



CITY OF CLEMSON
SOUTH CAROLINA



Comprehensive Annual
Financial Report



For the Fiscal Year Ended June 30, 2016

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SOUTH CAROLINA



Comprehensive Annual
Financial Report



For the Fiscal Year Ended June 30, 2016



Prepared by the Office of Finance

CITY OF CLEMSON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2016
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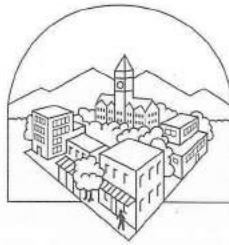
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INTRODUCTORY SECTION





LETTER OF TRANSMITTAL

January 16, 2017

Mayor and Governing Body
City of Clemson
Clemson, South Carolina

We are pleased to present to you the Comprehensive Annual Financial Report for the City of Clemson for the year ended June 30, 2016. The report provides financial information about the City's operations during the year and describes its financial position at the end of the year.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City of Clemson. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Management of the City of Clemson is responsible for establishing and maintaining a comprehensive framework of internal controls that provide for completeness and reliability regarding the information contained in this Comprehensive Annual Financial Report. Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditors' Report (which is located at the front of the financial section) and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and it is suggested MD&A be read in conjunction with the letter of transmittal.

The City of Clemson receives federal financial assistance subject to the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to the compliance requirements, including the schedule of expenditures of federal awards, findings and questioned costs (if any), and the reports related to compliance and internal controls, are included in the federal financial assistance section of this report.

MUNICIPAL GOVERNMENT

The City of Clemson, originally known as the Town of Calhoun, changed its name in 1943 to match that of Clemson University and was officially incorporated as Clemson in 1947. The City, located at the base of the Blue Ridge Mountains in Pickens County, has land area of approximately six square miles and an estimated population of 15,000 citizens.

The City operates under the Council form of government with the governing body composed of an elected mayor and six council members. The mayor and council members serve staggered four-year terms. An Administrator is appointed by the governing body to serve as the chief administrative officer of the City. Departments of the City provide a full range of municipal services such as police and fire protection, economic development, recreational activities, public transportation, residential and commercial waste removal, engineering and infrastructure improvements, water, stormwater, and wastewater utilities, planning, zoning, and fiscal management.

ECONOMIC CONDITION AND OUTLOOK

Vision Statement – “The City of Clemson is a university community that provides a village atmosphere and a high quality of life for its residents. The City consists primarily of families. University students add to its charm and vitality. It is dedicated to providing a quality living environment for its residents by ensuring a balanced mix of commercial development that serves their day-to-day needs, complements its neighborhoods, and promotes its image as a desirable, economically stable residential community. The City pledges to protect its natural resources, provide an environment that is visually attractive and safe, and actively seek cooperation with its surrounding communities to ensure the fulfillment of its vision.”

The City of Clemson is a small community of 15,000 permanent citizens, but has large City concerns because nine months of the year the community is “home” to approximately 21,000 Clemson University students. The economic condition and outlook for Clemson is promising. Managed growth coupled with stability defines the character of Clemson for both the current year and future years. The City is optimistic, with the close proximity of Clemson University, that quality growth will continue through the remainder of the century. While having a positive impact on employment and the City’s tax base, this growth also presents significant challenges for the City of Clemson.

MAJOR INITIATIVES

- ***College Avenue Infrastructure Improvements*** – During the year the City completed \$1.7 million of water, stormwater, and wastewater collection improvements to its downtown corridor. The project was undertaken in anticipation of additional development within the City's corporate limits. Approximately half of the required funding was provided by developers, based on the impact of the development on the City's infrastructure. The remaining resources were provided by the City's governmental and utility funds.
- ***Old Calhoun District Streetscape*** – Streetscape improvements to the City's Old Calhoun District began during the year. Approximately 90% of the funding for the \$1.4 million project will come from hospitality fees and taxes. The City's General Fund and Stormwater Utility Fund will provide the remaining financing. New sidewalks, lighting, landscaping, and utility improvements will greatly enhance the appearance and functionality of the Old Calhoun community. Completion of the project will occur in fiscal year 2016-17.
- ***Norfolk Southern Railroad Bridge Replacement*** – This \$11.5 million South Carolina Department of Transportation project will replace the existing railroad overpass with a wider overpass without a center support. The expanded overpass will allow for lengthened vehicular turn lanes and increased mobility for emergency vehicles.
- ***Water Infrastructure Improvements*** – On June 30, 2015, the City closed on a \$1.8 million borrowing from the South Carolina Drinking Water Revolving Fund Authority. The scope of work, completed during the fiscal year, included construction and replacement of approximately 2,600 linear feet of 12-inch, and 28,000 linear feet of 6-inch water lines. In addition, 35 fire hydrants were scheduled for installation. The associated debt will be repaid over a period of fifteen years with utility user fee revenue.
- ***Berkeley Drive Pedestrian Bridge*** – The City continues to formulate plans for roadway and pedestrian improvements along Berkeley Drive. The proposed improvements include construction of a multiple-use concrete path along the East Side of Berkeley Drive and a new 140' single-span pedestrian bridge located approximately 40' east of the existing vehicular structure. The proposed \$1.9 million of improvements are intended to increase pedestrian safety and mobility along Berkeley Drive and improve connectivity throughout the community. The design phase of the project has been completed and the City will be seeking state and federal grant funding for the construction phase. Actual construction dates will depend on availability of funding.
- ***Stormwater Utility*** – The City of Clemson is being required through delegation by the Environmental Protection Agency (EPA) to the South Carolina Department of Health and Environmental Control (DHEC) to manage stormwater runoff within the corporate limits of the City. The goal of the Stormwater Utility is to eliminate pollutant and illicit discharges into the City's storm sewer system, and protect water quality in surrounding lakes and streams. Operations of the Utility will be supported through resident user fees.

FINANCIAL INFORMATION

Management of the City of Clemson is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Compliance – As a recipient of state and federal financial assistance, the City also is responsible for ensuring that an adequate internal control structure is in place to guarantee compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the City of Clemson.

As a part of the City's independent audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's compliance for the fiscal year ended June 30, 2016 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Budgetary Controls – The City maintains budgetary controls with the objective of ensuring compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Activities of the General, Special Revenue, Debt Service, and Enterprise funds are included in the annual appropriated budget. The Capital Projects Funds are budgeted by project within the fund. Therefore, budget periods extend over several accounting periods. The level of budgetary control (that is, the level at which expenditures cannot legally exceed appropriations) is established at the departmental level within an individual fund. The City also maintains an encumbrance accounting system as one method of accomplishing budgetary control. Encumbered amounts are recorded as reservations of fund balances at year-end and reflected as expenditures during the subsequent fiscal year. As demonstrated by the statements and schedules included in the financial section of this report, the City continues meeting its responsibility for sound financial management.

Cash Management – Cash temporarily idle during the year was invested in Demand Deposits, Certificates of Deposit, Repurchase Agreements, Mortgage Notes, Bank Bonds, and the South Carolina Pooled Investment Fund. The City presently acquires both short-term and long-term investments, which are expected to be held to maturity. Any significant discount or premium on the purchase of long-term investments is amortized over the term of the investment by the straight-line method. The City's investment earnings totaled \$220,403 on all investments for the year ended June 30, 2016.

The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits are either insured by Federal Deposit Insurance or collateralized by United States Government Securities. As of June 30, 2016, \$8,722,733 of the City's bank balance of \$11,836,769 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the City's name. The carrying amount of investments held at June 30, 2016 amounted to \$2,319,454 of Mortgage Notes and Certificates, \$3,679,453 of Bank Bonds, \$1,038,127 of South Carolina Investment Pool funds, and \$59,041 of other Federal Government Obligations. The City recognized a valuation gain on its investments of \$324,654 at June 30, 2016.

Investments of the State Investment Pool are exempt from risk categorization because third party custodians take delivery of the investment securities. The City owns no identifiable securities but is a shareholder of a percentage of the State Investment Pool and, therefore, the fair value of the investment is the same as the value of the pool shares.

Long-term Financial Planning – A Five Year Capital Improvements Program is the City's "road map" for investment in three key areas: people and programs, facilities, and utility infrastructure. As prescribed by Clemson's governing body, the capital improvement budgets do not rely on ad valorem taxes or other resources of the City's General Fund. As the City strives to leverage its cash reserves, a combination of debt and equity are utilized to finance capital improvements.

Risk Management – The City participates in a pooled risk management program through the Municipal Insurance and Risk Financing Fund to cover the risk of loss related to real property, its contents and other equipment, motor vehicles, and general tort claims. The City also obtains employee fidelity bond coverage for all employees for losses arising from theft or misappropriation. A limited risk management program for workers' compensation has also been initiated by the City. Various risk control techniques, including employee accident prevention training, have been implemented to minimize accident-related losses. Third-party coverage is maintained for workers' compensation claims.

OTHER INFORMATION

Independent Audit – The City charter requires an annual audit by independent certified public accountants. The accounting firm of Stancil Cooley Estep & Stamey, LLP has been selected by Clemson's governing body to perform the audit. In addition to meeting the requirements set forth in the City charter, the audit also is designed to meet the requirements of the United States Office of Management and Budget Circular A-133, ***Audits of States, Local Governments, and Non-Profit Organizations***. Generally accepted auditing standards and the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States, were used by the auditors in conducting the engagement.

The auditors' report on the basic financial statements as well as the combining and individual fund statements and schedules are included in the financial section of this report. The auditors' reports related specifically to compliance are included in the federal financial assistance section.

Awards – The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Clemson for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. In order to be awarded a Certificate of Achievement, the City of Clemson published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program requirements. Therefore, we are submitting the report to the GFOA to determine its eligibility for another certificate.

Acknowledgements – The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the efficient and dedicated services of the entire City of Clemson administration and the accounting firm of Stancil Cooley Estep & Stamey. We would like to express our sincere appreciation to all of the individuals who assisted and contributed to the preparation of this report.

In closing, we would also like to thank the mayor and members of Clemson's governing body for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Richard E. Cotton

Richard E. Cotton
Administrator

Thomas A. Sparacino

Thomas A. Sparacino
Chief Financial Officer

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Government Finance Officers Association

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

Presented to

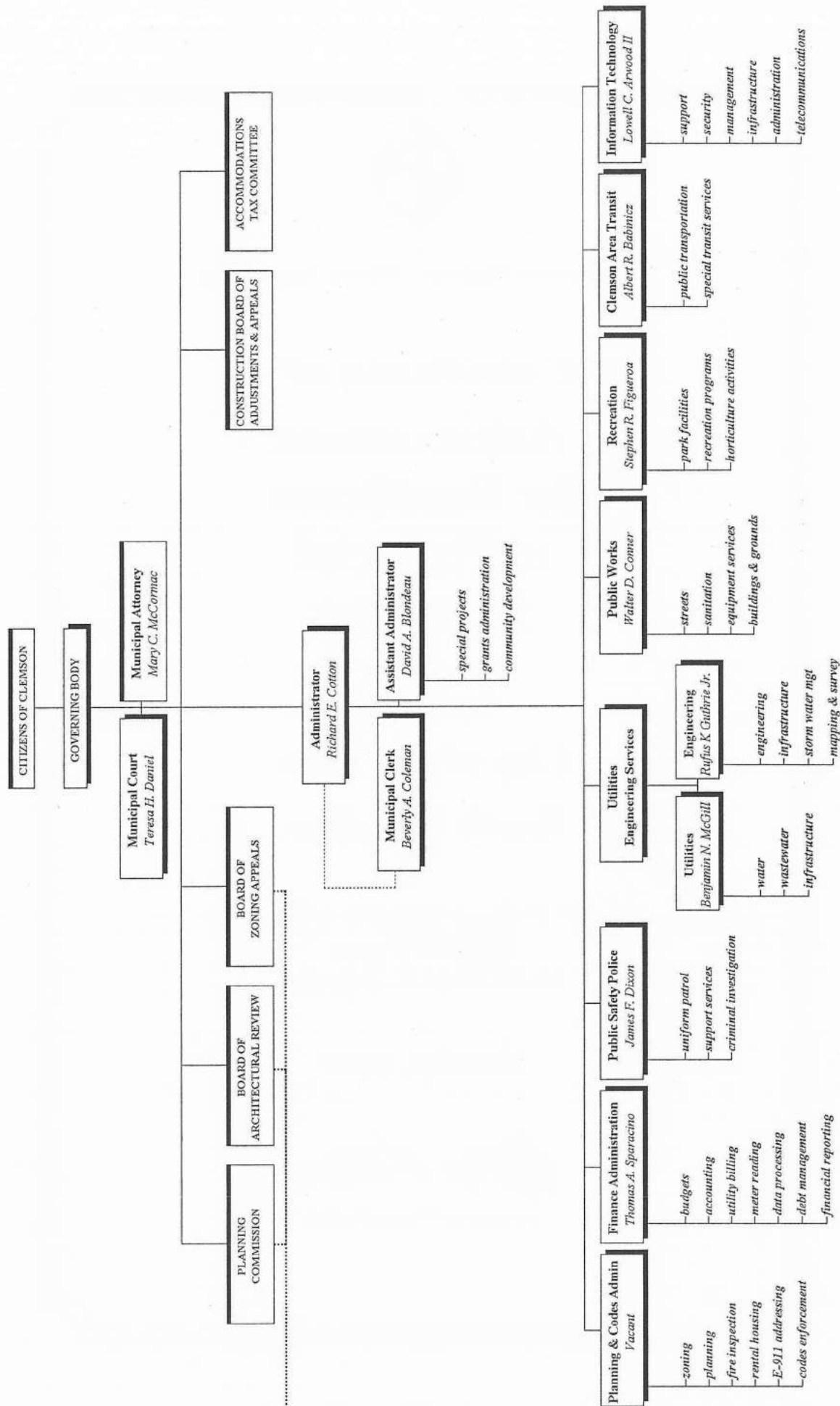
**City of Clemson
South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

CITY OF CLEMSON
ORGANIZATION CHART
JUNE 30, 2016



CITY OF CLEMSON
PRINCIPAL OFFICIALS
JUNE 30, 2016

GOVERNING BODY

James C. Cook III, Mayor

Michael T. Fowler, Mayor Pro-Tempore

Jerry O. Chapman

May C. Cox

John W. Ducworth III

Pamela J. Hay

James T. Oswald

ADMINISTRATION

Administrator - Richard E. Cotton, M.P.A.

Assistant Administrator - David A. Blondeau, M.P.A.

Director of Finance - Thomas A. Sparacino, M.B.A.

Director of Planning & Codes Administration - Vacant

Chief of Police - James F. Dixon, B.S.

Director of Parks & Recreation - Stephen R. Figueroa, M.R.P.A.

Director of Public Works - Walter D. Conner, B.S.

Director of Utilities - Benjamin N. McGill

Director of Engineering Services - Rufus K. Guthrie Jr., M.S.

Municipal Judge - Teresa H. Daniel, A.P.S.

Director of Information Technology - Lowell C. Arwood II, B.B.A.

Director of Clemson Area Transit System - Albert R. Babinicz, M.B.A.

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FINANCIAL SECTION





STANCIL
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& STAMEY, LLP

*Certified Public
Accountants*

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Clemson, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clemson, South Carolina, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions 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.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the general fund budget to actual comparison, and the aggregate remaining fund information of the City of Clemson, as of June 30, 2016, 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 on pages 5 through 12 and 72 through 81, and the pension plan schedules, as listed on pages 63 through 66, 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 opinions on the financial statements that collectively comprise the City of Clemson's basic financial statements. The introductory section, victim services supplementary schedule of fines and assessments, combining and individual nonmajor fund financial statements, the budgetary comparison schedules, the capital asset schedules, and statistical section



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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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the budgetary comparison schedules, the capital asset schedules, the schedule of expenditures of federal awards, and victim services supplementary schedule of fines and assessments 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 combining and individual nonmajor fund financial statements, the budgetary comparison schedules, the capital asset schedules, the schedule of expenditures of federal awards, and victim services supplementary schedule of fines and assessments 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 January 16, 2017, on our consideration of the City of Clemson'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 City of
Clemson's internal control over financial reporting and compliance.*

Stancil Cooley Estep & Stamey, LLP

Clemson, South Carolina

January 16, 2017

**CITY OF CLEMSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

In this section of the City of Clemson's comprehensive annual financial report, senior management provides narrative discussion and analysis of the financial activities of the City for the fiscal year ended June 30, 2016. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the City's primary government. Additional information is available in the letter of transmittal, which precedes Management's Discussion and Analysis.

Financial Highlights

- The assets of the City of Clemson exceeded its liabilities at the close of the most recent fiscal year by \$41,883,322 (*ending net position*). Of this amount, \$16,544,961 (*unrestricted net position*) may be used to meet Clemson's ongoing obligations to its citizens and creditors.
- The City of Clemson's total net position increased by \$3,318,641 during fiscal year 2015-16. Revenues increased \$4.5 million, while expenses increased approximately \$3.4 million.
- At the close of the current fiscal year, unassigned fund balance for the General Fund was \$5,195,722 or approximately 53% of total General Fund expenditures.
- In addition to the General Fund, the Debt Service Fund was reported as major governmental fund at fiscal year end. The Debt Service Fund is used to account for principal and interest payments associated with general obligation and tax increment debt. Inflows consist of ad valorem taxes, investment earnings, and transfers from the Tax Increment Fund.

Overview of Financial Statements

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The City also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The City's annual report includes two government-wide financial statements which provide both long-term and short-term information about the City's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of the government-wide statements is the *Statement of Net Position*. This is a City-wide statement of financial position presenting information that includes all of the City's assets 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 as a whole is improving or deteriorating.

The second government-wide statement is the *Statement of Activities* which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Clemson include general government, public safety, streets, sanitation, economic development, and recreation. The business-type activities of the Clemson include water, stormwater, and wastewater utilities, commercial sanitation, public transportation, and the operation of a downtown parking deck.

Fund Financial Statements

A *fund* is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. The funds of the City of Clemson can be divided into two categories, governmental funds and proprietary funds.

Governmental Funds – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

While the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains four governmental type funds – a general fund, special revenue funds, capital projects funds, and a debt service fund. Information is presented separately in the governmental funds balance sheets and in the governmental funds statement of revenues, expenditures, and changes in fund balances. The City adopts annual appropriated budgets for these four governmental fund types, and budgetary comparison statements have been provided to demonstrate compliance with the individual budgets.

Proprietary Funds – Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City of Clemson maintains six proprietary funds, which are enterprise funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for water operations, stormwater activities, wastewater operations, commercial sanitation services, public transportation services, and parking deck operations.

Notes to Financial Statements

The accompanying notes to the financial statements, which begin immediately after the basic financial statements, provide additional information essential in acquiring an understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary and Other Information

In addition to the basic financial statements and accompanying notes, this report also presents *Required Supplementary Information (RSI)* and certain *Other Required Information*. *RSI* relates to the City's progress in funding its obligation to provide pension and *Other Post-Employment Benefits (OPEB)* to its employees, and can be found on pages 63–66. The Victim Services supplementary schedule of fines and assessments, and Clemson Area Transit supplementary schedules, follow the section pertaining to the financial statements.

Financial Analysis of City as a Whole

At the close of fiscal year 2016, the City of Clemson's assets exceeded liabilities by \$41,883,322. The largest portion of the City's total net position (58 percent) reflects its investment in capital assets (land and buildings, other improvements, and equipment). The City of Clemson uses these capital assets to provide services to citizens, and consequently, are *not* available for future spending.

The following table provides a summary comparison of the City's net position for the fiscal years ended June 30, 2016 and June 30, 2015. Additional current year information concerning net position can be found in the Statement of Net Position presented on page 13.

Summary of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Current and Other Assets	\$ 14,401,760	\$ 13,156,232	\$ 12,738,594	\$ 10,502,091	\$ 27,140,354	\$ 23,658,323
Capital Assets	14,845,359	16,132,856	25,245,779	23,080,485	40,091,138	39,213,341
Total Assets	\$ 29,247,119	\$ 29,289,088	\$ 37,984,373	\$ 33,582,576	\$ 67,231,492	\$ 62,871,664
Deferred Outflows	\$ 844,590	\$ 685,976	\$ 518,217	\$ 420,437	\$ 1,362,807	\$ 1,106,413
Long-term Liabilities	\$ 8,643,360	\$ 9,190,915	\$ 11,380,745	\$ 8,989,119	\$ 20,024,105	\$ 18,180,034
Other Liabilities	4,254,017	4,452,860	2,414,425	1,717,946	6,668,442	6,170,806
Total Liabilities	\$ 12,897,377	\$ 13,643,775	\$ 13,795,170	\$ 10,707,065	\$ 26,692,547	\$ 24,350,840
Deferred Inflows	\$ 11,446	\$ 658,785	\$ 6,984	\$ 403,771	\$ 18,430	\$ 1,062,556
Net Position						
Investment Capital Assets (<i>Net of Related Debt</i>)	\$ 13,129,718	\$ 13,639,628	\$ 11,223,961	\$ 18,187,149	\$ 24,353,679	\$ 31,826,777
Restricted	8,695	103,122	975,987	1,431,454	984,682	1,534,576
Unrestricted	4,044,473	1,929,754	12,500,488	3,273,574	16,544,961	5,203,328
Total Net Position	\$ 17,182,886	\$ 15,672,504	\$ 24,700,436	\$ 22,892,177	\$ 41,883,322	\$ 38,564,681

At the end of the current fiscal year, the City of Clemson is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Governmental Activities

During the current year, the City of Clemson's governmental net position increased approximately 10% or \$1,510,382. Also, governmental activities transferred \$767,205 to business-type activities. Prior to the transfers, governmental activities realized an increase in net position of \$2,277,587. Other areas of significant change are as follows:

- Total revenues increased approximately 14% which resulted in a revenue increase of \$1.8 million. Various revenue items contributed to the increase in governmental resources.
- *Net* program revenues increased \$750,000 as a result of increases of approximately \$1.2 million and \$30,000 respectively in charges for services and operating grants and contributions. Charges for services increased 24% to \$6.1 million as a result of increases in licenses and permits and narcotics forfeitures. Public safety was awarded a \$30,000 operating grant to improve emergency telephone system functions. Capital contributions decreased approximately \$480,000 as a result of reductions in developer improvements to roads, sidewalks, and drainage systems within the corporate limits of the City.
- The City realized a net gain of \$1.1 million in general revenues due in part to increases of approximately \$200,000 in both ad valorem and sales and use taxes. *Net* intergovernmental revenues increased \$175,000 primarily because of funds received from the South Carolina Department of Transportation in the form of highway improvement revenue.
- Approximately 98% of the \$480,000 increase in other revenues was associated with deferred non-utility impact fees of \$260,000 and law enforcement confiscated funds of \$210,000.

The following table provides a summary comparison of the City's revenues, expenses, and changes in net position for the fiscal years ended June 30, 2016 and June 30, 2015. Additional current year information concerning changes in net position can be found in the Statement of Activities presented on pages 14 & 15.

