>	<u>\$ 989,767</u>	<u>\$ 8,262,254</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, 2014. Amortization of deferred amount on refunding related to the Series 2012B Refunding and Revenue Bonds of \$10,133 is also included in interest expense.

There are a number of limitations and restrictions contained in the revenue bond ordinances. The City believes it is in compliance with all significant limitations and restrictions.

Capital Lease Obligations

Capital leases payable at June 30, 2014 were comprised of the following:

\$88,331 Bucket truck capital lease for 5 years, beginning November, 2011. Annual payments of \$19,029, including interest of 2.51%.	\$ 36,673
\$72,155 Bucket truck capital lease for 5 years, beginning March, 2013. Annual payments of \$15,417, including interest at 2.3%.	48,469
	<u>\$ 85,142</u>

The future minimum lease obligations as of June 30, 2014, were as follows:

Year Ending June 30,	
2015	\$ 34,446
2016	34,446
2017	18,030
Total Minimum Lease Obligation	<u>86,922</u>
Less Amount Representing Interest	(1,780)
Present Value of Minimum Lease Payments	<u>\$ 85,142</u>

CITY OF CLINTON, SOUTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2014**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

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
2015	\$ 96,741	\$ 22,111	\$ 118,852
2016	96,741	17,414	114,155
2017	96,741	12,716	109,457
2018	96,741	8,021	104,762
2019	23,637	2,793	26,430
	<u>\$ 410,601</u>	<u>\$ 63,055</u>	<u>\$ 473,656</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	\$ 53,727	\$ -
Unearned revenue - other	3,604	3,604
	<u>\$ 57,331</u>	<u>\$ 3,604</u>

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

Interfund Receivables, Payables and Transfers

On June 30, 2014, the Enterprise Fund was due \$830,703 from the General Fund for utility services incurred by the General Fund.

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

Transfer from	Transfer to General Fund
Combined Utility Fund for contributions	\$ 1,635,632
Combined Utility Fund for overhead allocations	386,267
	<u>\$ 2,021,899</u>

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2014

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

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

Component Unit

On June 30, 2014, the City had the following amounts due from the Economic Development Corporation for expenditures relating to economic development.

Due to General Fund	\$	122,409
Due to Utility Fund		485,237
	\$	<u>607,646</u>

Employee Retirement Systems

The City maintains two cost-sharing, multiple-employer, defined benefit pension plans for its employees. The South Carolina Retirement System (SCRS) covers substantially all of the City's general employees, and the South Carolina Police Officers' Retirement System (SCPORS) covers all of the City's public safety employees. These plans are administered by the Retirement Division of the SC Public Employee Benefit Authority (SC PEBA).

Both the SCRS and SCPORS offer retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits and survivor benefits. The Plan's provisions are established under Title 9 of the SC Code of Laws. Any amendments would necessitate an amendment to the law.

A Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the SCRS and SCPORS is issued and publicly available on the South Carolina Retirement System's website at www.retirement.sc.gov, or a copy may be obtained by submitting a request to the South Carolina Retirement Systems, P.O. Box 11960, Columbia, SC 29211-1960.

Both employees and employers are required to contribute to the Plans under the authority of Title 9 of the SC Code of Laws. The employees contribute the following:

- South Carolina Retirement System – 7.5% of salary
- South Carolina Police Officers Retirement System – 7.84% of salary

The City's contribution on behalf of employees is at the following actuarially determined rates:

- South Carolina Retirement System – 10.45% of salary
- South Carolina Police Officers Retirement System – 12.44% of salary

In addition to the above rates, the City, as a participating employer with the South Carolina Retirement System, contributes .15% of payroll to provide a group life insurance benefit for its participants. The City, as a participating employer under the Police Officers Retirement System, also contributes .2% of payroll to provide a group life insurance benefit and .2% of payroll to provide an accidental death benefit for its participants.

All employers contribute at the actuarially required contribution rates.

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2014

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

The total required contributions for both plans and the percentage of that amount contributed for the current year and each of the two preceding years are as follows:

	South Carolina Retirement System		South Carolina Police Officers Retirement System	
	Amount	Percentage Contributed	Amount	Percentage Contributed
Year Ended June 30, 2014				
Employer	\$ 267,997	100%	\$ 176,502	100%
Employees	189,620	100%	107,771	100%
Year Ended June 30, 2013				
Employer	\$ 268,323	100%	\$ 158,567	100%
Employees	176,935	100%	90,129	100%
Year Ended June 30, 2012				
Employer	\$ 227,713	100%	\$ 147,299	100%
Employees	155,232	100%	81,394	100%

New Pronouncements

The GASB (Government Accounting Standards Board) issued Statement No. 68, “Accounting and Financial Reporting for Pensions” in June, 2012. The primary objective of this Statement is to improve accounting and financial reporting by state and local governmental entities for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

For those member employers participating in the South Carolina Retirement System or Police Officers Retirement System, financial reporting will require determining each member’s proportionate share of the SCRS/PORS pension liability. The liability will be determined and reported to participating members of SCRS/PORS.

Statement No. 68 is effective for the City for fiscal years beginning after June 15, 2014.

The reporting and disclosure requirements of GASB Statement No. 68 are a significant departure from the current accounting standards of GASB Statement No. 27, as each member’s liability will be reported directly in the financial statements of the member. The potential impact to financial accounting and reporting of the City cannot be determined at this time. Also, no assurance can be made that state law applicable to funding of the Plans will not be amended in the future.

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

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2014

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

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, 2014, there were 23 employee retirees receiving benefits. The Plan is financed on a pay-as-you-go basis and through separate contributions to the South Carolina Other Retirement Benefits Employer Trust (SCORBET), a tax-exempt governmental trust under Internal Revenue Code 115. SCORBET allows each member to choose a contribution amount into the trust based on the actuarially determined annual required contribution. Each member continues to contract with its current health provider for retiree health care coverage and the SCORBET pays the benefits chosen by the employer directly to the employer or provider. Each member also shares in the SCORBET’s administrative and investment related expenses.