Summary of Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
REVENUES						
Program Revenues						
Charges for Services	\$ 6,153,963	\$ 4,957,912	\$ 7,443,782	\$ 6,380,512	\$ 13,597,745	\$ 11,338,424
Operating Grants and Contributions	241,447	212,044	3,337,491	3,370,683	3,578,938	3,582,727
Capital Grants and Contributions	7,000	483,950	1,775,839	188,258	1,782,839	672,208
General Revenues						
Ad Valorem Taxes	5,087,678	4,861,657	-	-	5,087,678	4,861,657
Sales and Use Taxes	1,815,468	1,599,122	-	-	1,815,468	1,599,122
Intergovernmental	769,248	593,817	-	-	769,248	593,817
Investment Earnings	151,035	119,305	69,368	51,767	220,403	171,072
Other Revenues	884,951	404,115	-	-	884,951	404,115
Total Revenues	<u>\$ 15,110,790</u>	<u>\$ 13,231,922</u>	<u>\$ 12,626,480</u>	<u>\$ 9,991,220</u>	<u>\$ 27,737,270</u>	<u>\$ 23,223,142</u>

(continued)

Summary of Changes in Net Position (continued)

	Governmental Activities		Business-Type Activities		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
EXPENSES						
General Government	\$ 2,732,726	\$ 2,585,835	\$ -	\$ -	\$ 2,732,726	\$ 2,585,835
Public Safety	4,029,537	3,813,284	-	-	4,029,537	3,813,284
Public Works	2,789,532	2,873,308	-	-	2,789,532	2,873,308
Culture and Recreation	2,353,053	1,756,398	-	-	2,353,053	1,756,398
Urban Redevelopment	27,665	16,188	-	-	27,665	16,188
Equipment Services	162,025	134,764	-	-	162,025	134,764
Intergovernmental	539,185	396,415	-	-	539,185	396,415
Interest Long Term Debt	88,095	138,512	-	-	88,095	138,512
Other Expenses	111,385	140,487	-	-	111,385	140,487
Water Utility	-	-	2,942,016	2,655,812	2,942,016	2,655,812
Stormwater Utility	-	-	1,318,096	39,942	1,318,096	39,942
Wastewater Utility	-	-	3,378,859	2,739,152	3,378,859	2,739,152
Commercial Sanitation	-	-	324,430	305,585	324,430	305,585
Clemson Area Transit	-	-	3,517,798	3,362,255	3,517,798	3,362,255
Parking Deck	-	-	104,227	103,637	104,227	103,637
Total Expenses	\$ 12,833,203	\$ 11,855,191	\$ 11,585,426	\$ 9,206,383	\$ 24,418,629	\$ 21,061,574
Change in Net Position Before Transfers	\$ 2,277,587	\$ 1,376,731	\$ 1,041,054	\$ 784,837	\$ 3,318,641	\$ 2,161,568
Transfers	(767,205)	259,038	767,205	(259,038)	-	-
Change in Net Position After Transfers	\$ 1,510,382	\$ 1,635,769	\$ 1,808,259	\$ 525,799	\$ 3,318,641	\$ 2,161,568
Net Position, Beginning	15,672,504	21,214,571	22,892,177	26,765,695	38,564,681	47,980,266
Cumulative Change GASB 68 & 71	-	(7,177,836)	-	(4,399,317)	-	(11,577,153)
Net Position, Ending	<u>\$ 17,182,886</u>	<u>\$ 15,672,504</u>	<u>\$ 24,700,436</u>	<u>\$ 22,892,177</u>	<u>\$ 41,883,322</u>	<u>\$ 38,564,681</u>

Business-type Activities

The City's business-type net position increased 8% or \$1,808,259. Prior to transfers of \$767,205 from governmental activities, business-type activities realized an increase in net position of \$1,041,054. *Net* program revenues increased \$2.6 million as a result of increases of \$1 million in charges for services and \$1.6 million in capital grants and contributions. Additional details of significant changes in net position are as follows:

- Charges for utility and transportation services increased approximately 17%, to \$7,443,782. The increase was primarily due to an aggregate increase of approximately \$1 million in water, stormwater, and wastewater utility service receipts, tap fees, and impact fees.
- The City's transportation services fund received operating grants amounting to \$1,448,029, and realized \$1,889,462 of intergovernmental revenues from state and local agencies. This is a 1% decrease from the previous year. In addition, transportation services received capital grants amounting to \$405,000 and utilities recorded \$1.2 million of developer contributions.

Financial Analysis of City Funds

Governmental Funds

The focus of the City of Clemson's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Clemson's governmental funds reported combined ending fund balances of \$10,409,122. Approximately 50% of this total amount (\$5,195,722) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is not available for new spending because it has already been, (1) restricted for Special Revenue Funds (\$4,082,195), Capital Projects Funds (\$523,341), and Debt Service Fund (\$28,862), (2) committed in the General Fund (\$331,746), and (3) assigned for purchases on order in the General and Special Revenue Funds (\$247,256). The unassigned fund balance increased \$1,040,972 from June 30, 2015.

The General Fund is the major operating fund of the City of Clemson. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,195,722, while total fund balance reached \$5,609,830. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance, and total fund balance, to total fund expenditures. Unassigned fund balance represents 53% of total General Fund expenditures, while total fund balance represents approximately 57% of total General Fund expenditures.

The Debt Service Fund, a major fund, had a total fund balance of \$28,862 at the end of the year. This is a \$74,260 or 257% net decrease from the previous year. The decrease is a result of a conscious decision on the part of the City's governing body not to allocate additional resources to the fund even though principal payments increased during the year. Fund balance will be reviewed during the fiscal year 2016-17 budget process.

Proprietary Funds

The City of Clemson's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the water, stormwater, and wastewater utilities at the end of the year amounted to \$514,729, \$62,775, and \$4,256,258 respectively. Commercial sanitation operations ended the year with \$132,382 of unrestricted net position, while transit operations reported \$4,970,837 of net position that was unrestricted. Also, the City's investment in the downtown parking deck provided this proprietary fund with \$2,563,507 of unrestricted net position at the end of the year.

General Fund Budget Highlights

There were not any differences between original budget expenditures and final amended budget expenditures during the fiscal year. The total General Fund expenditures budget was approximately \$12.0 million, an increase of \$2.5 million from the prior year. Budget notes are as follows:

- Unless there is a compelling reason, the City does not amend the fiscal year budget approved by the governing body.
- The City views revenue and expenditure variances (favorable and unfavorable) as a measure of the accuracy of the City's budget process.

During the year, actual revenues exceeded budget estimates by \$1.8 million and actual expenditures were \$2.4 million less than the City's budget estimates. The combined favorable revenue and expenditure variances increased fund balance by \$932,000, which is \$14,000 more than the prior fiscal year.

Capital Assets and Debt Administration

Capital Assets (net of accumulated depreciation)

The City of Clemson's investment in capital assets for its governmental and business-type activities as of June 30, 2016 amounted to \$40,091,138. This investment in capital assets includes land, buildings, other improvements, equipment, and construction in progress.

Of the \$40,091,138 investment, \$14,845,359 pertained to governmental activities and \$25,245,779 was reported as an investment in business-type activities. Additional information pertaining to the City of Clemson's capital assets can be found in Note 6. Major capital asset events during the current fiscal year included the following:

- The City completed \$1.7 million of water, stormwater, and wastewater collection infrastructure improvements to its downtown corridor. The project was undertaken in anticipation of additional development within the City's corporate limits. Approximately half of the required funding was provided by developers. The remaining resources were provided by the City's governmental and utility funds.
- The City's water utility closed on a \$1.8 million borrowing from the South Carolina Drinking Water Revolving Fund Authority on June 30, 2015. Water lines and hydrants were replaced in fiscal year 2015-16. The debt will be repaid over a period of fifteen years with user fee revenue.
- Streetscape improvements to the City's Old Calhoun District began during the year. Approximately 90% of the funding for the \$1.4 million project will come from hospitality fees and taxes. The City's General Fund and Stormwater Utility Fund will provide the remaining financing. Completion of this project will occur in fiscal year 2016-17.

Capital Assets (net of accumulated depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Land and Buildings	\$ 7,298,055	\$ 7,482,609	\$ 5,033,046	\$ 5,160,256	\$ 12,331,101	\$ 12,642,865
Other Improvements	6,227,435	7,023,138	15,109,168	13,635,537	21,336,603	20,658,675
Equipment	1,319,869	1,627,109	3,006,110	2,789,616	4,325,979	4,416,725
Construction in Progress	-	-	2,097,455	1,495,076	2,097,455	1,495,076
Total Capital Assets	\$ 14,845,359	\$ 16,132,856	\$ 25,245,779	\$ 23,080,485	\$ 40,091,138	\$ 39,213,341

Debt Administration

At June 30, 2016, the City had total bonded debt outstanding of \$602,000 associated with original 2013 and 2014 General Obligation Bonds of \$360,000 and \$1.2 million respectively. Ad valorem taxes are pledged for repayment of the debt. In 1998, the City created a tax increment district, and in 2002 issued \$5,000,000 of tax increment bonds to finance various capital projects within the tax increment district. In 2006, the City issued \$3,000,000 of additional tax increment debt. Ad valorem taxes from the district will service the debt. A \$1.9 million 2005 capital lease purchase agreement for recreation park improvements was satisfied during the fiscal year. Governmental capital lease purchase debt outstanding at year end pertained to a 2012 agreement.

Governmental Debt Outstanding at June 30, 2016

- *General Obligation Bonds* \$602,000
- *Tax Increment Bonds* \$945,936
- *Capital Lease Purchase Agreement* \$167,706

Business-type Debt Outstanding at June 30, 2016

- *Water Revenue Bonds (South Carolina Revolving Fund Loans)* \$4,804,894
- *Wastewater Revenue Bonds (South Carolina Revolving Fund Loans)* \$1,812,067

Current state statutes limit the amount of general obligation debt a municipality may issue to 8% of its total assessed valuation. The current legal debt limitation for the City of Clemson is \$4,715,121, which is in excess of the City's outstanding general obligation debt of \$602,000. Additional information concerning the City's long-term debt can be found in Notes 7 & 8.

Future Outlook

The management of the City of Clemson holds the philosophy that in order to secure a fiscally stable municipal government the budget process should be a "team effort". Issues that are important in the budget process include (1) matching revenues with expenses for all funds of the City, (2) maintaining appropriate levels of liquid assets in order to meet cash flow requirements throughout the fiscal year, and (3) ensuring that City services are as cost effective as possible.

During the preparation of future budgets, the City will attempt to continue the high level of service that Clemson residents are accustomed to receiving. The City will also continue to promote the "team approach" in delivery of governmental services. Clemson has historically provided affordable services to its residents, and management believes that this trend will continue. The City's ad valorem tax rate of 84.20 mills actually translates to a "net ad valorem tax rate" of 62.26 mills with the local option sales tax credit factor taken into account. As a result, the City's tax rate compares quite favorably to other municipalities in both North and South Carolina.

Requests for Information

This financial report is designed to provide a general overview of City of Clemson finances, comply with finance related laws and regulations, and demonstrate the City's commitment to public accountability. Questions concerning the information provided in this report, or requests for additional information, should be addressed to the City of Clemson, Office of Finance, 1250 Tiger Boulevard - Suite 2, Clemson, South Carolina, 29631-2661. The Comprehensive Annual Financial Report may also be accessed via the City's website at <http://www.cityofclemson.org>.

BASIC FINANCIAL STATEMENTS



CITY OF CLEMSON

STATEMENT OF NET POSITION

June 30, 2016

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 11,092,942	\$ 625	\$ 11,093,567
Investments	7,465,797	-	7,465,797
Receivables (Net of Allowance):			
Property Taxes	388,743	-	388,743
Accounts	406,692	1,139,721	1,546,413
Interest	12,406	-	12,406
Other	63,938	107,009	170,947
Due from Other Governmental Units	902,002	1,277,718	2,179,720
Internal Balances	(5,941,420)	5,941,420	-
Prepayments	-	11,632	11,632
Inventory	10,660	22,187	32,847
Investment in Joint Venture	-	3,618,387	3,618,387
Restricted Cash - Revenue Bond Covenants	-	619,895	619,895
Capital Assets not Being Depreciated			
Land	2,132,390	462,082	2,594,472
Construction in Progress	-	2,097,455	2,097,455
Capital Assets net of Accumulated Depreciation			
Buildings	5,165,665	4,570,964	9,736,629
Other Improvements	6,227,435	15,109,168	21,336,603
Equipment	1,319,869	3,006,110	4,325,979
Total Assets	\$ 29,247,119	\$ 37,984,373	\$ 67,231,492
Deferred Outflows of Resources			
Deferred Pension Charges	\$ 844,590	\$ 518,217	\$ 1,362,807
Liabilities			
Accounts Payable and Other Current Liabilities	\$ 549,987	\$ 1,170,492	\$ 1,720,479
Due to Other Governmental Units	1,189,888	-	1,189,888
Contracts Payable	53,831	128,425	182,256
Accrued Interest Payable	12,007	38,409	50,416
Revenue Received in Advance	692,291	-	692,291
Liabilities Payable From Restricted Assets	-	616,334	616,334
Noncurrent Liabilities:			
Net Pension Liability	8,209,988	5,027,114	13,237,102
Due Within One Year	1,756,013	460,765	2,216,778
Due in More Than One Year	433,372	6,353,631	6,787,003
Total Liabilities	\$ 12,897,377	\$ 13,795,170	\$ 26,692,547
Deferred Inflows of Resources			
Deferred Pension Credits	\$ 11,446	\$ 6,984	\$ 18,430
Net Position			
Net Investment in Capital Assets	\$ 13,129,718	\$ 11,223,961	\$ 24,353,679
Restricted For:			
Debt Service	8,695	975,987	984,682
Unrestricted	4,044,473	12,500,488	16,544,961
Total Net Position	\$ 17,182,886	\$ 24,700,436	\$ 41,883,322

See Notes to Financial Statements

CITY OF CLEMSON

STATEMENT OF ACTIVITIES

Fiscal Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 3,545,321	\$ 4,910,557	\$ -	\$ -	\$ 1,365,236	\$ -	\$ 1,365,236
Public Safety	4,029,537	521,058	31,810	7,000	(3,469,669)	-	(3,469,669)
Public Works	2,789,532	584,794	-	-	(2,204,738)	-	(2,204,738)
Culture and Recreation	2,353,053	137,554	209,637	-	(2,005,862)	-	(2,005,862)
Urban Redevelopment	27,665	-	-	-	(27,665)	-	(27,665)
Interest on Long-term Debt	88,095	-	-	-	(88,095)	-	(88,095)
Total Governmental Activities	\$ 12,833,203	\$ 6,153,963	\$ 241,447	\$ 7,000	\$ (6,430,793)	\$ -	\$ (6,430,793)
Business-type Activities							
Water	\$ 2,942,016	\$ 3,147,040	\$ -	\$ 193,596	\$ -	\$ 398,620	\$ 398,620
Stormwater	1,318,096	398,676	-	300,000	-	(619,420)	(619,420)
Wastewater	3,378,859	3,455,943	-	789,478	-	866,562	866,562
Sanitation	324,430	296,728	-	-	-	(27,702)	(27,702)
Transit	3,517,798	29,433	3,337,491	492,765	-	341,891	341,891
Parking Deck	104,227	115,962	-	-	-	11,735	11,735
Total Business-type Activities	\$ 11,585,426	\$ 7,443,782	\$ 3,337,491	\$ 1,775,839	\$ -	\$ 971,686	\$ 971,686
Total Primary Government	\$ 24,418,629	\$ 13,597,745	\$ 3,578,938	\$ 1,782,839	\$ (6,430,793)	\$ 971,686	\$ (5,459,107)

continued

CITY OF CLEMSON

STATEMENT OF ACTIVITIES

Fiscal Year Ended June 30, 2016

continued

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
General Revenues:						
Property Taxes					\$ 5,087,678	\$ -
Local Option Sales Tax					1,537,036	-
Local Accommodations Tax					278,432	-
Intergovernmental - Unrestricted					769,248	-
Unrestricted Investment Earnings					151,035	69,368
Other					884,951	-
Transfers					(767,205)	767,205
					<u>\$ 7,941,175</u>	<u>\$ 836,573</u>
Total General Revenues and Transfers					\$ 7,941,175	\$ 836,573
Change in Net Position					\$ 1,510,382	\$ 1,808,259
Net Position, Beginning					15,672,504	22,892,177
Net Position, Ending					<u>\$ 17,182,886</u>	<u>\$ 24,700,436</u>
					<u>\$ 17,182,886</u>	<u>\$ 24,700,436</u>
					<u>\$ 41,883,322</u>	<u>\$ 41,883,322</u>

See Notes to Financial Statements

CITY OF CLEMSON
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2016

	General	Debt Service Fund	Other Governmental Funds	Total
Assets				
Cash	\$ 11,092,942	\$ -	\$ -	\$ 11,092,942
Investments	7,465,797	-	-	7,465,797
Receivables (Net of Allowance)				
Property Taxes	363,959	8,542	16,242	388,743
Accounts	45,968	-	360,724	406,692
Interest	12,406	-	-	12,406
Other	63,937	-	-	63,937
Due from Other Governmental Units	526,320	4,125	371,557	902,002
Due from Other Funds	27,746	22,100	5,370,459	5,420,305
Inventory	-	-	10,660	10,660
Total Assets	\$ 19,599,075	\$ 34,767	\$ 6,129,642	\$ 25,763,484
Liabilities and Fund Balances				
Liabilities:				
Vouchers Payable	\$ 262,683	\$ -	\$ -	\$ 262,683
Accounts Payable	159,911	-	127,393	287,304
Contracts Payable	32,905	-	-	32,905
Retainage Payable	20,926	-	-	20,926
Due to Other Governmental Units	1,386	-	1,188,502	1,189,888
Due to Other Funds	11,333,979	-	27,746	11,361,725
Unearned Revenue	1,233,593	-	-	1,233,593
Revenue Received in Advance	692,291	-	-	692,291
Total Liabilities	\$ 13,737,674	\$ -	\$ 1,343,641	\$ 15,081,315
Deferred Inflows of Resources				
Unavailable Revenue - Property Taxes	\$ 251,571	\$ 5,905	\$ 15,571	\$ 273,047
Fund Balances:				
Restricted For:				
Special Revenue Funds	\$ -	\$ -	\$ 3,843,373	\$ 3,843,373
Special Revenue Funds - L-T Receivables	-	-	238,822	238,822
Capital Projects Funds	-	-	523,341	523,341
Debt Service Fund	-	28,862	-	28,862
Committed:				
General Fund	331,746	-	-	331,746
Assigned:				
Purchases on Order	82,362	-	108,700	191,062
Special Revenue Funds	-	-	56,194	56,194
Unassigned:				
General Fund	5,195,722	-	-	5,195,722
Total Fund Balances	\$ 5,609,830	\$ 28,862	\$ 4,770,430	\$ 10,409,122
Total Liabilities and Fund Balances	\$ 19,599,075	\$ 34,767	\$ 6,129,642	\$ 25,763,484

See Notes to Financial Statements

CITY OF CLEMSON

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2016

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

Total fund balances - governmental funds	\$ 10,409,122
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$37,101,309 and the accumulated depreciation is \$22,255,949.	14,845,360
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	(29,711)
Accrued interest payable on long-term debt in governmental funds is not due and payable in the current period and, therefore, is not reported as a liability in the funds.	(12,007)
Certain deferred revenues in the governmental funds are reportable for governmental activities and, therefore are not included on the statement of net position.	1,536,351
The City's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State pension plans are not recorded in the governmental funds but are recorded in the Statement of Net Position	(7,376,844)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Long-term liabilities at year-end consist of:	
Capital Leases	\$ 167,706
Bonds Payable	1,547,936
Compensated Absences	473,743
	(2,189,385)
Net position of governmental activities	\$ 17,182,886

See Notes to Financial Statements

CITY OF CLEMSON
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Fiscal Year Ended June 30, 2016

	General	Debt Service Fund	Other Governmental Funds	Total
Revenues				
Property Taxes	\$ 3,865,153	\$ 90,720	\$ 1,161,516	\$ 5,117,389
Local Option Sales Tax	1,493,361	35,051	8,624	1,537,036
Local Accomodations Tax	-	-	278,432	278,432
Hospitality Fees/Tax	-	-	1,390,948	1,390,948
Licenses and Permits	3,519,609	-	-	3,519,609
Intergovernmental	769,248	-	241,447	1,010,695
Charges for Services	774,140	-	41,215	815,355
Fines and Forfeitures	428,051	-	-	428,051
Investment Earnings	75,139	4,200	71,696	151,035
Other	274,150	6,444	134,097	414,691
Total Revenues	\$ 11,198,851	\$ 136,415	\$ 3,327,975	\$ 14,663,241
Expenditures				
Current Operating				
General Government	\$ 2,908,878	\$ -	\$ -	\$ 2,908,878
Public Safety	3,648,049	-	151,949	3,799,998
Public Works	2,107,341	-	171,636	2,278,977
Culture and Recreation	776,492	-	591,388	1,367,880
Equipment Services	162,025	-	-	162,025
Urban Redevelopment	-	-	27,665	27,665
Other	111,385	-	-	111,385
Debt Service				
Principal	171,255	1,356,318	304,900	1,832,473
Interest	2,723	90,309	11,936	104,968
Capital Outlay	-	-	72,432	72,432
Intergovernmental	-	-	539,185	539,185
Total Expenditures	\$ 9,888,148	\$ 1,446,627	\$ 1,871,091	\$ 13,205,866
Excess of Revenues Over (Under) Expenditures	\$ 1,310,703	\$ (1,310,212)	\$ 1,456,884	\$ 1,457,375
Other Financing Sources (Uses)				
Transfers In	539,838	1,235,952	499,500	2,275,290
Transfers Out	(918,417)	-	(2,124,078)	(3,042,495)
Total Other Financing Sources (Uses)	\$ (378,579)	\$ 1,235,952	\$ (1,624,578)	\$ (767,205)
Net Change in Fund Balances	\$ 932,124	\$ (74,260)	\$ (167,694)	\$ 690,170
Fund Balances, Beginning	4,677,706	103,122	4,938,124	9,718,952
Fund Balances, Ending	\$ 5,609,830	\$ 28,862	\$ 4,770,430	\$ 10,409,122

See Notes to Financial Statements

CITY OF CLEMSON

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2016

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

Net change in fund balances - total governmental funds	\$ 690,170
Governmental funds report capital outlays as expenditures (\$365,950). However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense (\$1,653,446). This is the amount by which depreciation exceeded capital outlays in the current period.	(1,287,496)
Revenues in the statement of activities that do not represent current financial resources are not reported as revenues in the funds.	440,549
The repayment of long-term debt (\$1,832,473) consumes the current financial resources of governmental funds. This transaction, however, has no effect on net position	1,832,473
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities however interest expense is recognized as it accrues, regardless of when it is due.	16,873
Changes in the City's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities	(148,308)
Compensated absence expense reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.	(33,879)
Change in net position of governmental activities	<u>\$ 1,510,382</u>

See Notes to Financial Statements

CITY OF CLEMSON

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
Fiscal Year Ended June 30, 2016

	Budgeted		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 3,674,739	\$ 3,674,739	\$ 3,865,153	\$ 190,414
Local Option Sales Tax	1,255,291	1,255,291	1,493,361	238,070
Licenses and Permits	2,434,000	2,434,000	3,519,609	1,085,609
Intergovernmental	576,200	576,200	769,248	193,048
Charges for Services	742,348	742,348	774,140	31,792
Fines and Forfeitures	365,000	365,000	428,051	63,051
Investment Earnings	50,000	50,000	75,139	25,139
Other	276,000	276,000	274,150	(1,850)
Total Revenues	\$ 9,373,578	\$ 9,373,578	\$ 11,198,851	\$ 1,825,273
Expenditures				
Current Operating				
General Government				
Council	\$ 181,900	\$ 181,900	\$ 180,708	\$ 1,192
Municipal Court	321,153	321,153	352,386	(31,233)
Administration	668,464	668,464	677,881	(9,417)
Finance	225,365	225,365	235,340	(9,975)
Information Tech Services	256,182	256,182	237,217	18,965
Planning and Codes	855,762	855,762	844,147	11,615
Public Buildings	380,131	380,131	381,199	(1,068)
Total	\$ 2,888,957	\$ 2,888,957	\$ 2,908,878	\$ (19,921)
Public Safety				
Police	\$ 2,955,035	\$ 2,955,035	\$ 2,873,049	\$ 81,986
Fire	2,750,000	2,750,000	775,000	1,975,000
Total	\$ 5,705,035	\$ 5,705,035	\$ 3,648,049	\$ 2,056,986
Public Works				
Streets	\$ 1,136,406	\$ 1,136,406	\$ 724,442	\$ 411,964
Residential Sanitation	1,140,030	1,140,030	1,131,470	8,560
Administration	248,008	248,008	251,429	(3,421)
Total	\$ 2,524,444	\$ 2,524,444	\$ 2,107,341	\$ 417,103
Culture and Recreation	\$ 763,749	\$ 763,749	\$ 776,492	\$ (12,743)
Equipment Services	\$ 158,078	\$ 158,078	\$ 162,025	\$ (3,947)
Debt Service				
Principal	\$ 170,600	\$ 170,600	\$ 171,255	\$ (655)
Interest	3,345	3,345	2,723	622
Total	\$ 173,945	\$ 173,945	\$ 173,978	\$ (33)

continued

CITY OF CLEMSON

continued

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
Fiscal Year Ended June 30, 2016