Annual OPEB Cost and Net OPEB Obligation (Asset)

The City’s OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities or funding excess over a period not to exceed thirty years. The following table presents the OPEB cost for the year, the amount actually contributed and changes in the OPEB Plan for the year ended June 30, 2014:

	Net OPEB Obligation (Asset)		
	Governmental Activities	Business-type Activities	Total
Annual required contribution (ARC)	\$ 111,343	\$ 74,174	\$ 185,517
Interest on net OPEB obligation	6,263	4,177	10,440
Adjustment to ARC	(9,642)	(6,423)	(16,065)
Annual OPEB cost	107,964	71,928	179,892
Contributions made	(57,782)	(28,727)	(86,509)
Increase in net OPEB (asset) obligation	50,182	43,201	93,383
Net OPEB obligation (assets), beginning of year	88,649	172,351	261,000
Net OPEB obligation (assets), end of year	\$ 138,831	\$ 215,552	\$ 354,383

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:

CITY OF CLINTON, SOUTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2014**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Governmental Activities			
Year Ended	Annual OPEB Cost	% of OPEB Contributed	Net OPEB Obligation (Asset)
June 30, 2014	\$ 107,964	53.52%	\$ 138,831
June 30, 2013	102,995	63.80%	88,649
June 30, 2012	102,642	84.18%	51,367
June 30, 2011	102,017	91.83%	35,128
June 30, 2010	101,588	73.00%	26,796

Business-type Activities			
Year Ended	Annual OPEB Cost	% of OPEB Contributed	Net OPEB Obligation (Asset)
June 30, 2014	\$ 71,928	39.94%	\$ 215,552
June 30, 2013	69,017	39.41%	172,351
June 30, 2012	72,797	38.42%	130,535
June 30, 2011	63,760	46.35%	85,707
June 30, 2010	51,472	49.62%	51,504

Total			
Year Ended	Annual OPEB Cost	% of OPEB Contributed	Net OPEB Obligation (Asset)
June 30, 2014	\$ 179,892	48.00%	\$ 354,383
June 30, 2013	172,012	54.01%	261,000
June 30, 2012	175,439	65.19%	181,902
June 30, 2011	165,777	74.34%	120,835
June 30, 2010	153,060	65.14%	78,300

Funded Status and Funding Progress

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

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

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2014

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

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

Risk Management

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

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

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

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2014

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

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.

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, 2014.

For the year ended June 30, 2014, the City's purchased power expense from PMPA was \$11,000,529. Also, the amount included in accounts payable and accrued liabilities for accrued purchased power from PMPA at June 30, 2014 is \$1,034,881.

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.

CITY OF CLINTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2014

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

Construction and Other Purchase Commitments

At yearend, the City has outstanding commitments totaling \$152,405 for the purchase of utility department equipment. The City has an outstanding commitment totaling \$278,767 at June 30, 2014 to purchase a utility billing system which includes equipment, software, and implementation/training.

NOTE 4 – PRIOR PERIOD ADJUSTMENT

The City recorded a prior period adjustment of \$1,292,474 to adjust utility accounts receivable and net asset balance of prior years. The adjustment did not impact the cash flow of the City or current year operations. The adjustment removed uncollected receivables that were more than 36 months old and spanned over 20 years; therefore, this debt was considered uncollectible. The City has put into place a policy to actively pursue the prior 3 years of debt, and then, write off the oldest year of uncollected debt in the fourth year.

NOTE 5 – SUBSEQUENT EVENTS

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CLINTON, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2014

	General Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes	\$ 534,000	\$ 534,000	\$ 678,011	\$ 144,011
Licenses and permits	695,000	695,000	850,204	155,204
Intergovernmental revenues	929,000	929,000	981,350	52,350
Fines and forfeitures	193,500	193,500	156,270	(37,230)
Accommodations tax	60,000	60,000	157,341	97,341
Hospitality tax	300,000	300,000	378,839	78,839
Charges for services	792,531	792,531	773,109	(19,422)
Contributions and grants	628,450	628,450	534,760	(93,690)
Interest	500	500	11,611	11,111
Miscellaneous	-	-	47,395	47,395
Total revenues	<u>4,132,981</u>	<u>4,132,981</u>	<u>4,568,890</u>	<u>435,909</u>
EXPENDITURES				
Current				
General government	1,504,556	1,504,556	1,254,950	249,606
Public safety	2,830,303	2,830,303	2,844,050	(13,747)
Streets and sanitation	683,186	683,186	603,563	79,623
Museum	24,417	24,417	29,584	(5,167)
Culture and recreation	369,111	369,111	374,683	(5,572)
Accommodations	70,000	70,000	-	70,000
Capital outlay	277,933	277,933	175,483	102,450
Debt service				
Principal retirement	266,453	266,453	192,131	74,322
Interest	75,552	75,552	15,553	59,999
Total expenditures	<u>6,101,511</u>	<u>6,101,511</u>	<u>5,489,997</u>	<u>611,514</u>
Excess of revenues over (under) expenditures	<u>(1,968,530)</u>	<u>(1,968,530)</u>	<u>(921,107)</u>	<u>1,047,423</u>
OTHER FINANCING SOURCES				
Operating transfers in				
Overhead allocation transfer	386,267	386,267	386,267	-
Contributions transfer	1,582,263	1,582,263	1,635,632	53,369
Total other financing sources	<u>1,968,530</u>	<u>1,968,530</u>	<u>2,021,899</u>	<u>53,369</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,100,792</u>	<u>\$ 1,100,792</u>
Fund Balance, beginning			<u>3,402,831</u>	
Fund Balance, ending			<u>\$ 4,503,623</u>	

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

CITY OF CLINTON, SOUTH CAROLINA

SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH PLAN
 JUNE 30, 2014

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%

OTHER SUPPLEMENTARY INFORMATION

CITY OF CLINTON, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2014

	<u>Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
General Government			
Mayor and City Council			
Salaries and employee benefits	\$ 64,242	\$ 73,426	\$ (9,184)
Operating	48,975	50,046	(1,071)
	<u>113,217</u>	<u>123,472</u>	<u>(10,255)</u>
Administration			
Salaries and employee benefits	201,782	187,306	14,476
Operating	402,940	175,296	227,644
Capital outlay	79,600	11,872	67,728
Debt service	266,453	132,955	133,498
	<u>950,775</u>	<u>507,429</u>	<u>443,346</u>
Economic Development			
Salaries	66,320	54,505	11,815
Operating	75,400	56,336	19,064
	<u>141,720</u>	<u>110,841</u>	<u>30,879</u>
Municipal Court			
Salaries and employee benefits	66,873	75,056	(8,183)
Operating	76,115	166,654	(90,539)
	<u>142,988</u>	<u>241,710</u>	<u>(98,722)</u>
Legal Services			
Operating	25,000	30,063	(5,063)
	<u>25,000</u>	<u>30,063</u>	<u>(5,063)</u>
Finance Department			
Salaries and employee benefits	224,459	221,250	3,209
Operating	252,450	165,012	87,438
Capital outlay	3,000	3,189	(189)
	<u>479,909</u>	<u>389,451</u>	<u>90,458</u>
Total General Government	<u>1,853,609</u>	<u>1,402,966</u>	<u>450,643</u>
Public Safety			
Police and Fire Divisions			
Salaries and employee benefits	2,152,398	2,113,875	38,523
Operating	444,181	563,537	(119,356)
Capital outlay	170,333	159,567	10,766
Debt service	40,645	39,823	822
	<u>2,807,557</u>	<u>2,876,802</u>	<u>(69,245)</u>
Planning and Inspections			
Salaries and employee benefits	186,296	127,537	58,759
Operating	47,428	39,101	8,327
	<u>233,724</u>	<u>166,638</u>	<u>67,086</u>
Total Public Safety	<u>3,041,281</u>	<u>3,043,440</u>	<u>(2,159)</u>

(Continued)

CITY OF CLINTON, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2014

	<u>Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Streets and Sanitation			
Streets			
Salaries and employee benefits	\$ 215,701	\$ 194,314	\$ 21,387
Operating	91,800	99,565	(7,765)
Capital outlay	12,000	855	11,145
Debt service	18,217	18,217	-
	<u>337,718</u>	<u>312,951</u>	<u>24,767</u>
Sanitation			
Salaries and employee benefits	240,510	153,951	86,559
Operating	135,176	155,733	(20,557)
Capital outlay	13,000	-	13,000
Debt service	16,689	16,689	-
	<u>405,375</u>	<u>326,373</u>	<u>79,002</u>
Total Streets and Sanitation	<u>743,093</u>	<u>639,324</u>	<u>103,769</u>
Museum			
Salaries and employee benefits	15,158	14,088	1,070
Operating	9,259	15,496	(6,237)
Total Museum	<u>24,417</u>	<u>29,584</u>	<u>(5,167)</u>
Cultural and Recreational			
Salaries and employee benefits	112,464	125,700	(13,236)
Operating	256,647	248,983	7,664
Total Cultural and Recreational	<u>369,111</u>	<u>374,683</u>	<u>(5,572)</u>
Accomodations			
Operating	70,000	-	70,000
Total Accomodations	<u>70,000</u>	<u>-</u>	<u>70,000</u>
Total General Fund Expenditures	<u>\$ 6,101,511</u>	<u>\$ 5,489,997</u>	<u>\$ 611,514</u>

CITY OF CLINTON, SOUTH CAROLINA

SCHEDULE OF FINES AND ASSESSMENTS COLLECTED
GENERAL FUND
YEAR ENDED JUNE 30, 2014

Municipal Court Assessments and Court Surcharges

Retained for victim's assistance	\$	11,179
Municipal court fines remitted to the state		90,466
		<hr/>
Total Fines and Assessments Collected	\$	101,645
		<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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental Activities										
Invested in capital assets, net of related debt	\$ 5,309,464	\$ 5,427,510	\$ 5,380,407	\$ 5,305,973	\$ 6,245,735	\$ 6,240,831	\$ 5,215,823	\$ 2,522,698	\$ 2,461,642	\$ 2,534,996
Restricted	3,111,647	2,687,316	2,192,390	1,930,725	120,951	60,000	25,073	-	-	-
Unrestricted	1,118,711	445,248	(212,777)	(530,943)	200,610	(664,830)	(481,829)	229,640	(471,974)	(176,259)
Total Governmental Activities Net Position	<u>9,539,822</u>	<u>8,560,074</u>	<u>7,360,020</u>	<u>6,705,755</u>	<u>6,567,296</u>	<u>5,636,001</u>	<u>4,759,067</u>	<u>2,752,338</u>	<u>1,989,668</u>	<u>2,358,737</u>
Business-type Activities										
Invested in capital assets, net of related debt	6,477,044	5,667,030	3,782,879	3,963,898	3,987,388	4,055,002	4,576,566	4,606,805	5,653,939	6,283,999
Restricted	3,099,918	4,152,646	4,275,228	4,532,590						
Unrestricted (Deficit)	2,802,784	2,846,938	2,193,526	893,495	3,970,723	3,459,117	3,784,152	4,271,333	3,672,367	3,071,846
Total Business-type Activities Net Position	<u>12,379,746</u>	<u>12,666,614</u>	<u>10,251,633</u>	<u>9,389,983</u>	<u>7,958,111</u>	<u>7,514,119</u>	<u>8,360,718</u>	<u>8,878,138</u>	<u>9,326,306</u>	<u>9,355,845</u>
Primary Government										
Invested in capital assets, net of related debt	11,786,508	11,094,540	9,163,286	9,269,871	10,233,123	10,295,833	9,792,389	7,129,503	8,115,581	8,818,995
Restricted	6,211,565	6,839,962	6,467,618	6,463,315	120,951	60,000	25,073			
Unrestricted	3,921,495	3,292,186	1,980,749	362,552	4,171,333	2,794,287	3,302,323	4,500,973	3,200,393	2,895,587
Total Primary Government Net Position	<u>\$ 21,919,568</u>	<u>\$ 21,226,688</u>	<u>\$ 17,611,653</u>	<u>\$ 16,095,738</u>	<u>\$ 14,525,407</u>	<u>\$ 13,150,120</u>	<u>\$ 13,119,785</u>	<u>\$ 11,630,476</u>	<u>\$ 11,315,974</u>	<u>\$ 11,714,582</u>
Prior Period Adjustment		(1,292,474)		(411,559)						
Total Primary Government Net Position, as restated		<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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
<u>Governmental Activities:</u>										
General government	\$ 1,405,988	\$ 1,437,169	\$ 1,300,773	\$ 1,295,582	\$ 1,220,943	\$ 1,372,530	\$ 1,216,241	\$ 1,785,710	\$ 1,082,973	\$ 814,568
Public safety	2,995,522	2,711,603	2,693,083	3,296,784	3,371,542	3,706,146	3,478,603	3,379,432	3,285,175	3,079,613
Streets and sanitation	797,815	828,410	919,878	1,152,525	823,845	860,665	803,276	932,856	1,050,878	1,002,933
Museum	29,584	29,405	28,201	39,020	36,519	30,757	14,414	24,402	23,197	51,343
Cultural and recreation	374,683	341,133	371,595	344,306	414,612	380,733	487,729	423,428	347,284	431,827
General public	-	-	-	-	-	-	-	-	-	-
Interest on long-term debt	15,553	19,810	21,626	36,322	46,892	45,375	51,595	53,871	38,607	20,691
Total Governmental Activities Expenses	<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>5,828,114</u>	<u>5,400,975</u>
<u>Business-type Activities:</u>										
Public works	1,110,682	1,110,509	1,096,479	971,533	896,709	1,102,250	1,002,794	964,756	953,155	810,439
Water and sewer	3,782,066	3,421,807	3,412,646	3,314,660	3,540,149	3,543,150	3,412,184	3,710,374	3,097,398	2,874,736
Electric	12,643,973	11,875,161	11,807,148	11,075,488	10,177,208	9,901,610	9,717,295	9,021,313	9,215,461	8,851,717
Total Business-type Activities Expenses	<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>	<u>13,266,014</u>	<u>12,536,892</u>
Total Primary Government Expenses	<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>19,094,128</u>	<u>17,937,867</u>
<u>Governmental Activities:</u>										
Charges for services										
General government	850,204	945,883	700,768	728,486	726,281	784,473	-	-	-	-
Public safety	216,270	267,866	261,484	609,697	602,499	574,395	1,505,245	1,257,787	1,204,143	1,245,292
Streets and sanitation	773,109	733,790	752,282	353,313	370,654	369,226	373,479	358,592	321,559	288,109
Operating grants and contributions	534,760	663,171	553,166	1,088,829	1,116,663	1,318,142	615,355	1,168,980	-	-
Capital grants and contributions	-	-	-	358,835	31,761	557,642	811,434	1,000,000	697,809	1,198,155
Total Governmental Activities Program Revenues	<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>2,223,511</u>	<u>2,731,556</u>
<u>Business-type Activities:</u>										
Utility Sales	19,545,786	19,083,398	18,301,660	17,910,853	16,348,768	14,855,640	15,256,635	14,430,222	14,376,677	13,493,046
Hook up fees	47,131	38,731	38,450	42,771	41,400	38,965	40,180	42,250	40,353	46,050
Penalties	230,198	219,166	383,064	211,313	239,276	200,520	193,431	201,377	212,080	204,158
Operating grants and contributions	-	-	-	-	-	-	42,008	-	-	-
Capital grants and contributions	631,186	1,223,963	439,363	236,960	-	-	-	-	-	-
Total Business-type Activities Program Revenues	<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>	<u>14,629,110</u>	<u>13,743,254</u>
Total Primary Government Program Revenues	<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>	<u>16,852,621</u>	<u>16,474,810</u>
Net (Expense) Revenue										
Governmental Activities	(3,244,802)	(2,756,820)	(3,067,456)	(3,025,379)	(3,066,495)	(2,792,328)	(2,746,345)	(2,814,340)	(3,604,603)	(2,669,419)
Business-type Activities	<u>2,917,580</u>	<u>4,157,781</u>	<u>2,846,264</u>	<u>3,040,216</u>	<u>2,015,378</u>	<u>548,115</u>	<u>1,399,981</u>	<u>977,406</u>	<u>1,363,096</u>	<u>1,206,362</u>
Total Primary Government	<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>	<u>(2,241,507)</u>	<u>(1,463,057)</u>