	Budgeted		Actual	Variance
	Original	Final		
Expenditures, continued				
Other	\$ 114,250	\$ 114,250	\$ 111,385	\$ 2,865
Total Expenditures	\$ 12,328,458	\$ 12,328,458	\$ 9,888,148	\$ 2,440,310
Excess of Revenues Over (Under)				
Expenditures	\$ (2,954,880)	\$ (2,954,880)	\$ 1,310,703	\$ 4,265,583
Other Financing Sources				
Transfers In	535,020	535,020	539,838	4,818
Transfers Out	-	-	918,417	918,417
Total	\$ 535,020	\$ 535,020	\$ (378,579)	\$ (913,599)
Net Change in Fund Balances	\$ (2,419,860)	\$ (2,419,860)	\$ 932,124	\$ 3,351,984
Fund Balance, Beginning	4,677,706	4,677,706	4,677,706	-
Fund Balance, Ending	\$ 2,257,846	\$ 2,257,846	\$ 5,609,830	\$ 3,351,984

See Notes to Financial Statements

CITY OF CLEWSON
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2016

Assets	Water	Stormwater	Wastewater	Sanitation	Transit	Parking Deck	Total
Current Assets							
Cash	\$ 300		\$ 150		\$ 175		\$ 625
Accounts Receivable	126,414	16,097	245,069	24,289	368,746	100	780,715
Unbilled Utility Receivables	184,450	13,468	159,811	1,277			359,006
Note Receivable-Current	17,526						17,526
Due from Other Governmental Units	129,729		327,252		820,728		1,277,719
Due from Other Funds	1,441,552	158,471	2,166,126	173,892	1,478,475	522,903	5,941,479
Prepayments					11,632		11,632
Inventory	22,187						22,187
Total Current Assets	\$ 1,922,158	\$ 188,036	\$ 2,898,418	\$ 199,458	\$ 2,679,756	\$ 523,003	\$ 8,410,829
Noncurrent Assets							
Restricted Cash - Revenue Bond Covenants	\$ 418,155		\$ 201,740				\$ 619,895
Investment in Joint Venture			3,618,387				3,618,387
Note Receivable	89,483						89,483
Capital Assets							
Land and Buildings	167,149		327,671		3,011,754	2,683,178	6,189,752
Other Improvements	10,314,952		18,458,845		23,673		28,797,470
Equipment	669,031	41,873	1,316,940	469,235	8,012,853	139,827	10,649,759
Accumulated Depreciation	(3,028,985)	(5,556)	(10,384,682)	(327,866)	(5,862,254)	(781,859)	(20,391,202)
Total Noncurrent Assets	\$ 8,629,785	\$ 36,317	\$ 13,538,901	\$ 141,369	\$ 5,186,026	\$ 2,041,146	\$ 29,573,544
Total Assets	\$ 10,551,943	\$ 224,353	\$ 16,437,319	\$ 340,827	\$ 7,865,782	\$ 2,564,149	\$ 37,984,373
Deferred Outflows of Resources							
Deferred Pension Charges	\$ 108,124	\$ 2,759	\$ 155,589	\$ 20,537	\$ 231,208		\$ 518,217
Liabilities							
Current Liabilities							
Accounts Payable	\$ 154,371	\$ 76,848	\$ 117,615	\$ 4,873	\$ 735,165	\$ 642	\$ 1,089,514
Contracts Payable		65,071	11,357		51,997		128,425
Accrued Expenses	46,534	2,961	33,871	3,456	32,565		119,387
Compensated Absences	26,032	1,528	40,591	5,289	28,927		102,367
Revenue Bonds Payable - Current	231,621		126,777				358,398
Total Current Liabilities	\$ 458,558	\$ 146,408	\$ 330,211	\$ 13,618	\$ 848,654	\$ 642	\$ 1,798,091
Noncurrent Liabilities							
Compensated Absences	\$ 24,176	\$ 1,420	\$ 37,697	\$ 4,911	\$ 26,865		\$ 95,069
Net Pension Liability	1,051,037	16,509	1,512,436	199,631	2,247,501		5,027,114
Customer Deposits Payable	605,790			10,544			616,334
Revenue Bonds Payable	4,573,273		1,695,289				6,268,562
Total Noncurrent Liabilities	\$ 6,254,276	\$ 17,929	\$ 3,235,422	\$ 215,086	\$ 2,274,366	\$ -	\$ 11,997,079
Total Liabilities	\$ 6,712,834	\$ 164,337	\$ 3,565,633	\$ 228,704	\$ 3,123,020	\$ 642	\$ 13,795,170
Deferred Inflows of Resources							
Deferred Pension Credits	\$ 1,465	\$ -	\$ 2,108	\$ 278	\$ 3,133		\$ 6,984
Net Position							
Net Investment in Capital Assets	\$ 3,317,253	\$ -	\$ 7,906,708	\$ -	\$ -		\$ 11,223,961
Restricted for Debt Service	113,786		882,201				996,000
Unrestricted	514,779	62,775	4,256,258	132,382	4,970,837	2,563,507	12,500,488
Total Net Position	\$ 3,945,768	\$ 62,775	\$ 13,025,167	\$ 132,382	\$ 4,970,837	\$ 2,563,507	\$ 24,700,436

See Notes to Financial Statements

CITY OF CLEMONSON

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Fiscal Year Ended June 30, 2016

	Water	Stormwater	Wastewater	Sanitation	Transit	Parking Deck	Totals
Operating Revenues							
Charges for Services	\$ 2,948,038	\$ 385,587	\$ 2,855,131	\$ 290,459	\$ -	\$ 105,560	\$ 6,584,775
Impact Fees	75,919	-	495,661	-	-	-	575,580
Late Charges	29,770	4,558	31,089	2,212	-	-	67,629
Joint Venture Income (Loss)	-	-	(33,264)	-	-	-	(33,264)
Other	73,751	8,531	103,326	4,058	29,433	10,400	229,499
Total Operating Revenues	\$ 3,127,478	\$ 398,676	\$ 3,455,943	\$ 296,729	\$ 29,433	\$ 115,960	\$ 7,424,219
Operating Expenses							
Water Department	\$ 2,180,570	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,180,570
Stormwater Collection	-	1,312,540	-	-	-	-	1,312,540
Wastewater Collection	-	-	1,168,242	-	-	-	1,168,242
Wastewater Treatment	-	-	1,378,206	-	-	-	1,378,206
Billing Administration	366,877	-	-	-	-	-	366,877
Engineering	-	-	257,133	-	-	-	257,133
Commercial Sanitation	-	-	-	269,086	-	-	269,086
Transit Operations	-	-	-	-	2,845,141	-	2,845,141
Parking Deck Operations	-	-	-	-	-	25,725	25,725
Depreciation	270,992	5,556	493,362	43,627	666,612	78,502	1,558,651
Other	42,719	-	40,624	11,717	6,043	-	101,103
Total Operating Expenses	\$ 2,861,158	\$ 1,318,096	\$ 3,337,567	\$ 324,430	\$ 3,517,796	\$ 104,227	\$ 11,463,274
Operating Income (Loss)	\$ 266,320	\$ (919,420)	\$ 118,376	\$ (27,701)	\$ (3,488,363)	\$ 11,733	\$ (4,039,055)
Non-Operating Revenues (Expenses)							
Investment Earnings	\$ 14,274	\$ 4,074	\$ 23,135	\$ 2,646	\$ 18,851	\$ 6,388	\$ 69,368
Operating Grants	-	-	-	-	1,853,029	-	1,853,029
Intergovernmental	19,561	-	-	-	1,889,462	-	1,909,023
Debt Service - Interest	(80,858)	-	(41,292)	-	-	-	(122,150)
Total Non-Operating Revenues (Expenses)	\$ (47,023)	\$ 4,074	\$ (18,157)	\$ 2,646	\$ 3,761,342	\$ 6,388	\$ 3,709,270
Income (Loss) Before Contributions and Transfers	\$ 219,297	\$ (915,346)	\$ 100,219	\$ (25,055)	\$ 272,979	\$ 18,121	\$ (329,785)
Capital Contributions							
Transfers In	193,596	300,000	789,478	-	87,765	-	1,370,839
Transfers Out	167,014	634,159	196,070	-	-	44,000	1,041,243
	(91,835)	-	(165,879)	(7,424)	(8,900)	-	(274,038)
Change in Net Position	\$ 488,072	\$ 18,813	\$ 919,888	\$ (32,479)	\$ 351,844	\$ 62,121	\$ 1,808,259
Total Net Position, Beginning	\$ 3,457,696	\$ 43,962	\$ 12,105,279	\$ 164,861	\$ 4,618,993	\$ 2,501,386	\$ 22,892,177
Total Net Position, Ending	\$ 3,945,768	\$ 62,775	\$ 13,025,167	\$ 132,382	\$ 4,970,837	\$ 2,563,507	\$ 24,700,436

See Notes to Financial Statements

CITY OF CLEMSON

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
Fiscal Year Ended June 30, 2016

Business-type Activities - Enterprise Funds

	Water	Stormwater	Wastewater	Sanitation	Transit	Parking Deck	Totals
Cash Flows from Operating Activities							
Receipts from Customers and Users	\$ 2,937,250	\$ 401,212	\$ 3,603,775	\$ 302,208	\$ 29,602	\$ 115,860	\$ 7,389,907
Payments to Suppliers	(1,758,323)	(1,052,052)	(1,941,839)	(128,239)	(647,750)	(25,785)	(5,553,988)
Payments to Employees	(782,001)	(102,983)	(1,110,910)	(151,006)	(1,542,079)	-	(3,688,979)
Net Cash Provided (Used) by Operating Activities	\$ 396,926	\$ (753,823)	\$ 551,026	\$ 22,963	\$ (2,160,227)	\$ 90,075	\$ (1,853,060)
Cash Flows from Noncapital Financing Activities							
Transfer from Other Funds	\$ 167,014	\$ 634,159	\$ 196,070	\$ -	\$ -	\$ 44,000	\$ 1,041,243
Transfer to Other Funds	(312,195)	(142,537)	(940,005)	(25,609)	(1,008,707)	(23,439)	(2,452,492)
Grants Available for Operating Purposes	-	-	-	-	2,135,686	-	2,135,686
Subsidies from Other Governmental Agencies	19,561	-	-	-	1,607,537	-	1,627,098
Net Cash Provided (Used) by Capital and Related Financing Activities	\$ (125,620)	\$ 491,622	\$ (743,935)	\$ (25,609)	\$ 2,734,516	\$ 20,561	\$ 2,351,535
Cash Flows from Capital and Related Financing Activities							
Capital Contributions	\$ 193,596	\$ 300,000	\$ 789,477	\$ -	\$ 87,765	\$ -	\$ 1,370,838
Purchases of Capital Assets	(2,096,250)	(41,873)	(145,753)	-	(680,905)	(117,024)	(3,081,805)
Acquisition and Construction of Capital Assets	-	-	(642,141)	-	-	-	(642,141)
Principal Paid on Capital Debt	(120,537)	-	(124,525)	-	-	-	(245,062)
Interest Paid on Capital Debt	(68,722)	-	(37,116)	-	-	-	(105,838)
Proceeds from Capital Debt	1,843,225	-	327,552	-	-	-	2,170,777
Net Cash Provided (Used) by Capital and Related Financing Activities	\$ (248,688)	\$ 258,127	\$ 167,494	\$ -	\$ (593,140)	\$ (117,024)	\$ (533,231)
Cash Flows from Investing Activities							
Investment Income Received	\$ 14,274	\$ 4,074	\$ 23,135	\$ 2,646	\$ 18,851	\$ 6,388	\$ 69,368
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 36,892	\$ -	\$ (2,280)	\$ -	\$ -	\$ -	\$ 34,612
Cash and Cash Equivalents, Beginning	381,563	-	204,170	-	175	-	585,908
Cash and Cash Equivalents, Ending	\$ 418,455	\$ -	\$ 201,890	\$ -	\$ 175	\$ -	\$ 620,520

continued

CITY OF CLEMSON

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
Fiscal Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds						continued
	Water	Stormwater	Wastewater	Sanitation	Transit	Parking Deck	Totals
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities							
Operating Income (Loss)	\$ 266,320	\$ (919,420)	\$ 118,376	\$ (27,701)	\$ (3,488,363)	\$ 11,733	\$ (4,039,056)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities							
Depreciation Expense	\$ 270,992	\$ 5,556	\$ 493,362	\$ 43,627	\$ 666,612	\$ 78,502	\$ 1,558,651
(Increase) Decrease in Accounts Receivable	(218,398)	2,536	147,832	4,045	169	(100)	(63,916)
(Increase) Decrease in Inventory	1,015	-	-	-	-	-	1,015
(Increase) Decrease in Prepayments	-	-	-	-	(11,632)	-	(11,632)
(Increase) Decrease in Investment in Joint Venture	-	-	33,264	-	-	-	33,264
Increase (Decrease) in Accounts Payable	83,815	75,555	73,967	(475)	588,210	(60)	821,012
Increase (Decrease) in Contracts Payable	(83,623)	65,071	(346,248)	-	51,997	-	(312,803)
Increase (Decrease) in Accrued Wages	2,566	748	4,582	759	8,442	-	17,097
Increase (Decrease) in Net Pension Liability, Deferred Charges and Deferred Credits	40,811	13,753	17,013	990	12,925	-	85,492
Increase (Decrease) in Compensated Absences	5,258	2,378	8,878	284	11,413	-	28,211
Increase (Decrease) in Customer Deposits	28,170	-	-	1,434	-	-	29,604
Total Adjustments	\$ 130,606	\$ 165,597	\$ 432,650	\$ 50,664	\$ 1,328,136	\$ 78,342	\$ 2,185,995
Net Cash Provided (Used) by Operating Activities	\$ 396,926	\$ (753,823)	\$ 551,026	\$ 22,963	\$ (2,160,227)	\$ 90,075	\$ (1,853,060)

See Notes To Financial Statements

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The City of Clemson was created in 1943 after the freeholders voted to change the name from Calhoun to Clemson. Calhoun was founded sometime before 1900. Currently the City operates under a council form of government with an elected mayor and six council members.

The accompanying financial statement presents the government and its component units, which are entities for which the City is considered financially accountable. Blended component units are legally separate entities albeit, in substance, part of the primary government and, therefore are included with data of the primary government. Discretely presented component units are presented separately to emphasize legal separation from the primary government. The City of Clemson is comprised of the various departments of the General Fund, the Proprietary Funds (water, stormwater, wastewater, commercial sanitation, transit system, and parking deck), the Debt Service Fund, the Capital Projects Fund, and various other Special Revenue Funds. There are no blended or discretely presented component units included in this financial statement. No entities are excluded that would make the financial statement misleading.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the primary government. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1. charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and, 2. grants or contributions that are restricted to meeting the operational requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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 government considers revenues to be available if collected within 60 days of the fiscal year end. Expenditures are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation and tax increment financing bonds principal and interest from governmental resources.

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The government reports the following major proprietary funds:

The Water Fund accounts for charges to users for water services and the cost of operations of the system.

The Stormwater Fund accounts for charges to users for stormwater services and the cost of operations of the system.

The Wastewater Fund accounts for charges to users for sewer services and the cost of operations of the system.

The Sanitation Fund leases commercial trash receptacles to businesses and apartment complexes and sells trashcan liners to the citizens of Clemson.

The Transit Fund accumulates costs and expenses of providing a transit system to the City of Clemson, Clemson University, and surrounding areas.

The Parking Deck Fund accounts for charges to users on a daily basis and for special events.

Additionally, the government reports the following fund types:

Special Revenue Funds are used to account for the proceeds of specific revenues that are restricted for specific expenditures other than special assessments, expendable trusts, or major capital projects.

Capital Projects Funds are used to account for major capital projects funded by issuance of general obligation bonds, tax increment bonds, and other financing sources.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in the business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Amounts reported as program revenues include 1. Charges to customers or applicants for goods, services, or privileges provided, 2. Operating grants and contributions, and 3. Capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, all taxes are general revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's primary ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. The water and wastewater funds also recognize as operating revenue impact fees intended to recover the cost of connecting new customers to the system.

Operating expenses for the proprietary funds include the costs of utility purchases and services, administrative expenses and asset depreciation. All revenues and expenses not meeting this definition are reported as nonoperating. The City applies all applicable FASB pronouncements issued after November 1989 in accounting and reporting for its proprietary funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

The City's investment policy is designed to operate within existing statutes (which are identical for all funds, fund types and component units within the State of South Carolina) that authorize the City to invest in the following:

- a. Obligations of the United States and agencies thereof;*
- b. General obligations of the State of South Carolina or any of its political units;*
- c. Savings and loan associations to the extent that the same is insured by an agency of the federal government;*
- d. Certificates of deposit and funds in deposit accounts with banking institutions provided that such certificates and funds in deposit accounts are collaterally secured by securities of the type described in a. and b. above, held by a third party as escrow agent, or custodian of a market value, not less than the amount of the certificates or funds in deposit accounts so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government;*
- e. Collateralized repurchase agreements when collateralized by securities as set forth in a. and b. above and held by the City or a third party as escrow agent or custodian;*
- f. South Carolina Pooled Investment Fund established and maintained by the State Treasurer.*

Investments for the City are reported at fair value. The South Carolina Pooled Investment Fund operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pooled shares.

Inventories

The inventory of the Water Fund (proprietary fund type) consists of expendable supplies and construction materials, which are accounted for in a perpetual inventory system. The inventory is valued at cost and is recorded as an expense as consumed.

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Receivables and Payables

Transactions between funds that are representative of reimbursement arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". These funds are not expected to be repaid within one year. These amounts are eliminated in the governmental and business-type activities, which are presented as "internal balances". All property taxes and other receivables are shown net of an allowance for uncollectibles.

Restricted

Certain resources in the City's proprietary funds are classified as restricted on the statement of net position because they are maintained in separate bank accounts as required by certain bond covenants. The 2005 Water A, 2005 Water B, 2015 Water State Revolving Fund Trustee Account and 2009 and 2014 Wastewater State Revolving Fund Trustee Accounts are used to segregate resources accumulated for debt service payments over the next twelve months for each of the respective revenue bonds.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), 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 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 City qualifies as a phase 3 government for reporting major general infrastructure assets and, therefore, elects to record such assets prospectively. However, with the exception of several subdivisions, the City has been tracking the cost and depreciation of its infrastructure since 1973 and such assets are reflected in the accompanying financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capital value of the assets constructed.

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	40
Public domain infrastructure	50
System infrastructure	30
Vehicles	3
Office equipment	5
Computer equipment	5

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Pensions

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The City recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the City's proportionate share thereof in the case of a cost-sharing multiple employer plan, measured as of the City's fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense.

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. Compensated absences are typically funded by the General Fund.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance

During the year ended June 30, 2011, the City implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions ("GASB 54"), which establishes new fund balance classifications for governmental fund types and clarifies the definitions of the governmental fund types. The implementation of this statement had no impact on the total fund balances for the City's governmental funds.

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

In accordance with GASB 54, the City classifies governmental fund balances as follows:

- *Nonspendable – includes amounts that inherently cannot be spent either because it is not in spendable form (i.e. prepaids, inventories, etc.) or because of legal or contractual requirements (i.e. principal on an endowment, etc.).*
- *Restricted – includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.*
- *Committed – includes amounts that are constrained for specific purposes that are internally imposed by the government through adoption of an ordinance made by City Council, which is the highest level of decision making authority, before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.*
- *Assigned – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made before the report issuance date. City Council has by resolution designated the City Administrator as responsible for assigning amounts for a specific purpose.*
- *Unassigned – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if the expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.*

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Net Position

Net Position represents assets plus deferred outflows of resources less liabilities less deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by City Council or through external restrictions imposed by creditors, grantors, or laws or regulations of other governmental entities.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the City's management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. BUDGETARY PRACTICES

Annual budgets and supplementary budget appropriations are adopted by ordinance by the City Council providing for operations and capital expenditures of the City. The budget is prepared by function and activity within an individual fund; and, includes information on the past year, current year estimates and requested appropriations for the next fiscal year. All budgets are required to have two readings before being enacted into law.

Revisions that alter the total expenditures of any department or any fund must be approved by City Council. Internal budget amendment documents are prepared for budget transfers.

Budgeted amounts as presented have been amended by City Council on various dates. Individual amendments were not material in relation to original appropriations. Supplementary appropriations were made during the current year.

Departmental budget variances greater than 10% or \$10,000, whichever is smaller, must be approved by City Council. The Community Development Fund receives block

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

2. BUDGETARY PRACTICES, *continued*

grant entitlements, which are mandated by project budgets that extend over several accounting periods. Therefore, budget control is exercised by project. All other Special Revenue funds have annual budgets. During the current year none of the Special Revenue Fund budgets were revised, therefore, there are no separate columns for the original and final budgets for the individual fund statements.

Budgets for the General, Special Revenue, Debt Service, and Proprietary Funds are adopted on a basis consistent with generally accepted accounting principles. Budgetary appropriations lapse at year end. Outstanding purchase commitments are recorded as a reserve for encumbrance and are reflected as an expense/expenditure in the subsequent year.

3. CASH AND INVESTMENTS

Cash includes demand deposits and investments with financial institutions, such as nonnegotiable certificates of deposits, money market accounts, and bank investment contracts. Cash deposits in excess of amounts insured by Federal Deposit Insurance are collateralized by US Government securities held by the counterparty in the counterparty's name.

The City has a compensating balance arrangement on its general checking of \$100,000. Daily amounts in excess of that amount may be swept by the bank and invested in short-term repurchase agreements. Repurchase agreements and pooled funds are collateralized by US Government Securities.

In accordance with GASB #31, investments are recorded at cost or fair value depending on the nature and term of the investment. Immaterial differences at the balance sheet date are not adjusted. The City presently holds both short-term and long-term investments. All investments are expected to be held until maturity. Any significant discount or premium on the purchase of long-term investments is amortized over the term of the investment by the straight-line method. The City recognized a valuation gain on its investments of \$324,654 as of the balance sheet date.

The following is an analysis of investments held at June 30, 2016: Amounts are recorded at cost or fair value depending on the nature and term of the investment. Adjustments are not made to adjust original cost unless significant in amount.

<u>Investment</u>	<u>Credit Rating</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Federal Farm Credit Bank Bonds			
Due 04/25/17	AAA	\$ 118,900	\$ 103,677
Due 06/04/18	AAA	80,737	75,675
Due 05/05/17	AAA	117,128	103,712
Due 07/16/27	AAA	97,057	106,495
Due 11/07/28	AAA	209,103	214,632

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

3. CASH AND INVESTMENTS, continued

<u>Investment</u>	<u>Credit Rating</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Due 05/07/20	AAA/Aaa/AAA	\$ 104,525	\$ 113,665
Due 12/21/20	AAA/Aaa/AAA	100,552	111,034
Due 03/13/24	AAA/Aaa/AAA	93,174	104,497
Due 11/26/24	AAA/Aaa/AAA	125,297	144,790
Due 02/14/25	AAA/Aaa	51,952	60,760
Due 10/24/25	AAA/Aaa	101,308	106,007
Due 08/08/39	AAA/Aaa	101,910	107,490
Due 11/02/40	AAA/Aaa	102,646	118,830
Due 02/01/28	AAA/Aaa	151,167	186,424
Due 08/03/28	AAA/Aaa	60,108	64,048
Due 11/24/28	AAA/Aaa	196,244	244,826
Due 04/24/29	AAA/Aaa	102,995	101,913
Due 01/18/30	AAA/Aaa	104,480	113,293
Due 11/08/32	AAA/Aaa	184,656	213,800
Due 09/01/33	AAA/Aaa	103,852	117,512
Due 12/01/31	AAA/Aaa	112,329	112,852
Due 07/15/36	AAA/Aaa	274,043	288,554
Due 06/08/37	AAA/Aaa	100,352	127,736
Federal Home Loan Mortgage Notes			
Due 01/13/22	AAA/Aaa/AAA	102,236	105,915
Tennessee Valley Auth			
Due 07/15/33	AAA/Aaa/AAA	50,326	61,940
Due 09/15/39	AAA/Aaa/AAA	48,779	61,670
Due 12/15/42	AAA/Aaa/AAA	387,413	410,875
Due 09/15/24	AAA/Aaa/AAA	209,414	216,998
Due 02/15/43	AAA/Aaa/AAA	100,103	99,357
Federal Home Loan Banks			
Due 06/14/24	AAA/Aaa	100,780	109,083
Due 03/12/21	AAA/Aaa	221,708	244,669
Due 03/11/22	AAA/Aaa	214,528	213,008
Due 03/10/23	AAA/Aaa	242,442	260,143
Due 12/01/26	AAA/Aaa	105,480	112,419
GNMA II Guaranteed Pass Thru			
Due 06/20/28	N/A	11,419	7,873
Federal Home Loan MTG Corp			
Due 04/15/33	N/A	100,098	106,702
Due 10/02/19	N/A	73,487	75,891
Due 1/12/18	N/A	99,184	100,187
Federal National Mortgage			
Due 11/15/16	AAA	102,402	100,349
Due 06/20/19	AAA	101,913	102,723
Due 11/24/17	AAA	102,200	102,309
Due 04/30/18	AAA	99,625	100,592
Due 05/21/18	AAA	48,688	50,208
Due 2/19/19	AAA	50,387	51,403
U.S. Treasury Notes			
Due 07/31/16	N/A	125,063	125,034
Due 01/31/17	N/A	99,715	100,042
Due 08/31/17	N/A	103,829	101,555

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

3. CASH AND INVESTMENTS, continued

<u>Investment</u>	<u>Credit Rating</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Due 11/30/17	N/A	\$ 103,125	\$ 102,377
Due 08/31/18	N/A	99,732	101,917
Due 03/31/21	N/A	100,316	101,168
State Investment Pool	AAA/Aaa	1,038,127	1,038,127
Other Investments			
Federated Govt Oblig Prm #117	AAA/Aaa	25,317	25,317
Federated Govt Oblig Prm #117 II	AAA/Aaa	33,724	33,724
		<hr/>	<hr/>
Totals		\$ 7,096,075	\$ 7,465,797

Interest rate risk – Interest rate risk is the risk that the fair value of securities in the portfolio will fall due to changes in the market interest rates. The City has no formal policy regarding interest rate risk for investments.