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

	Fiscal Years									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Revenues and Other Changes in Net Position										
<u>Governmental Activities:</u>										
Taxes	\$ 1,958,731	\$ 1,686,392	\$ 1,642,785	\$ 1,666,738	\$ 1,748,808	\$ 1,682,231	\$ 1,504,992	\$ 1,326,390	\$ 1,231,373	\$ 1,134,890
Grants and contributions not restricted to specific programs	183,150	183,461	157,962	192,346	235,149	274,252	274,252	245,746	230,320	229,147
Miscellaneous	60,770	60,860	120,774	299,367	239,567	180,669	763,579	540,935	195,981	477,481
Transfers	2,021,899	2,026,161	1,800,200	1,740,045	1,679,446	1,587,583	1,688,105	1,609,055	1,577,860	1,624,220
Total Governmental Activities	<u>4,224,550</u>	<u>3,956,874</u>	<u>3,721,721</u>	<u>3,898,496</u>	<u>3,902,970</u>	<u>3,724,735</u>	<u>4,230,928</u>	<u>3,722,126</u>	<u>3,235,534</u>	<u>3,465,738</u>
<u>Business-type Activities:</u>										
Miscellaneous	145,787	283,361	227,145	131,701	108,060	192,870	158,682	183,451	185,225	159,628
Transfers	(2,057,761)	(2,026,161)	(1,800,200)	(1,740,045)	(1,679,446)	(1,587,583)	(1,688,105)	(1,609,055)	(1,577,860)	(1,624,220)
Total Business-type Activities	<u>(1,911,974)</u>	<u>(1,742,800)</u>	<u>(1,573,055)</u>	<u>(1,608,344)</u>	<u>(1,571,386)</u>	<u>(1,394,713)</u>	<u>(1,529,423)</u>	<u>(1,425,604)</u>	<u>(1,392,635)</u>	<u>(1,464,592)</u>
Total Primary Government	<u>2,312,576</u>	<u>2,214,074</u>	<u>2,148,666</u>	<u>2,290,152</u>	<u>2,331,584</u>	<u>2,330,022</u>	<u>2,701,505</u>	<u>2,296,522</u>	<u>1,842,899</u>	<u>2,001,146</u>
Change in Net Position										
Governmental Activities	979,748	1,200,054	654,265	873,117	836,475	932,407	1,484,583	907,786	(369,069)	796,319
Prior Period Adjustment	-	-	-	-	94,820	-	-	-	-	-
Total Governmental Activities	<u>979,748</u>	<u>1,200,054</u>	<u>654,265</u>	<u>873,117</u>	<u>931,295</u>	<u>932,407</u>	<u>1,484,583</u>	<u>907,786</u>	<u>(369,069)</u>	<u>796,319</u>
Business-type Activities	1,005,606	2,414,981	1,273,209	1,431,872	443,992	(846,598)	(129,442)	(448,198)	(29,539)	(258,230)
Prior Period Adjustment	-	(1,292,474)	-	(411,559)	-	-	-	-	-	-
Total Primary Government	<u>\$ 1,985,354</u>	<u>\$ 2,322,561</u>	<u>\$ 1,927,474</u>	<u>\$ 1,893,430</u>	<u>\$ 1,375,287</u>	<u>\$ 85,809</u>	<u>\$ 1,355,141</u>	<u>\$ 459,588</u>	<u>\$ (398,608)</u>	<u>\$ 538,089</u>

Note: The government began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

In addition, the government removed the blended component unit called the Economic Development Corporation as of 2011.

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

Function/Program	Fiscal Years									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental Activities										
General government	\$ 1,329,101	\$ 1,433,203	\$ 1,209,152	\$ 1,576,622	\$ 1,578,526	\$ 1,996,856	\$ 1,307,122	\$ 1,952,269	\$ 595,439	\$ 1,024,842
Public safety	236,969	423,052	282,809	689,669	735,989	1,080,858	1,550,448	1,377,674	1,306,513	1,418,605
Streets and sanitation	773,109	733,790	752,282	712,148	370,654	409,226	373,479	358,592	321,559	288,109
Museum	9,005	7,304	8,868	114,687	-	-	-	-	-	-
Cultural and recreation	26,159	13,361	14,589	46,034	143,439	116,938	74,464	96,823	-	-
Subtotal Governmental Activities	<u>2,374,343</u>	<u>2,610,710</u>	<u>2,267,700</u>	<u>3,139,160</u>	<u>2,828,608</u>	<u>3,603,878</u>	<u>3,305,513</u>	<u>3,785,358</u>	<u>2,223,511</u>	<u>2,731,556</u>
Business-type Activities:										
Public works	551,365	631,277	366,118	299,046	280,676	239,485	233,611	243,627	252,433	250,208
Water and sewer	4,665,325	4,398,735	4,588,589	4,323,426	4,059,056	3,854,730	4,246,996	3,881,204	3,742,092	3,461,221
Electric	15,237,611	15,535,246	14,207,830	13,560,212	12,289,712	11,000,910	11,051,647	10,549,018	10,634,595	10,031,825
Subtotal Business-type Activities	<u>20,454,301</u>	<u>20,565,258</u>	<u>19,162,537</u>	<u>18,182,684</u>	<u>16,629,444</u>	<u>15,095,125</u>	<u>15,532,254</u>	<u>14,673,849</u>	<u>14,629,120</u>	<u>13,743,254</u>
Total Primary Government	22,828,644	23,175,968	21,430,237	21,321,844	19,458,052	18,699,003	18,837,767	18,459,207	16,852,631	16,474,810
Prior Period Adjustment	-	(1,292,474)	-	(411,559)	-	-	-	-	-	-
Total Primary Government	<u>\$ 22,828,644</u>	<u>\$ 21,883,494</u>	<u>\$ 21,430,237</u>	<u>\$ 20,910,285</u>	<u>\$ 19,458,052</u>	<u>\$ 18,699,003</u>	<u>\$ 18,837,767</u>	<u>\$ 18,459,207</u>	<u>\$ 16,852,631</u>	<u>\$ 16,474,810</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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund										
Nonspendable	\$ 97,674	\$ 97,467	\$ 96,025	\$ 96,879	\$ 93,888	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved	-	-	-	-	-	382,055	355,255	307,948	231,854	111,111
Restricted	3,111,647	2,687,316	2,192,390	1,930,725	1,284,056	-	-	-	-	-
Unreserved	-	-	-	-	-	(818,360)	(956,070)	(1,512,940)	(1,080,667)	(658,269)
Unrestricted:										
Committed	-	-	444,530	394,775	138,984	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	1,294,302	618,048	(512,100)	(769,688)	(980,315)	-	-	-	-	-
Total General Fund	4,503,623	3,402,831	2,220,845	1,652,691	536,613	(436,305)	(600,815)	(1,204,992)	(848,813)	(547,158)
All Other Governmental Funds										
Nonspendable	-	-	-	1,101,588	1,101,588	-	-	-	-	-
Reserved	-	-	-	-	-	1,062,588	1,148,810	1,148,810	1,448,778	837,498
Restricted	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	(303,173)	(173,388)	155,854	191,415	214,072
Unrestricted:										
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(386,787)	(238,437)	-	-	-	-	-
Total All Other Governmental Funds	-	-	-	714,801	863,151	759,415	975,422	1,304,664	1,640,193	1,051,570
Total Governmental Fund Balance	\$ 4,503,623	\$ 3,402,831	\$ 2,220,845	\$ 2,367,492	\$ 1,399,764	\$ 323,110	\$ 374,607	\$ 99,672	\$ 791,380	\$ 504,412

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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Taxes	\$ 678,011	\$ 518,687	\$ 482,014	\$ 591,042	\$ 651,227	\$ 662,479	\$ 613,895	\$ 646,308	\$ 629,118	\$ 569,738
Fees, licenses and permits	850,204	945,883	700,768	728,486	726,090	784,473	837,851	711,586	721,869	658,879
Intergovernmental	981,350	885,574	902,738	1,328,628	1,038,369	1,690,632	1,758,264	1,411,905	995,366	943,139
Fines and forfeitures	156,270	207,495	200,185	269,953	253,903	225,799	268,449	230,880	204,925	284,370
Accommodations tax	157,341	180,009	138,781	147,865	137,474	107,220	66,374	45,987	35,582	26,376
Hospitality tax	378,839	360,529	366,000	328,197	321,362	305,224	247,182	-	-	-
Charges for services	773,109	733,790	752,282	755,222	807,928	813,595	852,342	701,074	598,909	590,152
Contributions	534,760	663,171	514,966	991,159	964,005	1,290,153	1,081,773	709,547	489,985	1,014,842
Investment income	11,611	10,177	6,866	4,670	17,796	10,605	18,210	2,549	2,146	474
Miscellaneous	47,395	48,037	113,026	172,532	133,434	(151,790)	151,324	436,225	192,480	477,011
Total Revenues	4,568,890	4,553,352	4,177,626	5,317,754	5,051,588	5,738,390	5,895,664	4,896,061	3,870,380	4,564,981
Expenditures										
General government	1,254,950	1,279,074	1,182,040	1,191,967	1,098,197	1,235,251	1,089,052	1,676,950	997,309	754,796
Public safety	2,844,050	2,562,079	2,556,863	3,046,848	3,066,580	3,417,130	3,329,282	3,199,801	3,157,865	2,886,851
Streets and sanitation	603,563	636,656	685,314	1,009,491	684,463	718,471	776,723	833,831	930,179	877,360
Museum	29,584	29,405	28,201	39,020	36,519	30,757	14,415	24,403	22,401	50,449
Culture and recreation	374,683	341,133	365,832	338,353	407,862	374,258	472,873	410,236	332,852	359,339
Other	-	-	-	-	-	-	-	-	-	-
Capital outlay	175,483	325,339	463,461	634,859	319,008	1,617,592	1,448,925	1,562,234	240,756	852,004
Debt service										
Principal	192,131	201,178	180,569	298,351	339,572	204,236	302,037	437,930	128,853	620,261
Interest	15,553	22,663	25,549	66,082	46,999	40,959	59,084	51,439	37,872	20,691
Total Expenditures	5,489,997	5,397,527	5,487,829	6,624,971	5,999,200	7,638,654	7,492,391	8,196,824	5,848,087	6,421,751
Excess of Revenues Over (Under) Expenditures	(921,107)	(844,175)	(1,310,203)	(1,307,217)	(947,612)	(1,900,264)	(1,596,727)	(3,300,763)	(1,977,707)	(1,856,770)
Other Financing Sources (Uses)										
Contributions	-	-	-	-	-	-	-	1,000,000	-	-
Issuance of long-term debt	-	-	-	450,000	250,000	-	-	-	611,280	1,000,000
Proceeds from capital leases	-	-	78,157	84,900	-	176,927	-	-	74,180	-
Proceeds from bond issuance	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	1,355	-
Transfers in (out)	2,021,899	2,026,161	1,800,200	1,740,045	1,679,446	1,587,583	1,912,757	1,609,055	1,577,860	1,624,220
Total Other Financing Sources (Uses)	2,021,899	2,026,161	1,878,357	2,274,945	1,929,446	1,764,510	1,912,757	2,609,055	2,264,675	2,624,220
Net Change in Fund Balance	\$ 1,100,792	\$ 1,181,986	\$ 568,154	\$ 967,728	\$ 981,834	\$ (135,754)	\$ 316,030	\$ (691,708)	\$ 286,968	\$ 767,450
Debt Service as a percentage of noncapital expenditures	3.91%	4.41%	4.10%	6.08%	6.81%	4.07%	5.98%	7.38%	2.97%	11.51%