Credit risk – Credit risk is the risk that a counterparty will not fulfill its obligations. The City has no formal policy regarding credit risk for investments.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributable to the magnitude of the City's investment in a single issuer. This risk is mitigated by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The City has no formal policy regarding concentration of credit risk for investments.

Custodial credit risk, deposits - In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. As of June 30, 2016, \$8,722,733 of the City's bank balance of \$11,836,769 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name. The City minimizes its exposure to custodial credit risk for deposits by review of financial statements issued by the financial institutions holding municipal deposits.

Custodial credit risk, investments - For investments, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments of collateral securities that are in the possession of an outside party. The City does not have a formal investment policy for custodial credit risk. Of the investments of \$7,465,797 the City has a custodial credit risk exposure of \$290,653 because the related securities are uninsured, unregistered and held by the City's brokerage firm which is also the counterparty for these particular securities. The City minimizes its exposure to custodial credit risk for investments by review of financial statements issued by the brokerage and financial institutions holding the municipal investments.

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

4. PROPERTY TAXES / RECEIVABLES

Property taxes, the primary source of revenue for the General, Park Land, Tax Increment, and Debt Service Funds, are collected for the City by the Pickens County Tax Collector. No fee is charged for this service, but the City must pay its share of the cost of printing the tax notices and lists. The property tax calendar is as follows:

Levy	on October 1st on all real and personal property (except vehicles) based on the assessment of the preceding January 1 st
Tax Due	on or before January 15 th
Penalty	3% after January 15 th 7% additional after February 1 st
Liens	liens are filed upon execution after March 16th with an additional 5% penalty
Property Sales	on delinquent property held in year after year of levy
Motor Vehicles	monthly, assessed and collected in advance of vehicle registration with motor vehicle department

Receivables as of year-end for the City's individual major and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental funds:	<u>General</u>	<u>Debt Service</u>	<u>Non-major</u>	<u>Total</u>
Receivables:				
Property Taxes	\$ 383,115	\$ 8,992	\$ 17,097	\$ 409,204
Accounts	45,968	-	360,724	406,692
Interest	12,406	-	-	12,406
Inter- governmental	526,320	4,125	371,557	902,002
Other	63,937	-	-	63,937
Gross Receivables	\$ 1,031,746	\$ 13,117	\$ 749,378	\$ 1,794,241
Less: Allowance for Uncollectibles	(19,156)	(450)	(855)	(20,461)
Net Total Receivables	\$ 1,012,590	\$ 12,667	\$ 748,523	\$ 1,773,780

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

4. PROPERTY TAXES / RECEIVABLES, continued

<i>Business-type funds:</i>	<u>Water</u>	<u>Stormwater</u>	<u>Wastewater</u>	<u>Sanitation</u>	<u>Transit</u>	<u>Parking Deck</u>	<u>Total</u>
Receivables:							
Accounts	\$ 310,864	\$ 29,565	\$ 404,880	\$ 25,566	\$ 368,746	\$ 100	\$ 1,139,721
Inter-governmental	129,729	-	327,262	-	820,728	-	1,277,719
Net Total Receivables	\$ 440,593	\$ 29,565	\$ 732,142	\$ 25,566	\$ 1,189,474	\$ 100	\$ 2,417,440

Included in accounts receivable in the Non-major funds are mortgages arising from loans to individuals qualifying for community development grant funds for constructing or renovating their personal residences. The balance at June 30, 2016 is \$251,954 of which \$238,822 is long-term.

5. NOTE RECEIVABLE – TOWN OF CENTRAL

The City sold its Highway 93 Water Tank to the Town of Central for \$250,000 in 2007. The terms of the sale call for the Town of Central to pay \$5,009 per quarter for 15 years at an interest rate of 2.5%. The balance of the note at June 30, 2016 is \$107,009 with \$17,526 due within the next year.

6. CAPITAL ASSETS

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

<i>Governmental activities:</i>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not depreciated:				
Land	\$ 2,132,390	\$ -	\$ -	\$ 2,132,390
Capital assets, depreciated:				
Other improvements	\$ 7,785,461	\$ -	\$ -	\$ 7,785,461
Buildings	7,798,737	-	-	7,798,737
Infrastructure	11,473,908	-	-	11,473,908
Furniture and equipment	7,685,885	366,311	(141,383)	7,910,813
Total capital assets depreciated	\$ 37,743,991	\$ 366,311	\$ (141,383)	\$ 34,968,919

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

6. CAPITAL ASSETS, continued

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Less accumulated depreciation for:</i>				
Other improvements	\$ (6,134,977)	\$ (401,638)	\$ -	\$ (6,536,615)
Buildings	(2,448,518)	(184,553)	-	(2,633,071)
Infrastructure	(6,101,254)	(394,065)	-	(6,495,319)
Furniture and equipment	(6,058,776)	(673,192)	141,023	(6,590,945)
<i>Total accumulated depreciation</i>	<u>\$ (20,743,525)</u>	<u>\$ (1,653,448)</u>	<u>\$ 141,023</u>	<u>\$ (22,255,950)</u>
<i>Total capital assets, depreciated, net</i>	<u>\$ 14,000,466</u>	<u>\$ (1,287,137)</u>	<u>\$ (360)</u>	<u>\$ 12,712,969</u>
<i>Governmental activities capital assets, net</i>	<u>\$ 16,132,856</u>	<u>\$ (1,287,137)</u>	<u>\$ (360)</u>	<u>\$ 14,845,359</u>
 <i>Business-type activities:</i>	 <u><i>Beginning Balance</i></u>	 <u><i>Increases</i></u>	 <u><i>Decreases</i></u>	 <u><i>Ending Balance</i></u>
<i>Capital assets, not depreciated:</i>				
Land	\$ 462,082	\$ -	\$ -	\$ 462,082
Construction in Progress	1,495,076	2,097,455	(1,495,076)	2,097,455
<i>Total capital assets, not depreciated</i>	<u>\$ 1,957,158</u>	<u>\$ 2,097,455</u>	<u>\$ (1,495,076)</u>	<u>\$ 2,559,537</u>
<i>Capital assets, depreciated:</i>				
Other improvements	\$ 7,938,410	\$ 139,497	\$ -	\$ 8,077,907
Buildings	5,660,170	-	-	5,660,170
Infrastructure	16,712,853	1,976,755	-	18,689,608
Furniture and equipment	10,483,443	1,005,316	(839,000)	10,649,759
<i>Total capital assets depreciated</i>	<u>\$ 40,794,876</u>	<u>\$ 3,121,568</u>	<u>\$ (694,071)</u>	<u>\$ 43,077,444</u>
<i>Less accumulated depreciation for:</i>				
Other improvements	\$ (5,018,898)	\$ (143,764)	\$ -	\$ (5,162,662)
Buildings	(961,997)	(127,209)	-	(1,089,206)
Infrastructure	(5,996,828)	(498,857)	-	(6,495,685)
Furniture and equipment	(7,693,827)	(788,821)	838,999	(7,643,649)
<i>Total accumulated depreciation</i>	<u>\$ (19,671,550)</u>	<u>\$ (1,558,651)</u>	<u>\$ 838,999</u>	<u>\$ (20,391,202)</u>
<i>Total capital assets, depreciated, net</i>	<u>\$ 21,123,326</u>	<u>\$ 1,562,917</u>	<u>\$ (1)</u>	<u>\$ 22,686,242</u>
<i>Business-type activities capital assets, net</i>	<u>\$ 23,080,484</u>	<u>\$ 3,660,372</u>	<u>\$ (1,495,077)</u>	<u>\$ 25,245,779</u>

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

6. CAPITAL ASSETS, continued

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

Government Activities:	
General Government	\$ 279,902
Public Safety	230,058
Public Works	687,293
Culture and Recreation	442,638
Equipment Services	13,557
Total Depreciation Expense-Governmental Activities	<u>\$ 1,653,448</u>
Business-type Activities:	
Water	\$ 270,992
Stormwater	5,556
Wastewater	493,362
Sanitation	43,627
Transit	666,612
Parking Deck	78,502
Total Depreciation Expense-Business-Type Activities	<u>\$ 1,558,651</u>

7. CAPITAL LEASES

The City has several lease agreements which qualify as capital leases for accounting purposes. The leases have been recorded at the present value of the future minimum lease payments as of the date of their inception. The following is an analysis of assets leased under capital leases:

	Governmental Activities
Equipment	\$ 511,881
Less: Accumulated Depreciation	(401,090)
Carrying Value	<u>\$ 110,791</u>

The following is a schedule of the future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2016:

Fiscal Year Ending	Governmental Activities
06/30/2017	\$ 85,777
06/30/2018	85,777
Total minimum lease payments	<u>\$ 171,554</u>
Less interest portion	(3,848)
Present value of future minimum Lease payments	<u>\$ 167,706</u>

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

8. LONG-TERM DEBT

The City issued revenue bonds in its business-type activities where the City pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding at June 30, 2016, are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Balance</u>	<u>Current Portion</u>
2009 Wastewater Fund	1.73 %	\$ 353,942	\$ 35,640
2005 Water A	2.25 %	2,560,576	104,203
2005 Water B	2.25 %	418,188	19,069
2014 Wastewater Fund	2.00 %	1,458,125	91,137
2015 Water	2.00 %	1,826,130	108,349
Total		\$ 6,616,961	\$ 358,398

Annual debt service requirements to maturity for revenue bonds including interest of \$1,121,536 are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 358,398	\$ 100,410	\$ 458,808
2018	365,857	95,212	461,069
2019	373,421	89,872	463,293
2020	381,158	84,409	465,567
2021	389,066	106,524	495,590
2022-2026	2,038,942	407,809	2,446,751
2027-2031	1,905,078	192,914	2,097,992
2032-2036	805,041	44,386	849,427
Totals	\$ 6,616,961	\$ 1,121,536	\$ 7,738,497

Water and Wastewater System Revenue Bond Ordinances require the following reserves on the Water and Wastewater Funds retained earnings at June 30, 2016:

	<u>Water</u>	<u>Wastewater</u>
Reserve for future principal and interest payments (1)	\$ 149,830	\$ 29,913
Reserve for operations and maintenance	206,070	253,835
Reserve for depreciation	175,041	779,193
Reserve for contingency	1,000	1,000
Less: Cash reserved	(418,155)	(201,740)
Total	\$ 113,786	\$ 862,201

Operating revenues of the Water and Wastewater Funds will be used to repay the outstanding revenue bond indebtedness.

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

8. LONG-TERM DEBT, continued

General obligation bonds are issued in the governmental activities to provide funding for the acquisition and construction of major capital facilities. Bonds issued and the amounts outstanding at June 30, 2016 are as follows:

<u>Purpose</u>	<u>Bond Proceeds</u>	<u>Interest Rate</u>	<u>Balance 6/30/16</u>
Fire Substation Land	\$ 360,000	2.220 %	\$ 200,000
Various Capital Projects	5,000,000	4.810 %	620,000
Various Capital Projects	3,000,000	3.790 %	325,936
Various Capital Projects	1,200,000	1.060%	402,000
Totals	\$ 9,560,000		\$ 1,547,936

Annual debt service requirements to maturity for general obligation bonds including interest of \$50,977 are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,448,216	\$ 49,467	\$ 1,497,683
2018	99,720	1,510	101,230
Totals	\$ 1,547,936	\$ 50,977	\$ 1,598,913

Property taxes will be used to pay debt service principal and interest as it becomes due. The City has pledged its full faith and credit as collateral for the general obligation bonds. The City is not obligated for any special assessment debt.

Long-term liability activity for the year ended June 30, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 2,904,253	\$ -	\$ (1,356,317)	\$ 1,547,936	\$ 1,448,216
Capital Leases	643,861	-	(476,155)	167,706	83,227
Compensated Absences	439,864	285,483	(251,604)	473,743	224,570
Governmental Activity Long-Term Liabilities	\$ 3,987,978	\$ 285,483	\$ (2,084,076)	\$ 2,189,385	\$ 1,756,013
Business-Type Activities:					
Revenue Bonds	\$ 4,708,340	\$ 2,154,658	\$ (246,037)	\$ 6,616,961	\$ 358,398
Compensated Absences	169,225	133,762	(105,551)	197,436	102,368
Business-Type Activity Long-Term Liabilities	\$ 4,877,565	\$ 2,288,420	\$ (351,588)	\$ 6,814,397	\$ 460,766

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2016 is as follows:

Due to/from funds:

Receivable Fund	Payable Fund	Amount
Water	General	\$ 1,441,552
Wastewater	General	2,166,126
Stormwater	General	158,471
Sanitation	General	173,892
Transit	General	1,478,475
Parking Deck	General	522,903
Debt Service	General	22,100
Non-major Governmental Funds	General	5,342,714
Total		<u>\$ 11,306,233</u>

The outstanding balances between funds result mainly from all operating cash being recorded in the General Fund.

Interfund transfers are as follows:

	Transfers In	Transfers Out	Net Transfers
<u>Governmental Funds</u>			
General Fund:			
Water Fund	\$ -	\$ 25,250	
Stormwater Fund	-	634,159	
Wastewater Fund	-	119,008	
Non-major Governmental	265,800	140,000	
Total General Fund	<u>\$ 265,800</u>	<u>\$ 918,417</u>	
Debt Service Fund:			
Non-major Governmental	<u>\$ 1,235,952</u>	<u>\$ -</u>	
Non-major Governmental:			
General Fund	\$ 140,000	\$ 265,800	
Debt Service Fund	-	1,102,952	
Water Fund	-	141,764	
Wastewater Fund	-	77,062	
Parking Deck Fund	-	44,000	
Non-major Governmental	359,500	492,500	
Total Non-major Governmental	<u>\$ 499,500</u>	<u>\$ 2,124,078</u>	
Total Governmental Fund Transfers	<u>\$ 2,001,252</u>	<u>\$ 3,042,495</u>	<u>\$ (1,041,243)</u>
<u>Proprietary Funds</u>			
Water:			
General Fund	\$ 25,250	\$ -	
Non-Major Governmental	141,764	-	
Total Water Fund	<u>\$ 167,014</u>	<u>\$ -</u>	

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS, continued

	Transfers In	Transfers Out	Net Transfers
Stormwater Fund:			
General Fund	\$ 634,159	\$ -	
Wastewater Fund:			
General Fund	\$ 119,008	\$ -	
Non-major Governmental	77,062	-	
Total Wastewater Fund Transfers	\$ 196,070	\$ -	
Parking Deck Fund:			
Non-major Governmental	\$ 44,000	\$ -	
Total Proprietary Fund Transfers	\$ 1,041,243	\$ -	\$ 1,041,243

Transfers are used to 1. Move funds collected for debt service principal and interest payments, 2. Move amounts to help pay loan costs attributable to that fund, 3. Re-allocate capital project funds not spent due to projects being completed under budget and 4. Move unrestricted general fund revenues to finance programs of the government accounted for in the other funds.

10. FIRE SERVICES AGREEMENT

On March 21, 2016 the City of Clemson renewed its contract with Clemson University for the University to provide fire protection services to the City. The contract was for one year beginning July 1, 2016.

Under the terms of the contract the City is to pay the University an annual fee in three installments. The University shall own and maintain all fire suppression equipment and tools and shall assume responsibility for all full-time, paid firefighters. The City shall be responsible for providing a certified State Resident Fire Marshall. During the current period the City paid \$775,000 for fire suppression services.

For the performance of the one year, the City is to pay to Clemson University compensation as follows:

For the year ending: July 2017:

August 1, 2016	\$ 245,000
January 2, 2017	270,000
April 3, 2017	310,000
Total Payment	\$ 825,000

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

11. EMPLOYEES RETIREMENT SYSTEMS

Plan Description

The City participates in the State of South Carolina's retirement plans, which are administered by the South Carolina Public Employee Benefit Authority ("PEBA"), which was created on July 1, 2012 and administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11 member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the Budget and Control Board, which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the Systems and serves as a co-trustee of the Systems in conducting that review. PEBA issues a Comprehensive Annual Financial Report ("CAFR") containing financial statements and required supplementary information for the South Carolina Retirement Systems' Pension Trust funds. The CAFR is publicly available on the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

The South Carolina Retirement System ("SCRS"), a cost-sharing multiple employer defined pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for the employees of the state, its public school districts, and political subdivisions.

The South Carolina Police Officers' Retirement System ("PORS"), a cost-sharing multiple employer defined benefit pension plan, was established effective July 1, 1962 pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

Plan Membership

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

SCRS – Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

11. EMPLOYEES RETIREMENT SYSTEMS, *continued*

member of the system with an effective date of membership on or after July 1, 2012, is a class Three member.

PORS – To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Plan Benefits

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

SCRS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

11. EMPLOYEES RETIREMENT SYSTEMS, continued

the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

PORS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty. The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Plan Contributions

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

As noted above, both employee and the City are required to contribute to the Plans at rates established and as amended by the PEBA. The City's contributions are actuarially determined, but are communicated to and paid by the City as a percentage of the employees' annual eligible compensation as follows for the past three years:

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

11. EMPLOYEES RETIREMENT SYSTEMS, continued

	SCRS Rates			PORS Rates		
	2014	2015	2016	2014	2015	2016
<i>Employer Rate:</i>						
<i>Retirement*</i>	10.45%	10.45%	10.91%	12.44%	13.01%	13.34%
<i>Incidental Death Benefit</i>	0.15%	0.15%	0.15%	0.20%	0.20%	0.20%
<i>Accidental Death Contributions</i>	0.00%	0.00%	0.00%	0.20%	0.20%	0.20%
	10.60%	10.60%	11.06%	12.84%	13.41%	13.74%
<i>Employee Rate</i>	7.50%	8.0%	8.16%	7.84%	8.41%	8.74%

SCRS Three-Year Trend Information

<u>Year Ending</u>	<u>Total Payroll</u>	<u>Covered Payroll</u>	<u>Employer Contribution</u>	<u>Actual % Contributed</u>
6-30-14	4,888,129	4,888,129	518,142	10.600%
6-30-15	5,094,900	5,094,900	555,344	10.900%
6-30-16	5,418,894	5,418,894	599,330	11.060%

PORS Three-Year Trend Information

<u>Year Ending</u>	<u>Total Payroll</u>	<u>Covered Payroll</u>	<u>Employer Contribution</u>	<u>Actual % Contributed</u>
6-30-14	1,519,121	1,519,121	195,055	12.840%
6-30-15	1,666,296	1,666,296	223,450	13.410%
6-30-16	1,672,797	1,672,797	229,842	13.740%

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

The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2014. The net pension liability of each defined benefit pension plan was therefore determined based on the July 1, 2014 actuarial valuations, using membership data as of July 1, 2014, projecting forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2015, using generally accepted actuarial procedures. Information included in the following schedules is based on the certification provided by PEBA's consulting actuary, Gabriel, Roeder, Smith and Company.

The net pension liability ("NPL") is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that system's fiduciary net position. For the year ended June 30,

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

11. EMPLOYEES RETIREMENT SYSTEMS, continued

2015, NPL amounts and the change in NPL amounts for SCRS and PORS are as follows:

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

At June 30, 2016, the City reported a liability of \$13,237,102 for its proportionate share of the net pension liabilities which comprise SCRS plan \$10,305,635 and PORS plan \$2,931,466. The net pension liabilities were measured as of June 30, 2015, and the total pension liabilities for the plans used to calculate the net pension liabilities were determined based on the most recent actuarial valuation report of July 1, 2014 that was projected forward to the measurement date. The City's proportion of the net pension liabilities were based on a projection of the City's long-term share of contributions to the plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At June 30, 2015, the City's SCRS proportion was 0.054339 percent, which was equal to its proportion measured as of June 30, 2014. At June 30, 2015, the City's PORS proportion was 0.13450 percent, which was equal to its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the City recognized pension expense on its government-wide financial statements of \$1,062,987, consisting of \$766,440 for SCRS and \$296,547 for the PORS. At June 30, 2016, the City reported deferred outflows or resources and deferred inflows of resources related to pension from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences between expected and actual experience	\$ 183,097	\$ 18,430
Net Difference between projected and actual earnings on Pension plan investments	68,981	-
Deferred amounts from changes in proportionate share and Differences between employer contributions & proportionate Share of total plan employer contributions	56,440	-
City's contributions subsequent to the measurement date	599,330	-
Total SCRS	\$ 907,848	\$ 18,430

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

11. EMPLOYEES RETIREMENT SYSTEMS, continued

PORS

Differences between expected and actual experience	\$	58,103	\$	-
Net Difference between projected and actual earnings on pension plan investments		32,075		-
Deferred amounts from changes in proportionate share and Differences between employer contributions & proportionate Share of total plan employer contributions		134,939		-
City's contributions subsequent to the measurement date		229,842		-

Total PORS

\$	454,959	\$	-
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Total SCRS and PORS

\$	1,362,807	\$	18,430
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\$599,330 and \$229,842 that were reported as deferred outflows of resources related to the City's contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS will be recognized in pension expense as follows:

Year Ended June 30,	SCRS		PORS		Total
2017	\$	61,959	\$	44,664	\$ 106,623
2018		61,959		44,664	106,623
2019		(932)		42,098	41,166
2020		167,101		93,690	260,791
Total	\$	290,087	\$	225,116	\$ 515,203

Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2010, and the next experience study is scheduled to be conducted after the June 30, 2015 annual valuation is complete.

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

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

11. EMPLOYEES RETIREMENT SYSTEMS, *continued*

	SCRS	PORS
Actuarial cost method	Entry age	Entry age
Actuarial assumptions:		
Investment Rate of Return	7.5%	7.5%
Salary increases	Levels off at 3.5%	Levels off at 4.0%
Includes inflation at	2.75%	2.75%
Benefits adjustments	Lesser of 1% or \$500	Lesser of 1% or \$500

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

Former job class	Males	Females
Educators and judges	RP-2000 Males (with white collar adjustment) multiplies by 110%	RP-2000 Females (with white collar adjustment) multiplies by 95%
General employees and members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public safety, firefighters, and members of the South Carolina National Guard	RP-2000 Males (with blue collar adjustment) multiplied by 115%	RP-2000 Females (with blue collar adjustment) multiplied by 115%

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

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table below. For actuarial purposes, the 7.5% assumed annual investment rate of return used in the calculation of

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

11. EMPLOYEES RETIREMENT SYSTEMS, continued

the total pension liability includes a 4.75% real rate of return and a 2.75% inflation component.