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>
2004	2004	7,655,161	3,957,436	11,612,597	9.05	201,270,016	5.8%
2005	2005	7,681,321	3,909,031	11,590,352	9.05	204,168,749	5.7%
2006	2006	7,985,181	3,824,823	11,810,004	9.85	214,900,518	5.5%
2007	2007	7,807,600	3,684,127	11,491,727	9.85	211,137,532	5.4%
2008	2008	8,679,500	3,499,199	12,178,699	9.75	226,705,700	5.4%
2009	2009	8,718,720	3,225,845	11,944,565	9.75	222,968,991	5.4%
2010	2010	8,858,150	2,990,625	11,848,775	9.75	218,885,476	5.4%
2011	2011	9,061,950	2,979,578	12,041,528	9.75	222,797,962	5.4%
2012	2012	8,991,160	1,121,250	10,112,410	9.75	191,605,582	5.3%
2013	2013	8,974,170	1,001,770	9,975,940	9.75	190,095,907	5.2%

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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Property Tax Rates	9.75	9.75	9.75	9.75	9.75	9.75	9.75	9.85	9.85	9.85
City Direct Rates (2)	9.75	9.75	9.75	9.75	9.75	9.75	9.75	9.85	9.85	9.85

Source: City of Clinton Annual Budget

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

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

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
The Clinton Hotel Group	\$ 270,740	1	2.71%	\$ -	-	-
National Health Care	216,130	2	2.17%	188,690	2	1.63%
BellSouth	176,450	3	1.77%	414,760	1	3.58%
Comfort Inn	173,930	4	1.74%	-	-	-
ReHold Clinton, LLC	132,590	5	1.33%	155,200	3	1.34%
Ingles	109,780	6	1.10%	119,640	6	1.03%
McDonalds	98,480	7	0.99%	-	-	-
Westchase	94,970	8	0.95%	71,670	-	0.62%
CSX Railroad	91,630	9	0.92%	60,290	10	0.52%
Highland Park	89,810	10	0.90%	-	-	-
Landau Apartments(Turtlerock)(AIMCO)	89,210	-	0.89%	120,450	5	-
Langston House	84,040	-	0.84%	116,990	7	-
Charter Communication	83,890	-	0.84%	104,210	8	0.90%
M S Bailey & Son Bankers	73,890	-	0.74%	137,740	4	1.19%
Trinton PCS Holdings	730	-	0.01%	62,490	9	0.54%
	<u>\$ 1,786,270</u>		<u>17.16%</u>	<u>\$ 1,552,130</u>		<u>11.3%</u>

Source: Laurens County Treasurer's Office

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

Fiscal Years	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
2004	334,701	303,019	90.5%	21,849	324,868	97.1%
2005	530,679	423,096	80.0%	26,853	449,949	84.8%
2006	592,427	459,789	78.0%	30,352	490,141	82.7%
2007	531,559	487,557	91.7%	22,166	509,723	95.9%
2008	531,287	491,411	92.5%	28,364	519,775	97.8%
2009	532,686	483,412	90.7%	48,927	532,339	99.9%
2010	559,594	487,542	87.1%	61,828	549,370	98.2%
2011	553,011	480,089	86.8%	32,893	512,982	92.8%
2012	530,004	455,854	86.0%	63,865	519,719	98.1%
2013	498,539	463,419	86.0%	6,496	469,915	94.3%
2014	685,061	622,929	90.9%	-	622,929	90.9%

Source: Laurens County Treasurer's Office

Total Collected during FY 2011-12 includes \$4,655.72 of penalties and interest.

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

Fiscal Years	General Bonded Debt Outstanding		Percentage of Actual Taxable Value of Property	Population	Per Capita (1)
	General Obligation Bonds	Total			
2005	781,828	781,828	0.39%	9,129	85.64
2006	689,934	689,934	0.34%	9,129	75.58
2007	596,158	596,158	0.28%	9,129	65.30
2008	500,582	500,582	0.24%	9,129	54.83
2009	404,720	404,720	0.18%	9,129	44.33
2010	303,123	303,123	0.14%	8,490	35.70
2011	635,437	635,437	0.29%	8,490	74.85
2012	520,752	520,752	0.23%	8,490	61.34
2013	403,013	403,013	0.21%	8,491	47.47
2014	282,000	282,000	0.15%	8,492	33.22

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

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

Governmental Activities					
Fiscal Years	General Obligation Bonds	Capital Leases	Total Governmental Activities	Percentage of Personal Income (2)	Per Capita (2)
2005	781,828	116,892	898,720	0.73%	98
2006	689,934	153,968	843,902	0.67%	92
2007	596,158	114,685	710,843	0.55%	78
2008	500,582	257,875	758,457	0.57%	83
2009	404,720	328,428	733,148	0.54%	80
2010	303,123	213,624	516,747	0.40%	61
2011	635,437	225,337	860,774	0.65%	101
2012	520,752	237,610	758,362	0.55%	89
2013	403,013	154,171	557,184	0.40%	66
2014	282,000	83,053	365,053	0.25%	43