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Expected Arithmetic Real Rate of Return</i>	<i>Long Term Expected Portfolio Real Rate of Return</i>
Short Term	5%		
Cash	2%	1.90	0.04
Short Duration	3%	2.00	0.06
Domestic Fixed Income	13%		
Core Fixed Income	7%	2.70	0.19
Mixed Credit	6%	3.80	0.23
Global Fixed Income	9%		
Global Fixed Income	3%	2.80	0.08
Emerging Markets Debt	6%	5.10	0.31
Global Public Equity	31%	7.10	2.20
Global Tactical Asset Allocation	10%	4.90	0.49
Alternatives	32%		
Hedge Funds (Low Beta)	8%	4.30	0.34
Private Debt	7%	9.90	0.69
Private Equity	9%	9.90	0.89
Real Estate (Broad Market)	5%	6.00	0.30
Commodities	3%	5.90	0.18
Total Expected Real Return	100%		6.00
Inflation for Actuarial Purposes			2.75
Total Expected Nominal Return			8.75

Discount Rate

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

The following table presents the sensitivity of net pension liability of the Plan as of June 30, 2015 to changes in the discount rate, calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.5%) or 1% point higher (8.5%) than the current rate:

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

11. EMPLOYEES RETIREMENT SYSTEMS, continued

System	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability of the SCRS	\$ 12,992,484	\$ 10,305,653	\$ 8,053,748
City's proportionate share of the net pension liability of the PORS	\$ 3,993,341	\$ 2,931,466	\$ 1,982,207

Plans' Fiduciary Net Position

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

12. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The amounts of any excess of expenditures over appropriations, at the legal level of control, are as follows: Variances were approved by council.

<u>General Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>
Current Operating		
Municipal Court	\$ 321,153	\$ 352,386
Administration	668,464	677,881
Finance	225,365	235,340
Public Buildings	380,131	381,199
Public Works		
Administration	248,008	251,429
Culture and Recreation	763,749	776,492
Equipment Services	158,078	162,025
Debt Service-Principal	170,600	171,255
 <u>Debt Service Fund</u>		
Debt Service		
Principal	1,356,305	1,356,318
 <u>Non-major Governmental Funds</u>		
Emergency Phone System		
Public Safety	59,060	61,197
Tourism		
Tourism - Tourism Related	135,000	173,397

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

12. EXCESS OF EXPENDITURES OVER APPROPRIATIONS, continued

<u>Non-major Governmental Funds</u>	<u>Appropriations</u>	<u>Expenditures</u>
Hospitality Fee		
Public Safety	\$ 80,000	\$ 81,128
Culture and Recreation	191,561	205,887
Capital Outlay	55,000	55,987
Debt Service-Principal	81,990	81,995
Hospitality Tax		
Culture and Recreation	145,000	321,359
Capital Outlay	-	16,445
Tourism-Tourism Related	118,500	206,532
Local Accommodations Tax		
Culture and Recreation	-	64,142
Tourism-Tourism Related	50,000	69,015

13. JOINT VENTURE

The City of Clemson entered into a joint venture in 1978 with the Town of Pendleton to construct and operate a waste water treatment facility. The joint venture is accounted for in the City of Clemson's Wastewater Fund under the equity method of accounting.

The investment qualifies under GASB Statement No. 14 as a joint venture with the following characteristics:

- *Contractual entity* - a joint venture must be an organization that results from a contractual agreement.
- *Separate status* - The Pendleton/Clemson Waste Treatment Facility operates as a separate and specific activity.
- *Joint control* - The facility is owned and operated by the Town of Pendleton, the City of Clemson and Anderson County through a board appointed by the entities.
- *Ongoing financial relationship* - Each of the entities has both an ongoing financial interest and an ongoing financial responsibility.

A substantial portion of the original costs of construction of the facility (75%) was funded through Environmental Protection Agency grants. The remainder of the construction costs (25%) and the cost of collector loans were funded through individual loans by the City of Clemson and the Town of Pendleton from the Farmers Home Administration. The Town of Pendleton obtained a loan in the amount of \$948,300 repayable over a forty-year period at 5 percent. Both the proportionate assets of the system and the debt are included in the Town of Pendleton's financial statement. The City of Clemson also financed its share of construction costs with a Farmer's Home Administration loan. Assets constructed both with EPA grants and the FmHA loan

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

13. JOINT VENTURE, continued

include plant facility and collector lines which are included in the financial statements of the Wastewater Fund.

At June 30, 2016 the City's Wastewater Fund had total assets of \$16,437,319 and total liabilities of \$3,565,633.

The financial activity of the joint facility operated by the Town of Pendleton is included in the Town of Pendleton's financial statements and is audited by the Town's independent auditors. A copy of the financial statement may be obtained from the Town of Pendleton.

Total treatment plant capacity is two million gallons of sewage waste per day. Clemson has access to one million gallons of capacity. The City has leased 200,000 gallons per day to Anderson County. The original agreement was for four years and ended on June 30, 2005. The agreement includes automatic one-year renewals unless either the municipality or the County needs additional capacity or the treatment plant's capacity is expanded.

The facility operates on a fiscal year ending June 30. Prior year summary financial information is as follows:

Total Assets	\$ 6,463,475
Total Liabilities	1,515,357
Total Equity	4,948,118
Total Operating Revenues	999,792
Total Operating Expenses	732,512
Operating Income	267,280

The City records its investment in joint ventures under the equity method of accounting for investments. The current balance in investments in joint venture is \$3,618,387 which includes a \$34,580 contribution towards debt on new capacity, \$26,525 of amortization of the difference of the cost of the investment and the value of the underlying assets, and \$(41,319) of current year net loss as follows:

Carrying Value, 6/30/15	\$ 3,651,651	
Current year income (loss)	(41,319)	
	<u>\$ 3,610,332</u>	\$ 3,610,332
Net value of underlying assets	<u>(2,471,559)</u>	
Difference	<u>\$ 1,138,773</u>	
Amortization - SL over 40 years		(26,525)
Contribution towards debt on new capacity		<u>34,580</u>
Carrying Value, 6/30/16		<u>\$ 3,618,387</u>

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

13. JOINT VENTURE, continued

The Municipalities pay their proportionate share of operations and maintenance costs determined by respective percentages of influent flow. They also set rates based upon their individual utility needs. The governing body consists of 3 members, 2 from Pendleton and 1 from Clemson. They are responsible for establishing annual budgets based on the rates set by the Municipalities, issuance of financial statements and other relevant financial activities. The Town of Pendleton is responsible for the proper operations and maintenance of the Pendleton/Clemson Waste Treatment Facility. An initial operating fund of \$15,000 was established - \$10,000 from Pendleton and \$5,000 from Clemson. Additional operating funds will be contributed in accordance with usage ratios.

The operating staff consists of Town of Pendleton employees except staff position # 2.

- 1. Chief Operator.*
- 2. Operator/Lab Technician...paid by the City of Clemson*
- 3. Operator*
- 4. Maintenance Technician*

14. RISK MANAGEMENT

The City is exposed to various risks of loss from theft, natural disasters, accidental damage to assets, errors and omissions, and tort liabilities. The City participates in a pooled risk management program through the South Carolina Municipal Insurance and Risk Financing Fund to cover the risk of such losses. Job related accidents are insured through workers' compensation insurance provided through the South Carolina Municipal Insurance Trust.

Premiums are paid annually to purchase such policies and any claims are filed with the carriers. There has been no reduction in insurance coverage from prior years and no settlements have exceeded insurance coverage within the prior three fiscal years. No unasserted claims exist as of the balance sheet date and no liabilities are recorded in the financial statements.

15. LOCAL OPTION SALES TAX

Citizens and residents of the City of Clemson and Pickens County approved by referendum a 1% local option sales tax beginning May 1995. Property owners are given tax credits on property tax notices issued in September payable by January 15th. The total amount of the revenues collected is applied to a rollback of county and municipal taxes. The City received \$1,537,036 during the current year.

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

16. HOSPITALITY ORDINANCE

Beginning on January 1, 1997, the City adopted a 1% hospitality fee to be charged on gross proceeds derived from the sale of all food and beverages served by a restaurant, hotel, motel, or other food service facility within the City (including prepared foods of grocery and convenience stores). Beginning on September 1, 2003, the City adopted an additional 1% hospitality tax under the same guidelines as the hospitality fee. The funds are to be used for the preservation, maintenance, and development of the City of Clemson; acquisition of lands and construction of passive and active parks; enhancement of existing infrastructures; acquisition of capital equipment for law enforcement and public safety, and costs to preserve the general health, safety and welfare of the citizens of, and visitors to, the City of Clemson. During the year the City received \$695,474 of hospitality fees and \$695,474 of hospitality taxes.

17. CENTRAL / CLEMSON RECREATION FACILITY

The City of Clemson entered into an intergovernmental agreement with the Town of Central to develop a plan for the joint funding, construction, operation and use of a multi-purpose recreational and athletic facility; and an Agreement for Contribution and for Shared Use and Governance with the Town of Central. The location of the facility is within the Town of Central and is a component unit of Central. All construction costs and related construction management are the responsibility of the Town of Central.

Clemson's contribution to the facility in the form of intergovernmental expenditures are recorded in a capital projects fund and were funded by a General Obligation bond issue of \$700,000 and various equity transfers and grant applications. The facility is operated by the Town of Central with shared usage. Clemson is charged for its share of the annual operating costs.

18. CLEMSON REDEVELOPMENT PLAN / CAPITAL PROJECTS

On December 21, 1998, the City passed an ordinance establishing and approving a plan for the redevelopment of portions of the City of Clemson pursuant to the "City of Clemson Redevelopment Plan", dated October 16, 1998. The plan provides for a comprehensive program for redevelopment of identified areas of the City. The planned expenditures for public improvements totaling approximately \$9,402,000 will be funded with proceeds from Tax Increment Bonds of the City to be issued from time to time as permitted by the Act (Tax Increment Financing Plan. Sections 31-6-10 to 31-6-120 of the South Carolina Code of Laws 1976, as amended). The amount of indebtedness to be supported by tax increment financing will include up to \$8,000,000 of Tax Increment Bonds of the City. The Tax Increment Fund (TIF) was established to record property taxes received under the redevelopment plan. During the year, the City received \$1,138,145 in TIF designated property taxes. The City transferred \$1,102,952 to the Debt Service Fund during the current year.

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

18. CLEMSON REDEVELOPMENT PLAN / CAPITAL PROJECTS, *continued*

The City's total issue of \$8,000,000 for various capital projects is detailed below.

<u>Project</u>	<u>Original</u>	<u>Amended</u>
Keowee Trail	\$ 840,000	\$ 840,000
College Avenue Phase IV	350,000	550,000
US 123 / SC 133 Connector	300,000	-
Hwy 123 Streetscape	1,155,000	1,155,000
Hwy 93 Gateway Park	250,000	250,000
Downtown Parking Deck	2,810,000	2,810,000
Catherine Smith Plaza	325,000	325,000
 Morrison Annex	 1,300,000	 1,400,000
Tax Increment Financing Fee	20,000	20,000
City Hall Expansion	650,000	650,000
 Total	 \$ 8,000,000	 \$ 8,000,000

19. JOINT MUNICIPAL WATER SYSTEM

On March 18, 2002 the City entered into a Water Sale and Purchase Agreement with the Anderson Regional Joint Water System. The City participates as a member with various other governmental entities and water districts. The agreement calls for the right to purchase up to 2.02 million gallons per day of potable water.

In exchange for the rights to receive water, the City pays monthly amounts based on debt amortization, capital charges, depreciation charges and operating costs of the system. The system facilities are owned solely by the Anderson Regional Joint Water System and no assets or liabilities are recorded on the books of The City of Clemson.

On November 15, 2005 the City agreed to an amendment to the original agreement. The amendment calls for the City to have the ability to purchase an additional 2.74 million gallons per day to bring their total capacity under this agreement to 4.76 million gallons per day. At the same time the City entered into an agreement to provide the Town of Central up to .4 million gallons per day in Potable Water without impairing Clemson's ability to satisfy its own demand.

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

20. FUND BALANCES

Fund balances of the Governmental Funds at June 30, 2016 are broken down as follows:

	<u>General</u>	<u>Debt Service</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u>
FUND BALANCES				
Restricted for:				
General Obligation Debt	\$ -	\$ 28,862	\$ 69,243	\$ 98,105
City Development - Enhance Infrastructure	-	-	2,256,999	2,256,999
Community Redevelopment	-	-	373,451	373,451
Emergency Phone System	-	-	156,673	156,673
Tourism Promotion	-	-	812,153	812,153
Comm Dev - L-T	-	-	238,822	238,822
Receivables				
Berkeley Drive Pedestrian Bridge	-	-	523,341	523,341
Committed for:				
Duke Power	331,746	-	-	331,746
Underground Power				
Assigned to:				
Purchases on Order	82,362	-	164,894	247,256
Park Land Acquisition	-	-	174,854	174,854
Unassigned:	5,195,722	-	-	5,195,722
TOTAL FUND BALANCES	<u>\$5,609,830</u>	<u>\$ 28,862</u>	<u>\$ 4,770,430</u>	<u>\$ 10,409,122</u>

21. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through January 16, 2017, the date that the financial statements were available to be issued.

22. CONSTRUCTION COMMITMENTS

The City has the following construction commitments at June 30, 2016:

Highway 123 Retaining Wall	\$ 57,314
Fire Substation Design	19,600
Cochran Road Lab/Office Design	8,000
Berkeley Drive Pedestrian Bridge	<u>108,700</u>
	<u>\$ 193,614</u>

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

23. SELF INSURANCE PROGRAM

On January 1, 2016 the City entered into a health and welfare benefit plan with Planned Administrators, Inc. for the purpose of administering a self insurance health plan. The agreement with Planned Administrators, Inc. was for the calendar year ending December 31, 2016. The plan qualifies as a Section 125 plan under IRS code. Claims within the 12 month contract period are paid within 15 months. The City has set a specific stop-loss limit of \$50,000 per covered participant. Munich RE is then the carrier which assumes responsibility for claims greater than \$50,000.

During the year the plan was funded by transfers from various funds of \$170,094 and withholdings from City employees of \$212,230. Additionally, the City budgeted \$524,781 to spend on the plan through June 30, 2016. Plan expenses for the year ended June 30, 2016 were \$632,379. Therefore, the City retained \$274,728 to carry over to the next fiscal year.

Full-time and part-time employees who work at least 30 hours per week are eligible to participate in the plan along with their legal spouse and qualifying dependents. The medical plan is a typical 80%-20% plan with deductibles that range from \$2,000 - \$3,500 for individuals and \$4,000 - \$7,000 for a family. The plan includes typical medical expenses including a co-pay for prescriptions. Also included is a dental plan, vision plan and a \$5,000 life insurance benefit for all full-time employees.

REQUIRED SUPPLEMENTARY INFORMATION



CITY OF CLEMSON

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEM
LAST TEN FISCAL YEARS****

	Year Ended June 30,	
	2016	2015
<i>City's Proportion of the Net Pension Liability (Asset)</i>	0.054339%	0.053929%
<i>City's Proportion of the Net Pension Liability (Asset)</i>	\$10,305,635	\$9,057,324
<i>City's Covered-Employee Payroll</i>	\$5,418,894	\$5,510,941
<i>City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll</i>	190.18%	164.35%
<i>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</i>	57.00%	59.92%

Notes to Schedule:

Only the two fiscal years are present because ten year data is not yet available.

**The amounts presented for each fiscal year were determined as of the fiscal year ending June 30th, of the preceding year.

CITY OF CLEMSON

**SCHEDULE OF THE CITY'S CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	Year Ended June 30,	
	2016	2015
<i>Contractually Required Contribution</i>	\$ 599,330	\$ 555,344
<i>Contributions in Relation to the Contractually Required Contribution:</i>	<u>599,330</u>	<u>555,344</u>
<i>Contribution Deficiency (Excess)</i>	<u>\$ -</u>	<u>\$ -</u>
<i>City of Clemson Covered-Employee Payroll</i>	\$ 5,418,894	\$ 5,510,941
<i>Contributions as a Percentage of Covered-Employee Payroll</i>	11.06%	10.08%

Notes to Schedule:

Only the two fiscal years are present because ten year data is not yet available.

CITY OF CLEMSON

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
POLICE OFFICERS' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS****

	Year Ended June 30,	
	2016	2015
<i>City's Proportion of the Net Pension Liability (Asset)</i>	0.134500%	0.126300%
<i>City's Proportion of the Net Pension Liability (Asset)</i>	\$2,931,466	\$2,645,461
<i>City's Covered-Employee Payroll</i>	\$1,672,797	\$1,604,176
<i>City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll</i>	175.24%	164.91%
<i>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</i>	64.60%	67.55%

Notes to Schedule:

Only the two fiscal years are present because ten year data is not yet available.

CITY OF CLEMSON

**SCHEDULE OF THE CITY'S CONTRIBUTIONS
POLICE OFFICERS' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	<u>Year Ended</u> <u>2016</u>	<u>June 30,</u> <u>2015</u>
<i>Contractually Required Contribution</i>	\$ 229,842	\$ 223,450
<i>Contributions in Relation to the Contractually Required Contribution:</i>	<u>229,842</u>	<u>223,450</u>
<i>Contribution Deficiency (Excess)</i>	<u>\$ -</u>	<u>\$ -</u>
<i>City of Clemson Covered-Employee Payroll</i>	\$ 1,672,797	\$ 1,604,176
<i>Contributions as a Percentage of Covered-Employee Payroll</i>	13.74%	13.93%

Notes to Schedule:

Only the two fiscal years are present because ten year data is not yet available.

COMBINING AND
INDIVIDUAL FUND
STATEMENTS AND SCHEDULES



NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds -- used to account for the proceeds of specific revenues that are restricted for specific expenditures other than special assessments, expendable trusts, or major capital projects.

The **Community Development Fund** is used to account for the financial and compliance requirements of various funding sources for the betterment of the community as a whole.

The **Emergency Phone System Fund** was established to account for the revenues derived from charges assessed on phone subscribers within the City's boundaries to fund the operation of the emergency 911 system.

The **Tourism Fund** is established to account for the revenues derived from accommodations taxes and the expenditures to promote tourism.

The **Park Land Fund** is used to accumulate monies to purchase various real properties for park development within the City. Revenues for the fund will be from property taxes.

The **Hospitality Fee Fund** and **Hospitality Tax Fund** is used to account for collection of a gross proceeds tax on the sale of all food and beverages by certain businesses within the City. The proceeds of these funds are to be used for the preservation, maintenance, and the development of the City of Clemson; acquisition of lands and construction of passive and active parks; acquisition of capital equipment for public safety enhancement of existing infrastructures, and the costs to forefend the general health, safety, and welfare of the citizens of, and the visitors to, the City of Clemson.

The **Local Accommodations Tax Fund** was established to receive a tax on every person engaged or continuing in the business of furnishing accommodations to transients within the jurisdiction of the City of Clemson. The revenue generated by the tax will be used exclusively for tourism-related expenditures within the City.

The **Tax Increment Fund** was established to receive and to record property taxes pursuant to an ordinance established for a comprehensive plan for redevelopment to certain identified areas within the City and to accumulate funds for authorization of future indebtedness from the issuance of Tax Increment Bonds of the City.

Capital Projects Fund -- established to account for major capital projects funded by issuance of general obligation bonds, tax increment bonds, and other financing sources.

CITY OF CLEMSON

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2016**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Assets			
Receivables (Net of Allowance)			
Property Taxes	\$ 16,242	\$ -	\$ 16,242
Accounts	360,724	-	360,724
Due from Other Governmental Units	371,557	-	371,557
Due from Other Funds	4,738,418	632,041	5,370,459
Inventory	10,660	-	10,660
Total Assets	<u>\$ 5,497,601</u>	<u>\$ 632,041</u>	<u>\$ 6,129,642</u>
 Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 127,393	\$ -	\$ 127,393
Due to Other Funds	27,746	-	27,746
Due to Other Governmental Units	1,188,502	-	1,188,502
Total Liabilities	<u>\$ 1,343,641</u>	<u>\$ -</u>	<u>\$ 1,343,641</u>
 Deferred Inflows of Resources			
Unavailable Revenue - Property Taxes	<u>\$ 15,571</u>	<u>\$ -</u>	<u>\$ 15,571</u>
 Fund Balances			
Restricted	4,082,195	523,341	4,605,536
Assigned	56,194	108,700	164,894
Total Fund Balances	<u>\$ 4,138,389</u>	<u>\$ 632,041</u>	<u>\$ 4,770,430</u>
 Total Liabilities and Fund Balances	<u>\$ 5,497,601</u>	<u>\$ 632,041</u>	<u>\$ 6,129,642</u>

CITY OF CLEMSON

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Fiscal Year Ended June 30, 2016

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues			
Property Taxes	\$ 1,161,516	\$ -	\$ 1,161,516
Local Option Sales Tax	8,624	-	8,624
Local Accommodations Tax	278,432	-	278,432
Hospitality Fees/Tax	1,390,948	-	1,390,948
Intergovernmental	241,447	-	241,447
Charges for Services	41,215	-	41,215
Investment Earnings	62,931	8,765	71,696
Other Revenues	134,097	-	134,097
Total Revenues	<u>\$ 3,319,210</u>	<u>\$ 8,765</u>	<u>\$ 3,327,975</u>
Expenditures			
Current Operating			
Public Safety	151,949	-	151,949
Public Works	171,636	-	171,636
Urban Redevelopment	27,665	-	27,665
Culture and Recreation	591,388	-	591,388
Debt Service			
Principal	304,900	-	304,900
Interest	11,936	-	11,936
Capital Outlay	72,432	-	72,432
Intergovernmental			
Tourism - Promotion	82,000	-	82,000
Tourism - Tourism Related	457,185	-	457,185
Total Expenditures	<u>\$ 1,871,091</u>	<u>\$ -</u>	<u>\$ 1,871,091</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 1,448,119</u>	<u>\$ 8,765</u>	<u>\$ 1,456,884</u>
Other Financing Sources (Uses)			
Transfers In	\$ 499,500	\$ -	\$ 499,500
Transfers Out	(2,124,078)	-	(2,124,078)
Total Other Financing Sources (Uses)	<u>\$ (1,624,578)</u>	<u>\$ -</u>	<u>\$ (1,624,578)</u>
Net Change in Fund Balances	<u>\$ (176,459)</u>	<u>\$ 8,765</u>	<u>\$ (167,694)</u>
Fund Balances, Beginning	<u>4,314,848</u>	<u>623,276</u>	<u>4,938,124</u>
Fund Balances, Ending	<u><u>\$ 4,138,389</u></u>	<u><u>\$ 632,041</u></u>	<u><u>\$ 4,770,430</u></u>

CITY OF CLEMSON

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2016

	Community Development Fund	Emergency Phone System Fund	Tourism Fund	Park Land Fund	Hospitality Fee Fund	Hospitality Tax Fund	Local Accom Tax Fund	TIF Fund	Total 6/30/16
Assets									
Receivables (Net of Allowance)									
Property Taxes	\$ -	\$ -	\$ -	\$ 2,173	\$ -	\$ -	\$ -	\$ 14,069	\$ 16,242
Accounts	219,855	2,245	1,603	-	49,789	60,001	27,231	-	360,724
Due from Other Governmental Units	-	3,910	50,814	1,049	-	-	-	315,784	371,557
Due from Other Funds	384,883	152,923	-	173,134	698,701	1,626,565	760,251	941,961	4,738,418
Inventory	10,660	-	-	-	-	-	-	-	10,660
Total Assets	\$ 615,398	\$ 159,078	\$ 52,417	\$ 176,356	\$ 748,490	\$ 1,686,566	\$ 787,482	\$ 1,271,814	\$ 5,497,601
Liabilities and Fund Balances									
Liabilities									
Accounts and Vouchers Payable	\$ -	\$ 2,405	\$ -	\$ -	\$ 3,564	\$ 121,424	\$ -	\$ -	\$ 127,393
Due to Other Funds	-	-	27,746	-	-	-	-	-	27,746
Due to Other Governmental Units	-	-	-	-	-	-	-	1,188,502	1,188,502
Total Liabilities	\$ -	\$ 2,405	\$ 27,746	\$ -	\$ 3,564	\$ 121,424	\$ -	\$ 1,188,502	\$ 1,343,641
Deferred Inflows of Resources									
Unavailable Revenue - Property Taxes	\$ -	\$ -	\$ -	\$ 1,502	\$ -	\$ -	\$ -	\$ 14,069	\$ 15,571
Fund Balances									
Restricted	\$ 612,273	\$ 156,673	\$ 24,671	\$ 174,854	\$ 741,051	\$ 1,515,948	\$ 787,482	\$ 69,243	\$ 4,082,195
Assigned	3,125	-	-	-	3,875	49,194	-	-	56,194
Total Fund Balances	\$ 615,398	\$ 156,673	\$ 24,671	\$ 174,854	\$ 744,926	\$ 1,565,142	\$ 787,482	\$ 69,243	\$ 4,138,389
Total Liabilities and Fund Balances	\$ 615,398	\$ 159,078	\$ 52,417	\$ 176,356	\$ 748,490	\$ 1,686,566	\$ 787,482	\$ 1,271,814	\$ 5,497,601

CITY OF CLEMSON

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
Fiscal Year Ended June 30, 2016

	Community Development Fund	Emergency Phone System Fund	Tourism Fund	Park Land Fund	Hospitality Fee Fund	Hospitality Tax Fund	Local Accom Tax Fund	TIF Fund	Total 6/30/16
Revenues									
Property Taxes	\$ -	\$ -	\$ -	\$ 23,371	\$ -	\$ -	\$ -	\$ 1,138,145	\$ 1,161,516
Local Option Sales Tax	-	-	-	8,624	-	-	-	-	8,624
Local Accommodations Tax	-	-	-	-	-	-	278,432	-	278,432
Hospitality Fees/Tax	-	-	-	-	695,474	695,474	-	-	1,390,948
Intergovernmental	-	31,810	209,637	-	-	-	-	-	241,447
Other Revenues	18,378	2,941	906	3,243	15,691	68,324	16,071	8,543	134,097
Charges for Services	-	41,215	-	-	-	-	-	-	41,215
Investment Earnings	11,981	1,918	2	2,113	10,228	20,644	10,476	5,569	62,931
Total Revenues	\$ 30,359	\$ 77,884	\$ 210,545	\$ 37,351	\$ 721,393	\$ 784,442	\$ 304,979	\$ 1,152,257	\$ 3,319,210
Expenditures									
Current Operating									
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety	-	61,197	-	-	81,128	9,624	-	-	151,949
Public Works	-	-	-	-	6,478	165,158	-	-	171,636
Urban Redevelopment	27,665	-	-	-	-	-	-	-	27,665
Culture and Recreation	-	-	-	-	205,887	321,359	64,142	-	591,388
Capital Outlay	-	-	-	-	55,987	16,445	-	-	72,432
Intergovernmental	-	-	-	-	-	-	-	-	-
Tourism - Promotion	-	-	82,000	-	-	-	-	-	82,000
Tourism - Tourism Related	-	-	173,397	-	8,241	206,532	69,015	-	457,185
Debt Service	-	-	-	-	81,995	222,905	-	-	304,900
Principal	-	-	-	-	3,782	8,154	-	-	11,936
Interest	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 27,665	\$ 61,197	\$ 255,397	\$ -	\$ 443,498	\$ 950,177	\$ 133,157	\$ -	\$ 1,871,091
Excess of Revenues Over (Under) Expenditures	\$ 2,694	\$ 16,687	\$ (44,852)	\$ 37,351	\$ 277,895	\$ (165,735)	\$ 171,822	\$ 1,152,257	\$ 1,448,119
Other Financing Sources (Uses)									
Transfers In	\$ -	\$ -	\$ -	\$ -	\$ 27,500	\$ 472,000	\$ -	\$ -	\$ 499,500
Transfers Out	-	-	-	-	(533,000)	(351,826)	(136,300)	(1,102,952)	(2,124,078)
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ (505,500)	\$ 120,174	\$ (136,300)	\$ (1,102,952)	\$ (1,624,578)
Net Change in Fund Balances	\$ 2,694	\$ 16,687	\$ (44,852)	\$ 37,351	\$ (227,605)	\$ (45,561)	\$ 35,522	\$ 49,305	\$ (176,459)
Fund Balances, Beginning	612,704	139,986	69,523	137,503	972,531	1,610,703	751,960	19,938	4,314,848
Fund Balances, Ending	\$ 615,398	\$ 156,673	\$ 24,671	\$ 174,854	\$ 744,926	\$ 1,565,142	\$ 787,482	\$ 69,243	\$ 4,138,389

CITY OF CLEMSON
COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Investment Earnings	\$ 5,500	\$ 11,981	\$ 6,481
Other Revenues	<u>80,000</u>	<u>18,378</u>	<u>(61,622)</u>
Total Revenues	<u>\$ 85,500</u>	<u>\$ 30,359</u>	<u>\$ (55,141)</u>
Expenditures			
Current Operating			
Urban Redevelopment			
Rehabilitation	<u>\$ 80,000</u>	<u>\$ 27,665</u>	<u>\$ 52,335</u>
Excess of Revenues Over			
(Under) Expenditures	<u>\$ 5,500</u>	<u>\$ 2,694</u>	<u>\$ (2,806)</u>
Fund Balance, Beginning	<u>612,704</u>	<u>612,704</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 618,204</u></u>	<u><u>\$ 615,398</u></u>	<u><u>\$ (2,806)</u></u>

CITY OF CLEMSON

EMERGENCY PHONE SYSTEM FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET TO ACTUAL

Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Charges for Services	\$ 40,700	\$ 41,215	\$ 515
Intergovernmental	26,960	31,810	4,850
Investment Earnings	1,225	1,918	693
Other Revenue	-	2,941	2,941
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	\$ 68,885	\$ 77,884	\$ 8,999
Expenditures			
Current Operating			
Public Safety	59,060	61,197	(2,137)
	<u> </u>	<u> </u>	<u> </u>
Excess of Revenues Over (Under) Expenditures	\$ 9,825	\$ 16,687	\$ 6,862
Fund Balance, Beginning	139,986	139,986	-
	<u> </u>	<u> </u>	<u> </u>
Fund Balance, Ending	\$ 149,811	\$ 156,673	\$ 6,862
	<u> </u>	<u> </u>	<u> </u>

CITY OF CLEMSON

TOURISM FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL**

Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Intergovernmental	\$ 201,000	\$ 209,637	\$ 8,637
Investment Earnings	220	2	(218)
Other Revenue	-	906	906
Total Revenues	<u>\$ 201,220</u>	<u>\$ 210,545</u>	<u>\$ 9,325</u>
Expenditures			
Intergovernmental			
Tourism - Promotion	\$ 122,000	\$ 82,000	\$ 40,000
Tourism - Tourism Related	135,000	173,397	(38,397)
Total Expenditures	<u>\$ 257,000</u>	<u>\$ 255,397</u>	<u>\$ 1,603</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (55,780)</u>	<u>\$ (44,852)</u>	<u>\$ 10,928</u>
Fund Balance, Beginning	<u>69,523</u>	<u>69,523</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 13,743</u></u>	<u><u>\$ 24,671</u></u>	<u><u>\$ 10,928</u></u>

CITY OF CLEMSON

PARK LAND FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL

Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property Taxes	\$ 22,692	\$ 23,371	\$ 679
Local Option Sales Tax	7,442	8,624	1,182
Investment Earnings	1,400	2,113	713
Other Revenue	-	3,243	3,243
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	\$ 31,534	\$ 37,351	\$ 5,817
	<u> </u>	<u> </u>	<u> </u>
Expenditures			
Current Operating			
Capital Outlay	\$ -	\$ -	\$ -
	<u> </u>	<u> </u>	<u> </u>
Excess of Revenues Over (Under) Expenditures	\$ 31,534	\$ 37,351	\$ 5,817
	<u> </u>	<u> </u>	<u> </u>
Net Change in Fund Balance	\$ 31,534	\$ 37,351	\$ 5,817
	<u> </u>	<u> </u>	<u> </u>
Fund Balance, Beginning	137,503	137,503	-
	<u> </u>	<u> </u>	<u> </u>
Fund Balance, Ending	\$ 169,037	\$ 174,854	\$ 5,817
	<u> </u>	<u> </u>	<u> </u>

CITY OF CLEMSON

HOSPITALITY FEE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET TO ACTUAL

Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Hospitality Fees	\$ 620,000	\$ 695,474	\$ 75,474
Investment Earnings	10,000	10,228	228
Other Revenue	-	15,691	15,691
Total Revenues	<u>\$ 630,000</u>	<u>\$ 721,393</u>	<u>\$ 91,393</u>
Expenditures			
Current Operating			
Public Safety	\$ 80,000	\$ 81,128	\$ (1,128)
Public Works	78,500	6,478	72,022
Culture and Recreation	191,561	205,887	(14,326)
Capital Outlay	55,000	55,987	(987)
Tourism - Tourism Related	30,000	8,241	21,759
Debt Service			
Principal	81,990	81,995	(5)
Interest	3,800	3,782	18
Total Expenditures	<u>\$ 520,851</u>	<u>\$ 443,498</u>	<u>\$ 77,353</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 109,149</u>	<u>\$ 277,895</u>	<u>\$ 168,746</u>
Other Financing Sources (Uses)			
Transfer In	\$ 27,500	\$ 27,500	\$ -
Transfer Out	(283,000)	(533,000)	(250,000)
Total Other Financing Sources (Uses)	<u>\$ (255,500)</u>	<u>\$ (505,500)</u>	<u>\$ (250,000)</u>
Net Change in Fund Balance	<u>\$ (146,351)</u>	<u>\$ (227,605)</u>	<u>\$ (81,254)</u>
Fund Balance, Beginning	<u>972,531</u>	<u>972,531</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 826,180</u>	<u>\$ 744,926</u>	<u>\$ (81,254)</u>

CITY OF CLEMSON

HOSPITALITY TAX FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET TO ACTUAL
 Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Hospitality Tax	\$ 620,000	\$ 695,474	\$ 75,474
Investment Earnings	12,000	20,644	8,644
Other Revenue	-	68,324	68,324
Total Revenues	<u>\$ 632,000</u>	<u>\$ 784,442</u>	<u>\$ 152,442</u>
Expenditures			
Current Operating			
Public Safety	\$ 9,700	\$ 9,624	\$ 76
Public Works	1,268,435	165,158	1,103,277
Culture and Recreation	145,000	321,359	(176,359)
Capital Outlay	-	16,445	(16,445)
Tourism - Tourism Related	118,500	206,532	(88,032)
Debt Service			
Principal	222,910	222,905	5
Interest	8,230	8,154	76
Total Expenditures	<u>\$ 1,772,775</u>	<u>\$ 950,177</u>	<u>\$ 822,598</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (1,140,775)</u>	<u>\$ (165,735)</u>	<u>\$ 975,040</u>
Other Financing Sources (Uses)			
Transfers In	\$ 82,000	\$ 472,000	\$ 390,000
Transfers Out	(148,000)	(351,826)	(203,826)
Total Other Financing Sources (Uses)	<u>\$ (66,000)</u>	<u>\$ 120,174</u>	<u>\$ 186,174</u>
Net Change in Fund Balance	<u>\$ (1,206,775)</u>	<u>\$ (45,561)</u>	<u>\$ 1,161,214</u>
Fund Balance, Beginning	<u>1,610,703</u>	<u>1,610,703</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 403,928</u>	<u>\$ 1,565,142</u>	<u>\$ 1,161,214</u>

CITY OF CLEMSON

**LOCAL ACCOMMODATIONS TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
Fiscal Year Ended June 30, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Local Accommodations Tax	\$ 250,000	\$ 278,432	\$ 28,432
Investment Earnings	7,500	10,476	2,976
Other Revenue	-	16,071	16,071
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	<u>\$ 257,500</u>	<u>\$ 304,979</u>	<u>\$ 47,479</u>
Expenditures			
Intergovernmental			
Culture and Recreation	\$ -	\$ 64,142	\$ (64,142)
Tourism - Tourism Related	50,000	69,015	(19,015)
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>\$ 50,000</u>	<u>\$ 133,157</u>	<u>\$ (83,157)</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 207,500</u>	<u>\$ 171,822</u>	<u>\$ (35,678)</u>
Other Financing Sources (Uses)			
Transfer In	\$ -	\$ -	\$ -
Transfer Out	(131,500)	(136,300)	(4,800)
	<u> </u>	<u> </u>	<u> </u>
Total Other Financing Sources (Uses)	<u>\$ (131,500)</u>	<u>\$ (136,300)</u>	<u>\$ (4,800)</u>
Net Change in Fund Balance	<u>\$ 76,000</u>	<u>\$ 35,522</u>	<u>\$ (40,478)</u>
Fund Balance, Beginning	<u>751,960</u>	<u>751,960</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 827,960</u></u>	<u><u>\$ 787,482</u></u>	<u><u>\$ (40,478)</u></u>

CITY OF CLEMSON

TAX INCREMENT FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET TO ACTUAL
 Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property Taxes	\$ 1,103,055	\$ 1,138,145	\$ 35,090
Investment Earnings	1,000	5,569	4,569
Other Revenue	-	8,543	8,543
Total Revenues	<u>\$ 1,104,055</u>	<u>\$ 1,152,257</u>	<u>\$ 48,202</u>
Expenditures			
Current Operating			
General Government	\$ -	\$ -	\$ -
Excess of Revenues Over (Under) Expenditures	\$ 1,104,055	\$ 1,152,257	\$ 48,202
Other Financing Sources (Uses)			
Transfer Out	<u>(1,103,055)</u>	<u>(1,102,952)</u>	<u>103</u>
Net Change in Fund Balance	\$ 1,000	\$ 49,305	\$ 48,305
Fund Balance, Beginning	<u>19,938</u>	<u>19,938</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 20,938</u></u>	<u><u>\$ 69,243</u></u>	<u><u>\$ 48,305</u></u>

See Notes To Financial Statements

CITY OF CLEMSON

DEBT SERVICE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET TO ACTUAL

Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property Taxes	\$ 85,053	\$ 90,720	\$ 5,667
Local Option Sales Tax	29,460	35,051	5,591
Investment Earnings	1,900	4,200	2,300
Other Revenue	-	6,444	6,444
Total Revenues	<u>\$ 116,413</u>	<u>\$ 136,415</u>	<u>\$ 20,002</u>
Expenditures			
Debt Service			
Principal	\$ 1,356,305	\$ 1,356,318	\$ (13)
Interest	90,590	90,309	281
Total Expenditures	<u>\$ 1,446,895</u>	<u>\$ 1,446,627</u>	<u>\$ 268</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (1,330,482)</u>	<u>\$ (1,310,212)</u>	<u>\$ 20,270</u>
Other Financing Sources			
Transfers In	1,236,055	1,235,952	(103)
Net Change in Fund Balance	<u>\$ (94,427)</u>	<u>\$ (74,260)</u>	<u>\$ 20,167</u>
Fund Balance, Beginning	<u>103,122</u>	<u>103,122</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 8,695</u>	<u>\$ 28,862</u>	<u>\$ 20,167</u>

CITY OF CLEMSON

CAPITAL PROJECTS FUND
BERKELEY DRIVE PEDESTRIAN BRIDGE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET TO ACTUAL

From Inception and for the Fiscal Year Ended June 30, 2016

	Budget	Prior Years	Actual Current Year	Total	Variance
Revenues					
Federal Aid	\$ 800,000	\$ -	\$ -	\$ -	\$ (800,000)
Intergovernmental	80,000	-	-	-	(80,000)
Investment Earnings	-	1,296	8,765	10,061	10,061
Total Revenues	\$ 880,000	\$ 1,296	\$ 8,765	\$ 10,061	\$ (869,939)
Expenditures					
General Government	\$ 1,506,180	\$ 4,200	\$ -	\$ 4,200	\$ 1,501,980
Streets					
Excess of Revenues Over (Under) Expenditures	\$ (626,180)	\$ (2,904)	\$ 8,765	\$ 5,861	\$ 632,041
Other Financing Sources					
Issuance of Long-Term Debt	626,180	626,180	-	626,180	-
Net Change in Fund Balance	\$ -	\$ 623,276	\$ 8,765	\$ 632,041	\$ 632,041
Fund Balance, Beginning	-	-	623,276	-	-
Fund Balance, Ending	\$ -	\$ 623,276	\$ 632,041	\$ 632,041	\$ 632,041

Note:

1. The project is budgeted on a project duration basis and is treated as a legal nonappropriated budget.

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CAPITAL ASSETS
USED IN THE OPERATION OF
GOVERNMENTAL FUNDS



CITY OF CLEMSON

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE

June 30, 2016 and 2015

	2016	2015
Capital Assets		
Land	\$ 2,132,390	\$ 2,132,390
Buildings	7,798,737	7,798,737
Other Improvements	19,259,369	19,259,369
Equipment	7,910,813	7,685,884
Total Capital Assets	\$ 37,101,309	\$ 36,876,380
 Investments In Capital Assets		
General Fund	\$ 9,665,886	\$ 9,516,002
Proprietary Funds	195,822	195,822
Special Revenue Funds	4,574,987	4,506,942
Capital Projects Fund	19,241,235	19,241,235
Debt Service Fund	5,670	5,670
Donations	2,787,408	2,780,408
Prior, Unidentified	630,301	630,301
Total Investments In Capital Assets	\$ 37,101,309	\$ 36,876,380

CITY OF CLEMSON

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
 Fiscal Year Ended June 30, 2016

Asset Type	Balance 6/30/15	Additions	Retirements	Reclassifications & Transfers	Balance 6/30/16
Land					
Public Buildings	\$ 764,125	\$ -	\$ -	\$ -	\$ 764,125
Fire	358,160	-	-	-	358,160
Streets	52,000	-	-	-	52,000
Recreation	954,605	-	-	-	954,605
Community Development	3,500	-	-	-	3,500
Total	\$ 2,132,390	\$ -	\$ -	\$ -	\$ 2,132,390
Buildings					
Public Buildings	\$ 7,073,228	\$ -	\$ -	\$ -	\$ 7,073,228
Recreation	304,564	-	-	-	304,564
Community Development	420,945	-	-	-	420,945
Total	\$ 7,798,737	\$ -	\$ -	\$ -	\$ 7,798,737
Other Improvements					
Municipal Court	\$ 2,126	\$ -	\$ -	\$ -	\$ 2,126
Planning	580,227	-	-	-	580,227
Public Buildings	828,602	-	-	-	828,602
Streets	10,773,557	-	-	-	10,773,557
Recreation	6,919,544	-	-	-	6,919,544
Equipment Services	26,493	-	-	-	26,493
Community Development	128,820	-	-	-	128,820
Total	\$ 19,259,369	\$ -	\$ -	\$ -	\$ 19,259,369
Equipment					
Municipal Court	\$ 13,607	\$ -	\$ -	\$ -	\$ 13,607
Administration	25,114	-	-	-	25,114
Finance	112,955	-	-	-	112,955
Information Technology	89,954	8,768	-	-	98,722
Planning	147,560	-	-	-	147,560
Public Buildings	332,665	-	-	-	332,665
Police	1,634,761	88,281	29,152	-	1,693,890
Fire	1,067,719	-	-	-	1,067,719
Streets	766,342	5,481	-	-	771,823
Residential Sanitation	2,487,941	207,794	82,992	-	2,612,743
Public Works Administration	12,641	-	-	-	12,641
Recreation	255,051	-	29,239	-	225,812
Horticulture	449,861	55,987	-	-	505,848
Equipment Services	285,764	-	-	-	285,764
Community Development	3,950	-	-	-	3,950
Total	\$ 7,685,885	\$ 366,311	\$ 141,383	\$ -	\$ 7,910,813
Total Capital Assets	\$ 36,876,381	\$ 366,311	\$ 141,383	\$ -	\$ 37,101,309

CITY OF CLEMSON

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
June 30, 2016

Function & Activity	Land	Buildings	Other Improvements	Equipment	Construction in Progress	Total
General Government						
Municipal Court Administration	\$ -	\$ -	\$ 2,126	\$ 13,607	\$ -	\$ 15,733
Finance	-	-	-	25,114	-	25,114
Information Technology	-	-	-	112,955	-	112,955
Planning	-	-	-	98,722	-	98,722
Public Buildings	764,125	7,073,228	580,227	147,560	-	727,787
			828,602	332,665	-	8,998,620
Total General Government	\$ 764,125	\$ 7,073,228	\$ 1,410,955	\$ 730,623	\$ -	\$ 9,978,931
Public Safety						
Police	-	-	-	1,693,890	-	1,693,890
Fire	358,160	-	-	1,067,719	-	1,425,879
Total Public Safety	\$ 358,160	\$ -	\$ -	\$ 2,761,609	\$ -	\$ 3,119,769
Public Works						
Streets	\$ 52,000	\$ -	\$ 10,773,557	\$ 771,823	\$ -	\$ 11,597,380
Residential Sanitation	-	-	-	2,612,743	-	2,612,743
Public Works Administration	-	-	-	12,641	-	12,641
Total Public Works	\$ 52,000	\$ -	\$ 10,773,557	\$ 3,397,207	\$ -	\$ 14,222,764
Culture & Recreation						
Recreation	\$ 954,605	\$ 304,564	\$ 6,919,544	\$ 225,812	\$ -	\$ 8,404,525
Horticulture	-	-	-	505,848	-	505,848
Culture & Recreation	\$ 954,605	\$ 304,564	\$ 6,919,544	\$ 731,660	\$ -	\$ 8,910,373
Equipment Services						
	\$ -	\$ -	\$ 26,493	\$ 285,764	\$ -	\$ 312,257
Community Development						
	\$ 3,500	\$ 420,945	\$ 128,820	\$ 3,950	\$ -	\$ 557,215
Total Capital Assets	\$ 2,132,390	\$ 7,798,737	\$ 19,259,369	\$ 7,910,813	\$ -	\$ 37,101,309

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OTHER REQUIRED INFORMATION



CITY OF CLEMSON

**VICTIM SERVICES
SUPPLEMENTARY SCHEDULE OF FINES AND ASSESSMENTS
Fiscal Year Ended June 30, 2016**

Collections: (Municipal Court)

<i>Fines</i>	\$ 691,188	
<i>Assessments</i>	277,414	
<i>Surcharges</i>	<u>171,700</u>	
Total Collections		<u><u>\$ 1,140,302</u></u>

Retainage: (Municipal Treasurer)

<i>Fines</i>	\$ 691,188	
<i>Assessments</i>	30,246	
<i>Surcharges</i>	<u>9,494</u>	
Total Retainage		<u><u>\$ 730,928</u></u>

Amounts Remitted:

<i>State Treasurer - Assessments</i>	<u><u>\$ 409,374</u></u>
--------------------------------------	---------------------------------

**Amount of Funds Allocated to Victim
Services by Fund Source:**

<i>From Assessments and Surcharges (Paid prior to 06/30/2016)</i>	<u><u>\$ 39,740</u></u>
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**Funds Carried Forward to FY 2017
Designated as Victim Right's Funds**

\$ -

CITY OF CLEMSON
CLEMSON AREA TRANSIT
SCHEDULE OF BUDGETED TO ACTUAL COSTS
For the Year Ended June 30, 2016

Schedule 1

DMT Contract #

Contract period:

Performance period:

ADMINISTRATION

Personnel	593,082	87,422	-	153,429	352,231
Fringe Benefits	228,170	30,203	-	56,235	141,732
Professional Serv	41,100	8,149	-	23,746	9,205
Supplies	42,858	9,519	-	11,013	22,326
Utilities//Telephone	75,198	12,875	-	29,724	32,599
Caualty & Liab. Ins.	180,332	3,764	-	29,415	147,153
Adv. & Promo Media	126,516	12,650	-	28,555	85,311
Other/Miscellaneous	-	-	-	-	-
Travel	-	-	-	-	-
Office & Maintenance		751	-	188	(939)
Dues & Membership	-	-	-	-	-
Total Admin	1,287,256	165,333	-	332,305	789,618

OPERATIONS

Personnel	1,610,393	150,858	-	190,808	1,268,727
Fringe Benefits	471,821	36,080	-	46,145	389,596
Contract Serv - Maint	381,784	183,300	-	242,567	(44,083)
Other Serv.s/Training	17,661	3,897	-	6,670	7,094
Fuel & Lube	873,427	70,310	-	94,212	708,905
Misc./Uniforms	15,600	1,763	-	3,050	10,787
Total Ops.	3,370,686	446,208	-	583,452	2,341,026

CAPITAL

2 - 40 Ft. Buses	1,234,251	-	-	-	1,234,251
Preventive Maint	263,525	14,668	-	14,668	234,189
Total Cap.	1,497,776	14,668	-	14,668	1,468,440