Business-type Activities							
Fiscal Years	Revenue Bonds	Deferred Amount on Refunding	Capital Leases	Line of Credit	Total Business Activities	Percentage of Personal Income (2)	Per Capita (2)
2005	4,895,827	(145,940)	110,767	198,531	5,059,185	4.09%	554
2006	7,660,050	(406,502)	200,830	-	7,454,378	5.88%	817
2007	7,112,612	(344,466)	152,668	-	6,920,814	5.32%	758
2008	6,623,450	(348,430)	244,008	-	6,519,028	4.89%	714
2009	6,512,506	(319,394)	289,482	448,092	6,930,686	5.08%	759
2010	5,920,915	(290,359)	202,251	-	5,832,807	4.48%	687
2011	9,371,568	(261,323)	216,036	-	9,326,281	6.99%	1,099
2012	8,744,696	(232,286)	220,749	-	8,733,159	6.39%	1,029
2013	8,013,689	(356,352)	126,724	-	7,784,061	5.55%	917
2014	7,272,487	(296,761)	85,140	-	7,060,866	4.91%	832

Total Primary Government							
Fiscal Years	Revenue Bonds	Deferred Amount on Refunding	Capital Leases	Line of Credit	Total Government Activities	Percentage of Personal Income (2)	Per Capita (2)
2005	5,677,655	(145,940)	227,659	198,531	5,957,905	4.81%	653
2006	8,349,984	(406,502)	354,798	-	8,298,280	6.54%	909
2007	7,708,770	(344,466)	267,353	-	7,631,657	5.87%	836
2008	7,124,032	(348,430)	501,883	-	7,277,485	5.46%	797
2009	6,917,226	(319,394)	617,910	448,092	7,663,834	5.61%	840
2010	6,224,038	(290,359)	415,875	-	6,349,554	4.88%	748
2011	10,007,005	(261,323)	441,373	-	10,187,055	7.64%	1,200
2012	9,265,448	(232,286)	458,359	-	9,491,521	6.94%	1,118
2013	8,416,702	(356,352)	280,895	-	8,341,245	5.95%	982
2014	7,554,487	(296,761)	168,193	-	7,425,919	5.17%	875

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 2014

Assessed value	<u>\$ 9,975,940</u>
Debt limit (8% of total assessed value)	<u>798,075</u>
Debt applicable to limit:	
General obligation bonds	282,000
Less: Amount set aside for repayment	<u>-</u>
Total net debt applicable to limit	<u>282,000</u>
Legal debt margin	<u>\$ 516,075</u>

	Fiscal Years									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Debt Limit	\$ 798,075	\$ 808,993	\$ 963,322	\$ 947,902	\$ 955,565	\$ 974,296	\$ 919,338	\$ 944,800	\$ 927,228	\$ 929,008
Total Net Debt Applicable to Limit	<u>282,000</u>	<u>403,013</u>	<u>520,752</u>	<u>635,437</u>	<u>303,123</u>	<u>404,720</u>	<u>500,582</u>	<u>596,158</u>	<u>689,934</u>	<u>781,828</u>
Legal Debt Margin	<u>\$ 516,075</u>	<u>\$ 405,980</u>	<u>\$ 442,570</u>	<u>\$ 312,465</u>	<u>\$ 652,442</u>	<u>\$ 569,576</u>	<u>\$ 418,756</u>	<u>\$ 348,642</u>	<u>\$ 237,294</u>	<u>\$ 147,180</u>
Total Net Debt Applicable to the Limit as a % of Debt Limit	35.34%	49.82%	54.06%	67.04%	31.72%	41.54%	54.45%	63.10%	74.41%	84.16%
Total General Bonded Debt as a Percentage of Actual Taxable Value	0.15%	0.21%	0.24%	0.29%	0.14%	0.13%	0.19%	0.23%	0.29%	0.34%
Total Net General Bonded Debt per Capita	\$ 33	\$ 47	\$ 61	\$ 70	\$ 33	\$ 44	\$ 55	\$ 65	\$ 76	\$ 86

- 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, 2014

<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	\$ 365,053	100%	\$ 365,053
Total direct and overlapping debt	<u>\$ 365,053</u>	<u>100%</u>	<u>\$ 365,053</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

Fiscal Years	Utilities	Operating	Available	Debt Service		
2005	13,652,401	12,231,724	1,420,677	499,173	264,422	1.86
2006	14,505,825	12,903,742	1,602,083	535,777	312,123	1.89
2007	14,533,442	13,317,342	1,216,100	547,439	327,590	1.39
2008	15,341,211	13,792,893	1,548,318	489,161	303,069	1.95
2009	15,001,725	14,187,260	814,465	470,945	319,750	1.03
2010	16,464,082	14,295,918	2,168,164	591,592	276,442	2.50
2011	17,607,312	15,049,701	2,557,611	646,001	117,345	3.35
2012	18,600,365	15,907,245	2,693,120	628,023	209,082	3.22
2013	19,022,979	16,124,425	2,898,554	654,214	327,568	2.95
2014	19,318,987	17,263,661	2,055,326	741,201	202,106	2.18

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
2005	9,129	123,743,595	13,555	3,249	6.70%
2006	9,129	126,831,337	13,893	3,208	6.90%
2007	9,129	129,996,126	14,240	3,108	6.50%
2008	9,129	133,239,886	14,595	3,173	12.40%
2009	9,129	136,564,586	14,959	3,279	11.40%
2010	8,490	130,174,650	15,333	3,158	10.90%
2011	8,490	133,422,864	15,715	3,077	9.90%
2012	8,490	136,752,130	16,107	3,070	9.90%
2013	8,490	140,164,471	16,509	3,077	8.20%
2014	8,490	143,661,959	16,921	3,133	5.60%

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

Notes: The population and per capita personal income numbers are based on estimates, except the year 2000, which is based on the census. School enrollment is based on the census at the beginning of the school year. The unemployment rate is an adjusted yearly average.