Total program

6,155,718	626,209	-	930,425	4,599,084
------------------	----------------	----------	----------------	------------------

Approved Budget	6,155,718
TI Federal Costs	626,209
TI State Costs*	-
TI Local Costs	2,925,648
Budget Balance	<u>2,603,861</u>

CITY OF CLEMSON
CLEMSON AREA TRANSIT
CUMULATIVE SCHEDULE OF BUDGETED TO ACTUAL COSTS
For the Year Ended June 30, 2016

Schedule 2

DMT Contract #

Contract period:

Actual Cost:

Performance period:

ADMINISTRATION

	Total Budget	Section 5311		SMTF*	Local		Variance
		Current	Prior Periods		Current	Prior Periods	
		July - Jun 16	July 12 - Jun 14		July - Jun 15	July 12 - Jun 14	
Personnel	593,082	87,422	442,022	-	153,429	231,195	(320,986)
Fringe Benefits	228,170	30,203	148,910	-	56,235	78,547	(85,725)
Professional Serv	41,100	8,149	46,946	-	23,746	61,903	(99,644)
Supplies	42,858	9,519	35,927	-	11,013	21,827	(35,428)
Utilities//Telephone	75,198	12,875	59,952	-	29,724	51,698	(79,051)
Caualty & Liab. Ins.	180,332	3,764	20,772	-	29,415	110,800	15,581
Adv. & Promo Media	126,516	12,650	109,943	-	28,555	63,392	(88,024)
Other/Miscellaneous	-	751	-	-	188	61,994	(62,933)
Travel	-	-	-	-	-	20,714	(20,714)
Dues & Membership	-	-	136	-	-	15,231	(15,367)
Total Admin	1,287,256	165,333	864,608	-	332,305	717,301	(792,291)

OPERATIONS

Personnel	1,610,393	150,858	435,370	-	190,808	1,042,647	(209,290)
Fringe Benefits	471,821	36,080	100,460	-	46,145	236,335	52,801
Contract Serv - Maint	381,784	183,300	183,441	-	242,567	623,520	(851,044)
Other Serv.s/Training	17,661	3,897	21,184	-	6,670	35,041	(49,131)
Fuel & Lube	873,427	70,310	486,333	-	94,212	725,364	(502,792)
Misc./Uniforms	15,600	1,763	12,213	-	3,050	18,566	(19,992)
Total Ops.	3,370,686	446,208	1,239,001	-	583,452	2,681,473	(1,579,448)

CAPITAL

2 - 40 Ft. Buses	1,234,251	-	995,870	-	-	203,974	34,407
Preventive Maint	263,525	14,668	232,616	-	14,668	58,154	(56,581)
Total Cap.	1,497,776	14,668	1,228,486	-	14,668	262,128	(22,174)

Total program	6,155,718	626,209	3,332,095	-	930,425	3,660,902	(2,393,913)
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Approved Budget 6,155,718

TI Federal Costs 3,958,304

TI State Costs* -

TI Local Costs 4,591,327

Budget over Actual (2,393,913)

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STATISTICAL SECTION



STATISTICAL SECTION

This part of The City of Clemson's 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 City's overall financial health

Contents

Pages

Financial Trends

92-97

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

Revenue Capacity

98-101

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

Debt Capacity

102-106

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

Demographic and Economic Information

107-108

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Operating Information

109-111

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City 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 City implemented Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.*

Schedule 1
City of Clemson
Net Position by Component, Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Invested in capital assets, net of related debt	\$ 6,219,941	\$ 8,291,242	\$ 8,975,544	\$ 10,785,395	\$ 14,364,423	\$ 12,388,670	\$ 14,340,750	\$ 13,775,958	\$ 13,639,628	\$ 13,129,718
Restricted	176,906	214,128	237,353	285,347	150,855	153,006	155,476	127,012	103,122	8,695
Unrestricted	6,496,742	5,563,862	5,782,454	5,168,202	5,090,063	6,096,998	6,991,316	7,311,601	1,929,754	4,044,473
Total Governmental Activities Net Position	\$ 12,893,589	\$ 14,069,232	\$ 14,995,351	\$ 16,218,884	\$ 19,605,141	\$ 18,638,674	\$ 21,487,542	\$ 21,214,571	\$ 15,672,504	\$ 17,182,880
Business-type Activities										
Invested in capital assets, net of related debt	\$ 13,222,737	\$ 13,973,938	\$ 13,761,737	\$ 13,583,307	\$ 13,107,084	\$ 17,783,553	\$ 18,613,393	\$ 18,757,994	\$ 18,187,149	\$ 11,223,961
Restricted	925,932	838,462	803,817	720,860	1,200,157	1,094,499	1,008,288	902,444	1,431,454	975,987
Unrestricted	3,909,291	3,986,342	4,084,505	4,018,772	4,470,248	6,131,877	6,573,991	7,105,257	3,273,574	12,500,489
Total Business-type Activities Net Position	\$ 18,057,960	\$ 18,798,742	\$ 18,650,060	\$ 18,322,939	\$ 18,777,489	\$ 25,009,929	\$ 26,195,672	\$ 26,765,695	\$ 22,892,177	\$ 24,700,436
Primary Government										
Net Investment in capital assets	\$ 19,442,678	\$ 22,265,180	\$ 22,740,281	\$ 24,368,642	\$ 27,471,507	\$ 30,172,223	\$ 32,954,143	\$ 32,533,952	\$ 31,826,777	\$ 24,353,679
Restricted	1,102,838	1,052,590	1,041,170	986,207	1,350,812	1,247,505	1,163,764	1,029,456	1,534,576	984,682
Unrestricted	10,409,033	9,557,204	9,866,960	9,186,974	9,560,311	12,228,875	13,565,307	14,416,858	5,203,328	16,544,961
Total Primary Government Net Position	\$ 30,951,549	\$ 32,867,974	\$ 33,648,411	\$ 34,541,823	\$ 38,382,630	\$ 43,648,603	\$ 47,683,214	\$ 47,980,266	\$ 38,564,681	\$ 41,883,322

Schedule 2
City of Clemson
Changes in Net Position, Last Ten
Fiscal Years
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities:										
General Government	\$ 2,558,597	\$ 2,669,850	\$ 2,836,335	\$ 2,692,818	\$ 2,761,322	\$ 2,935,243	\$ 3,272,222	\$ 3,286,304	\$ 3,257,501	\$ 3,545,321
Public Safety	2,540,899	2,857,097	2,960,726	3,061,726	3,235,124	3,314,838	3,293,682	3,480,770	3,813,284	4,029,537
Public Works	1,883,390	2,022,930	2,086,131	2,260,906	2,132,326	2,200,326	3,719,287	2,526,267	2,873,308	2,789,532
Culture and Recreation	1,008,891	1,249,955	1,778,272	1,748,027	1,647,387	1,656,778	2,074,569	3,387,372	1,756,398	2,353,053
Urban Redevelopment	34,016	31,082	13,611	8,773	2,214	9,762	362,661	19,977	16,188	27,665
Interest on Long-term Debt	452,246	438,945	387,754	352,448	291,601	246,178	210,520	173,128	138,512	88,095
Total Governmental Activities Expenses	8,478,039	9,269,859	10,062,829	10,124,698	10,069,974	10,363,125	12,932,941	12,873,818	11,855,191	12,833,203
Business-type Activities:										
Water	1,749,773	2,252,466	2,215,120	2,261,429	2,439,081	2,446,654	2,432,057	2,505,582	2,655,812	2,942,016
Stormwater	-	-	-	-	-	-	-	-	39,942	1,318,096
Wastewater	1,991,209	2,310,876	2,257,442	2,208,398	2,300,009	2,491,592	2,386,578	2,659,444	2,739,152	3,378,859
Sanitation	192,632	229,168	252,576	285,825	294,317	299,734	292,655	313,606	305,585	324,430
Transit	3,038,536	3,779,376	3,690,818	3,686,934	3,491,385	3,574,179	3,661,994	3,627,531	3,362,255	3,517,798
Parking Deck	92,298	97,552	102,568	97,435	175,947	81,991	88,427	99,252	103,637	104,227
Total Business-type Activities Expenses	7,064,448	8,669,438	8,518,524	8,540,021	8,700,739	8,894,150	8,861,711	9,205,415	9,206,383	11,585,426
Total Primary Government Expenses	\$ 15,542,487	\$ 17,939,297	\$ 18,581,353	\$ 18,664,719	\$ 18,770,713	\$ 19,257,275	\$ 21,794,652	\$ 22,079,233	\$ 21,061,574	\$ 24,418,629
Program Revenues										
Governmental Activities:										
Charges for Services:										
Refuse Collection	\$ 425,071	\$ 414,130	\$ 419,044	\$ 443,712	\$ 446,842	\$ 454,066	\$ 500,575	\$ 508,196	\$ 542,269	\$ 567,238
Other Public Works	443,250	429,580	434,494	459,162	464,398	471,622	518,131	525,752	559,825	584,794
Parks and Recreation	618,925	81,352	92,301	111,767	114,364	109,685	106,412	123,059	128,665	137,554
Other Activities	1,759,671	2,400,789	2,580,247	2,644,133	2,724,689	2,959,209	3,258,274	3,575,076	3,727,153	4,864,377
Operating Grants and Contributions	601,931	476,736	270,519	251,184	218,731	360,004	1,767,822	212,023	212,044	241,447
Capital Grants and Contributions	17,759	440,350	734,000	455,162	2,201,458	360,380	1,463,442	131,226	483,950	7,000
Total Governmental Activities Program Revenues	3,866,607	4,242,937	4,530,605	4,365,120	6,170,482	4,714,966	7,614,656	5,075,332	5,653,905	6,402,410
Business-type Activities:										
Charges for Services:										
Water	2,046,144	2,181,428	2,124,358	2,176,734	2,272,815	2,432,497	2,350,277	2,583,576	2,846,971	3,147,041
Stormwater	-	-	-	-	-	-	-	-	83,898	398,676
Wastewater	2,202,635	2,180,063	2,190,405	2,503,183	2,849,556	4,609,065	2,557,008	3,064,258	3,055,202	3,455,943
Sanitation	157,695	224,671	316,247	297,780	287,559	296,946	282,837	286,617	282,954	296,728
Transit	150,467	116,079	37,868	57,833	4,367	42,748	25,625	13,240	18,406	29,433
Parking Deck	80,148	88,472	93,546	74,788	80,543	86,826	85,641	87,608	93,081	115,961
Operating Grants and Contributions	2,891,904	3,311,138	3,096,441	3,283,713	3,580,810	4,593,791	4,262,214	3,274,439	3,370,683	3,337,491
Capital Grants and Contributions	155,620	721,636	145,000	21,614	10,580	102,558	652,439	708,600	188,258	1,775,839
Total Business-type Activities Program Revenues	7,684,613	8,823,487	8,003,865	8,415,645	9,086,250	12,170,431	10,216,040	10,018,338	9,939,453	12,557,112
Total Primary Government Program Revenues	\$ 11,551,220	\$ 13,066,424	\$ 12,534,470	\$ 12,780,765	\$ 15,256,732	\$ 16,885,397	\$ 17,830,696	\$ 15,093,670	\$ 15,593,359	\$ 18,959,522

Continued

Schedule 2

City of Clemson

Changes in Net Position, Last Ten

Fiscal Years

(accrual basis of accounting)

Continued

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (Expense)/Revenue										
Governmental Activities	\$ (4,611,432)	\$ (5,026,922)	\$ (5,532,224)	\$ (5,759,578)	\$ (3,899,492)	\$ (5,648,159)	\$ (5,318,285)	\$ (7,798,466)	\$ (6,201,285)	\$ (6,430,793)
Business-type Activities	620,165	154,049	(514,659)	(124,376)	385,511	3,276,281	1,354,329	812,923	733,070	971,686
Total Primary Government Net Expense	<u>\$ (3,991,267)</u>	<u>\$ (4,872,873)</u>	<u>\$ (6,046,883)</u>	<u>\$ (5,883,954)</u>	<u>\$ (3,513,981)</u>	<u>\$ (2,371,878)</u>	<u>\$ (3,963,956)</u>	<u>\$ (6,985,563)</u>	<u>\$ (5,468,215)</u>	<u>\$ (5,459,107)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
General Revenues										
Property Taxes	\$ 3,592,878	\$ 4,044,877	\$ 4,422,204	\$ 4,683,648	\$ 4,878,599	\$ 5,227,080	\$ 5,557,061	\$ 4,561,423	\$ 4,861,657	\$ 5,087,678
Local Option Sales Tax	1,005,458	1,057,525	1,014,343	991,493	1,063,281	1,119,299	1,289,819	1,279,399	1,330,243	1,537,036
Local Accommodations Tax	139,593	148,489	138,533	173,057	206,726	226,527	223,138	253,995	268,879	278,432
Intergovernmental	642,409	679,677	654,347	544,875	649,341	470,878	493,901	553,667	593,817	769,248
Unrestricted Investment Earnings	523,332	333,429	195,704	168,538	110,136	101,358	106,034	130,774	119,305	151,035
Other	268,377	337,791	291,376	249,294	367,097	428,762	242,662	434,719	404,115	884,951
Loss on Disposal of Assets	-	-	-	(133,081)	(12,035)	-	-	-	-	-
Transfers	894,538	(399,223)	(255,164)	302,187	22,604	(2,892,212)	254,538	311,538	259,038	(767,205)
Total Governmental Activities	<u>7,066,585</u>	<u>6,202,565</u>	<u>6,461,343</u>	<u>6,980,111</u>	<u>7,285,749</u>	<u>4,681,692</u>	<u>8,167,153</u>	<u>7,525,515</u>	<u>7,837,054</u>	<u>7,941,175</u>
Business-type Activities:										
Investment Earnings	213,814	187,510	110,813	99,442	91,643	76,174	54,994	68,638	51,767	69,368
Gain on Sale of Capital Assets	250,000	-	-	-	-	-	-	-	-	-
Transfers	(894,538)	399,223	255,164	(302,187)	(22,604)	2,892,212	(254,538)	(311,538)	(259,038)	767,205
Total Business-type Activities	<u>(430,724)</u>	<u>586,733</u>	<u>365,977</u>	<u>(202,745)</u>	<u>69,039</u>	<u>2,968,386</u>	<u>(199,544)</u>	<u>(242,900)</u>	<u>(207,271)</u>	<u>836,573</u>
Total Primary Government	<u>\$ 6,635,861</u>	<u>\$ 6,789,298</u>	<u>\$ 6,827,320</u>	<u>\$ 6,777,366</u>	<u>\$ 7,354,788</u>	<u>\$ 7,650,078</u>	<u>\$ 7,967,609</u>	<u>\$ 7,282,615</u>	<u>\$ 7,629,783</u>	<u>\$ 8,777,748</u>
Changes in Net Position										
Governmental Activities	\$ 2,455,153	\$ 1,175,643	\$ 929,119	\$ 1,220,533	\$ 3,386,257	\$ (966,467)	\$ 2,848,868	\$ (272,971)	\$ 1,635,769	\$ 1,510,382
Business-type Activities	189,441	740,782	(148,682)	(327,121)	454,550	6,244,667	1,154,785	570,023	525,799	1,808,259
Total Primary Government	<u>\$ 2,644,594</u>	<u>\$ 1,916,425</u>	<u>\$ 780,437</u>	<u>\$ 893,412</u>	<u>\$ 3,840,807</u>	<u>\$ 5,278,200</u>	<u>\$ 4,003,653</u>	<u>\$ 297,052</u>	<u>\$ 2,161,568</u>	<u>\$ 3,318,641</u>

Schedule 3
City of Clemson
Fund Balances, Governmental Funds, Last Ten Fiscal Years
(modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	90,500	203,045	3,000	38,128	34,939	89,126	144,227	201,256	263,538	331,746
Assigned	-	-	-	105,645	41,209	28,850	1,785	55,377	259,418	82,362
Unassigned	2,687,519	2,606,828	2,814,699	2,746,243	2,644,280	2,883,627	2,825,543	3,502,784	4,154,750	5,195,722
Total General Fund	\$ 2,778,019	\$ 2,809,873	\$ 2,817,699	\$ 2,890,016	\$ 2,720,428	\$ 3,001,603	\$ 2,971,555	\$ 3,759,417	\$ 4,677,706	\$ 5,609,830
All Other Governmental Funds										
Restricted, Reported In:										
Special Revenue Funds	\$ 2,852,293	\$ 1,887,062	\$ 1,961,596	\$ 2,237,004	\$ 2,625,844	\$ 2,790,556	\$ 3,250,562	\$ 2,352,205	\$ 2,438,004	\$ 4,082,195
Tax Increment Fund	-	1,871,324	719,440	1,309,143	414,664	283,848	1,118,251	6,194	19,938	-
City Hall Expansion Fund	-	-	2,449,148	296,537	-	-	-	-	-	-
Nettles Park Fund	123,880	-	-	-	-	-	-	1,412,305	1,496,655	-
Hospitality Tax Fund	-	-	-	-	287,211	97,396	97,003	(1,568)	623,276	523,341
Capital Project Funds	2,763,767	991,027	-	-	150,655	153,006	155,476	127,012	103,122	28,862
Debt Service Fund	176,906	214,128	237,353	265,347	-	-	-	-	-	-
Assigned, Reported In:										
Special Revenue Funds	20,553	97,000	11,100	-	121,002	581,174	271,420	122,870	246,203	164,894
Tax Increment Fund	-	13,821	-	-	-	-	24,914	-	-	-
City Hall Expansion Fund	-	-	42,309	345,487	-	-	-	-	-	-
Nettles Park Fund	405,275	-	-	-	-	-	-	-	-	-
Hospitality Tax Fund	-	-	-	-	-	-	-	-	114,048	-
Capital Project Funds	180,333	1,128,081	-	-	617,065	559,288	-	5,350	-	-
Unassigned, Reported In:										
Transit Multi-Modal Facility Fund	-	-	-	-	(51,760)	-	-	-	-	-
Total All Other Governmental Funds	\$ 6,523,007	\$ 6,202,443	\$ 5,420,946	\$ 4,453,518	\$ 4,164,681	\$ 4,465,268	\$ 4,917,626	\$ 4,024,368	\$ 5,041,246	\$ 4,799,292

Schedule 4
City of Clemson
Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Property Taxes	\$ 3,592,878	\$ 4,044,877	\$ 4,422,204	\$ 4,683,648	\$ 4,878,589	\$ 5,227,080	\$ 5,296,975	\$ 4,528,173	\$ 4,853,112	\$ 5,117,389
Local Option Sales Tax	1,005,458	1,057,525	1,014,343	991,493	1,063,281	1,119,299	1,289,819	1,279,399	1,330,243	1,537,036
Local Accommodations Tax	139,593	148,489	138,533	173,057	206,726	226,527	223,738	253,995	268,879	278,432
Hospitality Fees	823,234	878,930	911,540	968,309	1,047,555	1,094,957	1,125,361	1,256,903	1,335,003	1,390,948
Licenses and Permits	1,566,309	1,565,539	1,709,230	1,676,777	1,710,186	1,910,700	2,299,077	2,446,474	2,485,464	3,519,609
Intergovernmental	1,004,678	1,081,210	885,289	774,304	826,149	1,734,595	1,734,595	790,503	805,861	1,010,695
Federal Aid	117,181	73,023	323,577	467,017	2,211,470	360,380	305,550	-	-	-
State Aid	17,759	264,000	-	10,000	39,911	4,493	95,710	-	-	-
Charges for Services	599,252	591,127	613,206	680,473	675,843	673,946	714,476	736,949	778,065	815,355
Fines and Forfeitures	258,122	290,255	292,110	333,274	316,708	314,979	244,478	291,756	359,381	428,051
Investment Earnings	523,332	333,429	195,704	168,538	110,136	101,358	106,034	130,774	119,305	151,035
Contributions & Donations	122,481	178,530	450,000	-	-	4,000	527,128	65,413	-	-
Gain on Sale of Property	-	-	-	-	-	-	-	-	10,594	-
Other Revenues	261,352	328,241	289,010	215,396	369,871	304,888	231,205	272,793	330,718	414,691
Total Revenues	10,031,629	10,835,175	11,244,746	11,142,226	13,448,435	12,168,996	14,193,546	12,053,132	12,676,625	14,663,241
Expenditures										
General Government	2,127,550	2,204,790	2,376,389	2,454,355	2,263,785	2,403,514	2,525,063	2,718,450	2,672,241	2,908,878
Public Safety	2,461,131	2,764,753	2,732,920	2,893,005	3,148,688	3,118,552	3,129,270	3,850,549	3,549,033	3,799,998
Public Works	1,781,507	2,007,694	2,098,513	1,950,062	1,949,444	1,883,926	3,765,108	1,785,974	2,344,153	2,278,977
Culture and Recreation	651,509	745,854	856,646	872,293	1,136,068	848,754	1,136,837	1,157,581	928,100	1,367,880
Urban Redevelopment	34,016	31,082	13,611	8,773	2,214	9,762	362,661	19,977	76,188	27,665
Equipment Services	163,516	140,489	128,521	247,971	136,193	136,743	150,704	140,424	134,764	162,025
Capital Outlay	4,297,994	1,958,847	2,015,519	2,530,964	3,493,631	1,650,552	1,312,448	53,783	149,508	72,432
Debt Service	-	-	-	-	-	-	-	-	-	-
Interest	464,602	436,311	399,863	355,374	300,511	260,290	216,873	183,073	150,309	104,968
Principal	924,149	973,920	1,049,817	1,025,322	2,016,553	1,139,974	1,100,320	1,186,750	1,719,298	1,832,473
Fees	1,561	1,013	1,013	1,013	20,134	-	1,724	-	-	-
Intergovernmental	140,897	175,473	329,162	297,380	231,951	191,252	403,808	1,780,527	386,415	539,165
Other	153,481	142,097	161,759	158,073	181,292	197,953	330,958	130,978	140,487	111,385
Total Expenditures	13,201,913	11,582,323	12,163,733	12,794,525	14,880,484	11,841,272	14,435,774	13,008,066	12,200,496	13,205,866
Excess of Revenues Over (Under) Expenditures	(3,170,284)	(747,148)	(918,987)	(1,652,299)	(1,432,029)	327,724	(242,228)	(954,934)	476,129	1,457,375

Continued

Schedule 4
City of Clemson
Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years

Continued

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2015
Other Financing Sources (Uses)										
Lease Purchase Agreements	\$ 355,000	\$ 135,000	\$ -	\$ 455,000	\$ 951,000	\$ -	\$ 410,000	\$ 178,000	\$ -	\$ -
General Obligation Bonds	-	-	-	-	-	-	-	360,000	1,200,000	-
Tax Incremental Bonds	-	-	-	-	-	-	-	-	-	-
Transfers In	2,046,491	1,559,591	3,972,567	1,490,295	2,947,203	2,246,399	1,497,586	1,583,346	1,932,982	2,275,290
Transfers Out	(1,151,953)	(1,236,153)	(3,827,251)	(1,188,107)	(2,924,599)	(1,992,361)	(1,243,048)	(1,271,808)	(1,673,944)	(3,042,495)
Total Other Financing Sources (Uses)	1,249,538	458,438	145,316	757,188	973,604	254,038	664,538	849,538	1,459,038	(767,205)
Net Change in Fund Balances	\$ (1,920,746)	\$ (288,710)	\$ (773,671)	\$ (895,111)	\$ (458,425)	\$ 581,762	\$ 422,310	\$ (105,396)	\$ 1,935,167	\$ 690,170
Debt Service As a Percentage of Noncapital Expenditures	16.7%	15.8%	15.2%	14.6%	22.3%	14.0%	11.5%	11.3%	15.6%	14.9%

Schedule 5
City of Clemson
Assessed Value and Estimated Actual Value of Taxable Property, Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Total Taxable Assessed Value (b)	Total Direct Tax Rate (a)	Estimated		Taxable Assessed Value as a Percentage of Actual Taxable Value
					Actual Taxable Value	Value	
2007	37,736,666	4,076,916	41,813,582	77.90	822,681,920	822,681,920	5.08%
2008	37,527,471	4,041,902	41,569,373	79.50	817,914,453	817,914,453	5.08%
2009	42,741,623	3,808,547	46,550,170	81.00	918,308,243	918,308,243	5.07%
2010	43,858,444	3,319,726	47,178,170	81.00	932,497,647	932,497,647	5.06%
2011	48,677,448	3,161,465	51,838,913	78.60	1,026,240,043	1,026,240,043	5.05%
2012	48,964,038	3,386,351	52,350,389	83.34	1,035,719,943	1,035,719,943	5.05%
2013	49,157,941	3,819,936	52,977,877	83.34	1,046,824,420	1,046,824,420	5.06%
2014	49,944,239	4,244,018	54,188,257	83.34	1,069,618,413	1,069,618,413	5.07%
2015	51,754,304	4,490,780	56,245,084	82.20	1,109,932,413	1,109,932,413	5.07%
2016	54,187,667	4,751,340	58,939,007	84.20	1,162,942,340	1,162,942,340	5.07%

Source: Pickens County Auditor's Office

Notes: (a) Per \$1,000 assessed value

(b) Total taxable assessed values include Tax Increment
Finance District base assessment only.

Schedule 6
City of Clemson
Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years
(rate presented as actual millage)

Fiscal Year	City Direct Rates				Overlapping Rates	
	Basic Rate	General Obligation Debt Service	Special Revenue Rate	Total Direct Rate	Pickens	
					County School District	Pickens County
2007	73.30	4.11	0.49	77.90	137.10	60.50
2008	74.90	4.11	0.49	79.50	176.10	61.50
2009	76.80	3.71	0.49	81.00	174.10	61.50
2010	76.80	3.71	0.49	81.00	168.10	61.50
2011	74.53	3.60	0.47	78.60	168.50	59.00
2012	80.96	1.90	0.48	83.34	170.50	59.00
2013	80.96	1.90	0.48	83.34	169.00	59.00
2014	80.96	1.90	0.48	83.34	169.00	59.00
2015	79.80	1.90	0.50	82.20	174.10	61.30
2016	81.80	1.90	0.50	84.20	173.40	61.30

Source of Overlapping Rates: Pickens County

Schedule 7
City of Clemson
Principal Property Taxpayers, Current Year and Nine Years Ago

Taxpayer	2016		Taxpayer	2007	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value		Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Breckenridge Group, Clemson SC	\$ 1,630,650	2.77%	Bellsouth Telecommunications	\$ 839,740	2.01%
Ibrahim Family Trust, LLC	1,548,440	2.63%	Tiger Towne Village, LLC	514,320	1.23%
Duke Energy Corporation	1,277,830	2.17%	Clemson Area Retirement Center, Inc.	486,420	1.16%
Cellco Partnership, DBA Verizon	893,310	1.52%	Tristate SC One, Limited Partnership	343,120	0.82%
CEV Berkeley, LP	744,690	1.26%	Tiger Park Condominiums, LLC	285,760	0.68%
Bellsouth Telecommunications	612,880	1.04%	Heritage Pointe, LLC	264,700	0.63%
Lowes Home Center, Inc.	595,540	1.01%	GDG Investments, LLC	234,460	0.56%
Gateway Tiger (123), LLC	521,080	0.88%	Ingles Markets, Inc.	227,800	0.54%
CEV Clemson, LP	517,920	0.88%	Property Unlimited	205,720	0.49%
Blue Atlantic Clemson, LLC	474,760	0.81%	Nirman Enterprises Associates	194,510	0.47%
Total	<u>\$ 8,817,100</u>	<u>14.97%</u>		<u>\$ 3,596,550</u>	<u>8.59%</u>

Source: Pickens County Auditor's Office

Schedule 8
City of Clemson
Property Tax Levies and Collections, Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied For the Fiscal Year	Collected Within the Fiscal Year of the Levy		Estimated Tax Collections to Date		
		Amount	Percentage of Levy	Receivable June 30	Estimated Amount	Percentage of Levy
2007	2,268,425	2,338,708	103.10%	21,410	2,247,015	99.06%
2008	2,296,135	2,487,570	108.34%	54,731	2,241,404	97.62%
2009	2,732,167	2,762,699	101.12%	86,711	2,645,456	96.83%
2010	2,772,651	2,901,164	104.64%	207,044	2,565,607	92.53%
2011	2,833,871	3,134,190	110.60%	182,294	2,651,577	93.57%
2012	3,317,771	3,296,380	99.36%	205,855	3,111,916	93.80%
2013	3,243,562	3,333,308	102.77%	227,418	3,016,144	92.99%
2014	3,374,611	3,328,212	98.63%	288,143	3,086,468	91.46%
2015	3,472,543	3,412,869	98.28%	276,433	3,196,110	92.04%
2016	3,813,648	3,753,777	98.43%	302,611	3,511,037	92.07%

Source: Pickens County Office of Finance

Schedule 9
City of Clemson
Ratios of Outstanding Debt by Type, Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income ^(a)	Per Capita ^(a)
	General Obligation Bonds	Tax		Water Revenue Bonds	Capital Leases	Capital Leases			
		Incremental Financing Bonds							
2007	1,160,000	6,640,120		4,537,319	2,270,829	702,606	15,310,874	6.65%	1,282
2008	1,040,000	6,116,718		4,485,925	2,075,430	431,899	14,149,972	6.15%	1,185
2009	915,000	5,574,391		4,287,772	1,692,940	392,217	12,862,320	4.21%	989
2010	780,000	5,002,851		4,329,517	1,829,158	365,184	12,306,710	4.02%	947
2011	500,000	4,401,934		4,431,925	1,644,523	232,084	11,210,466	3.39%	806
2012	404,000	3,771,084		4,189,912	1,231,396	94,782	9,691,174	2.83%	695
2013	306,000	3,114,960		3,938,721	1,295,201	22,735	8,677,617	2.67%	616
2014	536,000	2,423,347		3,684,465	1,108,333	-	7,752,145	2.34%	543
2015	1,204,000	1,700,253		4,708,340	643,861	-	8,256,454	2.36%	548
2016	602,000	945,936		6,616,961	167,706	-	8,332,603	2.28%	539

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

^(a) See Schedule 14 for personal income and population data.

Schedule 10
City of Clemson
Ratios of General Bonded Debt Outstanding, Last Ten Fiscal Years

<u>General Bonded Debt Outstanding</u>		<u>Less: Amounts Available in Debt Service Fund</u>		<u>Net</u>	<u>Percentage of Actual Taxable Value of Property ^(a)</u>	<u>Per Capita ^(b)</u>
<u>Fiscal Year</u>	<u>General Obligation Bonds</u>					
2007	1,160,000	176,906		983,094	0.12%	82.34
2008	1,040,000	214,128		825,872	0.10%	69.17
2009	915,000	237,353		677,647	0.07%	52.12
2010	780,000	265,347		514,653	0.06%	39.58
2011	500,000	150,655		349,345	0.03%	25.12
2012	404,000	153,006		250,994	0.02%	18.00
2013	306,000	155,476		150,524	0.01%	10.68
2014	536,000	127,012		408,988	0.04%	28.65
2015	1,204,000	103,122		1,100,878	0.10%	73.04
2016	602,000	28,862		573,138	0.05%	37.06

Notes: ^(a) See Schedule 5 for actual taxable value of property

^(b) See Schedule 14 for personal income and population

Schedule 11
City of Clemson
Direct and Overlapping Governmental Activities Debt As of June 30, 2016

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt Repaid With Property Taxes			
Pickens County School District	\$ 254,602,000	12.14%	\$ 30,896,543
Pickens County General Obligation Debt	7,300,924	13.94%	1,017,749
Other Debt			
Pickens County Capital Leases	211,414	13.94%	29,471
Pickens County Notes Payable	3,226,821	13.94%	449,819
Pickens County - Other Debt	8,005,236	13.94%	1,115,930
Subtotal, Overlapping Debt			33,509,512
City Direct Debt			1,715,642
Total Direct and Overlapping Debt			<u>\$ 35,225,154</u>

Source: Pickens County and Pickens County School District

Notes: The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of Pickens County and Pickens County School District taxable assessed value that is within the City's corporate boundaries.

Schedule 12
City of Clemson
Legal Debt Margin Information, Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 3,345,087	\$ 3,325,550	\$ 3,724,014	\$ 3,774,254	\$ 4,147,113	\$ 4,188,031	\$ 4,238,230	\$ 4,335,060	\$ 4,499,607	\$ 4,715,121
Total Net Debt Applicable to Limit	983,094	825,872	677,647	514,653	349,345	250,994	50,524	408,988	1,100,878	573,138
Legal Debt Margin	\$ 2,361,993	\$ 2,499,678	\$ 3,046,367	\$ 3,259,601	\$ 3,797,768	\$ 3,937,037	\$ 4,187,706	\$ 3,926,072	\$ 3,398,729	\$ 4,141,983
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	29.39%	24.83%	18.20%	13.64%	8.42%	5.99%	1.19%	9.43%	24.47%	12.16%

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed Value	\$ 58,939,007
Debt Limit (8% of assessed value)	4,715,121
Debt Applicable to Limit:	
General Obligation Bonds	602,000
Less: Amount Set Aside for	
Repayment of General	
Obligation Debt	28,862
Total Net Debt Applicable to Limit	573,138
Legal Debt Margin	\$ 4,141,983

Note: Under state finance law, the City's outstanding general obligation debt must not exceed 8 percent of total assessed property value.
The general obligation debt subject to the limitation may be offset by amounts set aside for repayment of general obligation bonds.

Schedule 13
City of Clemson
Pledged-Revenue Coverage, Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Water Revenue Bonds										
Utility Service Charges	\$ 2,059,097	\$ 2,210,784	\$ 2,134,850	\$ 2,165,443	\$ 2,248,188	\$ 2,411,340	\$ 2,300,173	\$ 2,510,704	\$ 2,821,837	\$ 3,065,833
Less: Operating Expenses	1,555,486	1,953,270	1,910,885	1,939,959	2,114,790	2,118,323	2,102,688	2,166,389	2,319,594	2,590,166
Net Available Revenue	503,611	257,514	223,965	225,484	133,398	293,017	197,485	344,315	502,243	475,667
Debt Service										
Principal	66,791	90,602	93,153	71,445	97,418	105,056	112,691	115,248	117,863	120,537
Interest	76,332	99,244	97,115	94,701	92,225	81,266	75,935	73,363	70,733	80,858
Coverage	3.52	1.36	1.18	1.36	0.70	1.57	1.05	1.83	2.66	2.36
Wastewater Revenue Bonds and Capital Leases										
Utility Service Charges	2,132,578	2,195,198	2,176,696	2,452,746	2,838,828	4,386,262	2,513,772	2,727,218	2,955,606	2,979,417
Less: Operating Expenses	1,594,832	1,919,478	1,887,071	1,789,368	1,858,048	2,028,092	1,933,792	2,213,642	2,293,004	2,844,205
Net Available Revenue	537,946	275,720	289,625	663,378	980,780	2,358,170	579,980	513,576	662,602	135,212
Debt Service										
Principal	105,000	105,000	105,000	105,000	177,498	184,958	188,500	139,008	78,283	125,500
Interest	46,504	33,546	16,572	16,182	19,556	17,025	12,735	9,540	10,097	41,292
Coverage	3.55	1.99	2.38	5.47	4.98	11.68	2.88	3.46	7.50	0.81
Commercial Sanitation Capital Leases										
Utility Service Charges	168,482	233,563	323,910	304,782	294,849	303,784	288,175	292,567	286,009	299,375
Less: Operating Expenses	150,586	192,441	224,545	234,322	243,456	249,574	263,859	290,261	273,044	280,803
Net Available Revenue	17,896	41,122	99,365	70,460	51,393	54,210	24,316	2,306	12,965	18,572
Debt Service										
Principal	-	-	-	20,106	20,733	21,379	22,047	22,734	-	-
Interest	-	-	2,643	2,842	2,199	1,536	853	148	-	-
Coverage	-	-	37.60	3.07	2.24	2.37	1.06	0.10	-	-
Transit Capital Leases										
Contract Services	3,082,395	3,478,832	3,161,802	3,367,597	3,543,096	4,662,556	4,298,200	3,839,880	3,397,119	3,790,776
Less: Operating Expenses	2,279,350	3,010,710	2,993,888	3,113,133	3,077,098	3,437,739	3,103,435	3,022,610	2,741,145	2,851,184
Net Available Revenue	803,045	468,122	167,914	254,464	465,998	1,224,817	1,194,765	817,270	655,974	939,592
Debt Service										
Principal	249,271	270,707	146,682	151,927	65,367	67,923	-	-	-	-
Interest	30,992	22,127	13,570	8,240	3,494	871	-	-	-	-
Coverage	2.87	1.60	1.05	1.59	6.77	17.80	-	-	-	-

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

Schedule 14
City of Clemson
Demographic and Economic Statistics, Last Ten Calendar Years

<i>Calendar Year</i>	<i>Population</i>	<i>Personal Income</i>	<i>Per Capita Personal Income</i>	<i>Unemployment Rate</i>
2007	11,939	230,088,408	19,272	5.5%
2008	11,939	230,088,408	19,272	7.1%
2009	13,002	305,859,048	23,524	9.8%
2010	13,002	305,859,048	23,524	11.0%
2011	13,905	330,772,140	23,788	8.1%
2012	13,946	342,820,572	24,582	8.0%
2013	14,089	324,399,225	23,025	8.0%
2014	14,276	331,702,860	23,235	5.2%
2015	15,072	350,197,920	23,235	5.2%
2016	15,466	364,842,940	23,590	4.2%

Schedule 15
City of Clemson
Principal Employers, Current Year and Nine Years Ago

<u>Employer</u>	<u>2016</u>		<u>2007</u>	
	<u>Employees</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Clemson University ^(a)	5,219	33.740%	9,178	77.000%
City of Clemson	340	2.200%	355	3.000%
Ingles Markets	159	1.030%	86	0.720%
Publix	125	0.810%	Not Established	
Clemson Elementary School	104	0.670%	88	0.740%
Bi-Lo Supermarket	85	0.550%	120	1.050%
Wal-Mart Neighborhood Store	75	0.480%	Not Established	
Trehel Corporation	60	0.390%	137	1.140%
Ruby Tuesday	51	0.330%	165	1.380%
McAlister's Deli	31	0.200%	Not Established	
Total	6,249	40.400%	10,129	85.030%

Notes: ^(a) Clemson University is technically not within the City's corporate boundaries. However, its impact is substantial, thus its employment base has been included as a principal employer.

Schedule 16
City of Clemson
Full-time-Equivalent City Government Employees by Function/Program, Last Ten Fiscal Years

<u>Function/Program</u>	<u>FY 06-07</u>	<u>FY 07-08</u>	<u>FY 08-09</u>	<u>FY 09-10</u>	<u>FY 10-11</u>	<u>FY 11-12</u>	<u>FY 12-13</u>	<u>FY 13-14</u>	<u>FY 14-15</u>	<u>FY 15-16</u>
General Government										
Council	1	1	1	1	1	1	0	0	0	0
Municipal Court	4	5	5	4	4	4	4	4	4	5
Administration	7	8	9	7	8	8	8	7	7	8
Finance	3	3	3	3	3	3	3	3	3	3
Information Technology	1	1	1	1	1	1	1	1	1	2
Planning & Codes	8	8	7	8	7	7	8	8	10	11
Public Buildings	2	2	2	2	2	2	2	2	2	2
Police										
Officers	26	28	27	26	26	26	28	28	29	29
Telecommunicators	5	6	6	6	6	6	6	6	6	7
Other	3	3	3	3	3	3	3	3	3	3
Refuse Collection										
Residential Sanitation	14	13	13	12	13	13	14	14	14	14
Commercial Sanitation	2	2	2	2	2	2	2	2	2	2
Other Public Works										
Streets	6	6	6	5	5	5	5	6	6	6
Public Works Administration	3	3	3	3	3	3	3	3	3	3
Equipment Services	2	2	2	2	2	2	2	2	2	2
Engineering	3	2	2	2	2	2	2	3	3	3
Other										
Recreation	6	7	7	8	7	7	7	7	7	8
Water	7	8	8	7	7	7	7	7	7	7
Utility Billing	5	5	7	7	7	7	7	7	7	7
Wastewater Collection	7	7	7	7	7	7	7	6	6	7
Wastewater Treatment	4	4	6	4	4	4	4	4	4	4
Transit Administration	6	6	6	6	6	6	6	6	6	6
Transit Operations	12	13	11	11	13	13	13	13	13	14
Horticulture	3	3	3	3	3	3	3	2	2	2
Stormwater	0	0	0	0	0	0	0	0	0	2
Total	140	146	147	140	142	142	145	144	147	157

Source: The City's Office of Human Resources

Schedule 17
City of Clemson
Operating Indicators by Function/Program, Last Ten Fiscal Years

<u>Function/Program</u>	<u>FY 06-07</u>	<u>FY 07-08</u>	<u>FY 08-09</u>	<u>FY 09-10</u>	<u>FY 10-11</u>	<u>FY 11-12</u>	<u>FY 12-13</u>	<u>FY 13-14</u>	<u>FY 14-15</u>	<u>FY 15-16</u>
General Government										
Building Permits Issued	616	512	410	195	465	594	1,224	902	1,029	1,156
Building Inspections Conducted	2,084	1,246	786	967	1,053	1,716	2,843	3,059	2,800	2,967
Police										
Parking Violations	2,201	4,207	3,113	3,970	3,612	4,586	5,010	6,135	6,566	6,708
Traffic Violations	4,833	5,430	4,687	8,173	7,267	6,075	5,175	8,096	8,799	8,547
Fire										
Inspections	2,769	2,126	2,106	2,932	3,207	2,134	1,415	1,128	1,197	1,128
Refuse Collection										
Refuse Collected (lbs)	10,983,442	11,599,320	11,348,554	58,494,982	9,997,000	9,789,537	5,379,355	5,427,081	5,741,730	5,661,088
Recyclables Collected (lbs)	1,369,296	1,427,760	1,521,644	1,662,024	1,424,360	1,463,920	818,448	1,403,343	1,376,040	1,402,629
Other Public Works										
Street Resurfacing (miles)	4.62	4.45	0.00	2.10	2.90	3.30	3.28	0.71	0.71	0.25
Water										
New Taps	79	97	49	79	208	147	260	117	102	165
Water Main Breaks	170	179	161	229	200	193	207	207	207	331
Average Daily Consumption	1,736,000	1,892,000	1,829,000	1,869,000	1,910,000	1,932,000	1,599,000	1,805,000	1,876,000	1,874,000
Peak Daily Consumption	2,880,000	2,581,000	2,480,000	2,480,000	2,481,111	2,381,000	2,260,000	2,707,000	2,604,000	2,623,000
Wastewater										
Average Daily Sewage Treatment	1,140,000	1,440,000	1,450,000	1,450,000	1,450,000	1,440,000	1,910,000	1,810,000	1,750,000	1,660,000
Transit										
Total Route Miles	831,996	852,930	727,946	725,487	676,374	517,056	699,790	665,555	582,678	588,628
Passengers	1,771,346	1,877,448	1,613,403	1,609,349	1,622,498	1,504,570	1,849,064	1,824,053	1,742,463	1,751,378

Source : Various City Departments

Schedule 18
City of Clemson
Capital Asset Statistics by Function/Program, Last Ten Fiscal Years

<u>Function/Program</u>	<u>FY 06-07</u>	<u>FY 07-08</u>	<u>FY 08-09</u>	<u>FY 09-10</u>	<u>FY 10-11</u>	<u>FY 11-12</u>	<u>FY 12-13</u>	<u>FY 13-14</u>	<u>FY 14-15</u>	<u>FY 15-16</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Uniform Patrol Units	18	18	18	18	18	18	19	20	20	20
Refuse Collection										
Collection Trucks	4	5	5	5	5	5	5	5	5	6
Other Public Works										
Streets (miles)	64	64	64	64	64	64	64	64	64	69
Streetslights	696	696	696	696	696	696	696	696	732	731
Traffic Signals	1	1	1	1	1	1	1	1	1	1
Parks and Recreation										
Acreage	100	100	100	100	100	100	100	102	102	102
Playgrounds	7	7	7	7	7	7	7	7	7	7
Soccer Fields	1	6	6	6	6	6	6	6	6	6
Recreation Centers	1	1	1	1	1	1	1	1	1	1
Water										
Water Mains (miles)	100	101.5	101.5	108	109.2	109.5	111.4	112	112.8	113.2
Fire Hydrants	412	439	439	479	480	480	496	500	508	512
Wastewater										
Sewer Mains Gravity (miles)	64	64	65	65.3	65.3	103.7	105.1	105.6	106.2	106.8
Sewer Mains Force (miles)	9	9	9	9	9	9	9	9	9	9
Treatment Capacity (millions of gallons)	3.15	3.15	3.15	3.15	3.15	3.15	3.15	3.15	3.15	3.15
Stormwater										
Stormwater Lines (miles)	7	7	7	7	7	7	7.25	7.25	7.25	7.25
Transit										
Buses	26	26	26	26	26	23	26	26	23	25

Source: Various City Departments

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FEDERAL FINANCIAL ASSISTANCE



CITY OF CLEMSON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor /Program Title	Federal CFDA Number	Pass Through Grantor's Number	Total Expenditures
US Department of Transportation			
Passed Through SC Dept. of Transportation, Office of Public Transit			
Formula Grants for Other Than Urbanized Areas:			
Public Transportation Assistance...Transit Fund	20.509	PT-3A111-18	\$ 626,208
Federal Transit-Formula Grants (Urbanized Area Formula Program)	20.507	SC-90-X290-00	773,797
Bus and Bus Facilities Formula Grant (Bus Program)	20.526	SC-2016-004-00	277,000
Bus and Bus Facilities Formula Grant (Bus Program)	20.526	SC-2016-006-00	128,000
Passed Through SC Dept. of Transportation, Office of Public Transit			
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	P029903	48,024
Total Federal Assistance Expended			\$ 1,853,029

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Clemson and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts are presented in, or used in the preparation of the basic financial statements.

*** Major Program

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**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 City Council
City of Clemson, 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, each major fund, and the aggregate remaining fund information of the City of Clemson, South Carolina, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Clemson's basic financial statements, and have issued our report thereon dated January 16, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Clemson'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Clemson's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Clemson'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.

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 Clemson'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.

Stancil Cooley Estep & Stamey, LLP

*Clemson, South Carolina
January 16, 2017*



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

*To the City Council
City of Clemson, South Carolina*

Report on Compliance for Each Major Federal Program

We have audited the City of Clemson's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the City of Clemson's major federal programs for the year ended June 30, 2016. The City of Clemson'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 Clemson'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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance 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 Clemson's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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 Clemson's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Clemson 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, 2016.

Report on Internal Control Over Compliance

Management of the City of Clemson 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 Clemson'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 the Uniform Guidance, 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 Clemson'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.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Stancil Cooley Estep & Stamey, LLP

Clemson, South Carolina
January 16, 2017

CITY OF CLEMSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Fiscal Year Ended June 30, 2016

A. SUMMARY OF AUDIT RESULTS

The auditors' report expresses an unmodified opinion on the financial statements of the City of Clemson.

No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the "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".

No instances of noncompliance material to the financial statements of the City of Clemson were disclosed during the audit.

No material weaknesses or significant deficiencies relating to the audit of the major federal award programs are reported in the "Independent Auditor's Report on Compliance for Each Major Program and Internal Control over Compliance in Required by the Uniform Guidance".

The auditors' report on compliance for the major federal award programs for the City of Clemson expresses an unmodified opinion on all major federal programs.

There are no audit findings that are required to be reported in accordance with section 510(a) of OMB Circular A-133 reported in this Schedule.

The following programs were tested as major programs:

- Formula Grants for Other Than Urbanized Areas: Public Transportation Assistance, Grant # PT-3A111-18, CFDA # 20.509*
- Bus and Bus Facilities Formula Grant (Bus Program), Grant # SC-2016-004-00, CFDA # 20.526*
- Bus and Bus Facilities Formula Grant (Bus Program), Grant # SC 2016-006-00, CFDA # 20.526*

The threshold for distinguishing Types A and B programs was \$300,000.

The City of Clemson did not qualify to be a low-risk auditee.

B. FINDINGS.....FINANCIAL STATEMENT AUDIT.....NONE

C. FINDINGS AND QUESTIONED COSTS.....MAJOR FEDERAL AWARD PROGRAMS AUDIT.....NONE

CITY OF CLEMSON

SCHEDULE OF SUMMARY OF PRIOR YEAR AUDIT FINDINGS
Fiscal Year Ended June 30, 2016

No Prior Year Audit Findings