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

Company or Organization	June 30, 2014			June 30, 2005		
	Number of Employees (1)(2)	Rank	Percent of Total County Employment(2)	Number of Employees(2)	Rank(2)	Percent of Total County Employment(2)
Accuforce HR Solutions						
Andeson Hardwood						
Asten Johnson						
D & W Fine Pack LLC						
Country Fresh						
Faurecia Interior Systems						
Greenville Hospital System						
Laurens County						
Laurens County School District #55						
Laurens County School District #56						
National Health Corporation						
Presbyterian College						
Presbyterian Home of SC						
RICH Products						
SC Dept. of Disabilities and Special Needs						
Shaw Constructors						
Sterilite						
Teknor Apex Carolina						
ZF Transmissions						

Source

(1) Laurens County Development Corporation

(2) Information not available

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,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government	6	6	6	6	6	6	6	6	5	6
Public Safety	40	35	35	36	44	45	52	49	50	47
Streets	5	5	4	3	3	3	4	5	8	10
Culture and Recreation	2	2	4	3	2	2	3	3	3	3
Public Works & Sanitation	4	5	5	6	6	7	7	7	7	6
Building Inspector/Planning	2	2	2	2	3	3	3	2	3	2
Utility Employees	34	35	35	35	38	37	38	35	35	34
Total	93	90	91	91	102	103	113	107	111	108

Source: City of Clinton June 30,2013 Payroll

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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government										
Building permits issued	154	181	179	171	157	124	120	129	133	158
Public Safety										
Police department										
Criminal/physical non-juvenile arrests(2)	2,315	2,979	2,725	2,800	2,879	2,737	2,198	2,456	1,586	2,593
Fire department										
Fire calls	781	835	746	766	749	575	755	510	765	980
Fire inspections	317	113	435	124	100	88	55	42	65	75
Streets and Sanitation										
Street resurfacing (in miles)	-	-	-	-	-	-	-	-	-	-
Refuse collected (tons per year)	2,950	2,899	3,964	3,494	3,340	3,706	3,306	3,207	2,367	2,927
Maintenance										
Average Equipment Repairs/month	81	81	81	81	61	75	80	70	84	80
Cultural and Recreational										
Museum Operating Hours	168	168	168	168	168	168	168	168	168	160
Public Works										
Water Meters Replaced (1)	1,841	812	205	205	98	133	97	97	120	-
Water and Sewer										
Water										
Average daily consumption (in millions of gallons)	2	2	2	2	2	2	3	3	2	2
Number of consumers	4,154	4,251	4,260	4,377	4,411	4,334	4,388	4,378	4,283	4,356
Sewer										
Electric										
Number of consumers	3,999	4,069	4,075	4,285	4,392	4,102	4,326	4,322	4,148	4,202

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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Public Safety										
Police department										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	22	22	22	22	32	29	29	25	25	25
Fire Department										
Fire Stations	2	2	2	2	2	2	2	2	2	2
Service units	9	9	9	9	9	9	9	9	9	9
Streets and Sanitation										
Recycling center	1	1	1	1	1	1	1	1	1	1
Streets (in miles)	81	81	81	81	81	81	63	63	63	62
Number of Street Lights	1,295	1,295	1,295	1,285	1,279	1,279	1,276	1,276	1,276	1,276
Cultural and Recreational										
Number of Parks	7	7	7	7	7	7	7	7	7	7
Museum	1	1	1	1	1	1	1	1	1	1
Acreage	21	21	21	21	21	21	21	21	21	21
Public Works										
Storm Sewers (in miles)	53	53	53	53	53	53	53	53	53	53
Water and Sewer										
Water main (in miles)	103	103	103	101	101	101	101	101	74	74
Sanitary sewers (in miles)	63	63	63	63	63	63	63	63	60	60
Electric										
Distribution lines (in miles)	80	80	80	75	75	70	70	70	70	70
Number of Substations	4	4	4	4	4	4	4	4	4	4

Source: Capital Asset schedules and various department records.

SINGLE AUDIT SECTION

CITY OF CLINTON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
US Department of Housing and Urban Development, Community Development Block Grants/Passed Through SC Department of Commerce/Dendy School Demolition	14.228	4-W-12-003	\$ 38,963
US Department of Housing and Urban Development, Community Development Block Grants/Passed Through SC Department of Commerce/Clinton Mill Village Waterline Upgrades	14.228	4-CI-12-007	489,000
US Department of Justice, Bureau of Justice Assistance/JAG Program	16.738	2009-DJ-BX-0785	8,517
US Department of Justice, Bureau of Justice Assistance/JAG Program/City of Clinton Traffic and Officer Safety Enhancement Program	16.738	2010-DJ-BX-1307	<u>12,182</u>
Total Federal Expenditures			<u><u>\$ 548,662</u></u>

See accompanying notes.

CITY OF CLINTON, SOUTH CAROLINA

**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Clinton, South Carolina and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Clinton, South Carolina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 17, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Clinton's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Clinton's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Clinton's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



To the Honorable Mayor and Members of City Council
City of Clinton
November 17, 2014

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Clinton's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McKinley, Cooper & Co., LLC

Greenville, South Carolina
November 17, 2014

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited the City of Clinton, South Carolina's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Clinton's major federal programs for the year ended June 30, 2014. The City of Clinton's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Clinton's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Clinton's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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S.C. Association of Certified Public Accountants



To the Honorable Mayor and Members of City Council
City of Clinton
November 17, 2014

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Clinton's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Clinton, South Carolina, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the City of Clinton, South Carolina, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Clinton's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Clinton's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Honorable Mayor and Members of City Council
City of Clinton
November 17, 2014

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

McKinley, Cooper & Co., LLC

Greenville, South Carolina
November 17, 2014

CITY OF CLINTON, SOUTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014**

A. SUMMARY OF AUDITOR’S RESULTS

1. The auditor’s report expresses an unmodified opinion on the basic financial statements of the City of Clinton, South Carolina.
2. No significant deficiencies or material weaknesses in internal control were disclosed by the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the City of Clinton, South Carolina were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major programs were disclosed by the audit.
5. The auditor’s report on compliance for the major federal award programs for the City of Clinton, South Carolina expresses an unmodified opinion.
6. The audit disclosed no audit findings relating to the major federal award programs for the City of Clinton, South Carolina that the auditor is required to report in accordance with Section 510(a) of Circular A-133.
7. Identification of major programs:

<u>Program Name</u>	<u>CFDA Number</u>
Community Development Block Grant - Dendy School Demolition	14.228
Community Development Block Grant - Clinton Mill Village Waterline Upgrades	14.228
8. The threshold for distinguishing Type A programs was \$300,000.
9. The City of Clinton, South Carolina did not qualify as a low-risk auditee, with respect to federal awards programs, under the provisions of Section 530 of OMB Circular A-133.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None