
CITY OF CLINTON



CLINTON, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDING JUNE 30, 2009

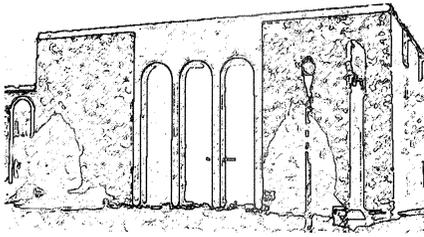
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CLINTON, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDING JUNE 30, 2009

SUBMITTED BY:
FINANCE DEPARTMENT

CITY OF CLINTON, SOUTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2009
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City of Clinton

211 N. Broad Street • Phone (864) 833-7505

Randy Randall, Mayor • Joshua L. Kay, City Manager

Clinton, South Carolina 29325

October 28, 2009

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

South Carolina law requires that all municipal governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Clinton for the fiscal year ended June 30, 2008.

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

The independent certified public accounting firm of McAbee, Talbert, Halliday & Co., Certified Public Accountants, has audited the City of Clinton's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Clinton for the fiscal year ended June 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering unqualified opinion that the City of Clinton's financial statements for the fiscal year ended June 30, 2009, are fairly presented in conformity with GAAP in all material respects. The independent auditor's report is presented as the first component of the financial section of this report.

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

(iii)

COUNCIL MEMBERS

Mary J. Byrd
Daniel O. Cook, Jr.

John H. Dowdle
Shirley Y. Jenkins

Eddie L. McGee
Robert T. McLean

Profile of the Government

The City of Clinton was established in 1852 and incorporated in 1890 and is the second largest municipality in Laurens County. The City lies in the upstate region of South Carolina approximately 40 miles south of Greenville. The City has a population of approximately 9,100 and presently covers a land area of 10 square miles. The City of Clinton is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically. The City has a council/manager form of government. The City Council (“Council”) is the policy making and legislative body of city government and includes a mayor and six council members. The Mayor is elected at large with the Council elected by districts on a non-partisan basis. The Council members serve staggered four-year terms. Elections are held in March of odd numbered years. The City Manager, the chief administrative officer, is appointed by and serves at the pleasure of the Council and is responsible for carrying out the policies and ordinances of the Council and administering the daily operations and programs of the City through appointed department heads and staff members.

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

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

Factors Affecting Financial Condition

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

City of Clinton operates.

Local economy. Located in the southern half of Laurens County, the City is situated between two of the largest metropolitan areas in South Carolina - the Columbia Metro region and the Greenville/Spartanburg region. Interstates 26 and 385 converge in Clinton as do US Highways 72, 76 and 56. These roadways provide direct access to Greenville, Spartanburg, Columbia, Greenwood, Charleston, and Asheville, NC. The City's proximity to the interstates and these roadways makes it an ideal location to take advantage of the Upstate region's strong commercial, financial, automotive, manufacturing and distribution markets. The County has a diverse job base with no dependence on any one industry. Much of the local economy revolves around a number of public and private institutions. These include the Laurens County School District 56, The Presbyterian Home, Presbyterian College, and the Whitten Center. All of these institutions are inside the City limits and are full service customers of the City's utility system. Several of the City's large industrial customers include Asten Johnson, Renfro Distribution, Avery Dennison, and Aaron Industries. All of these industries are served by at least one of the City's utilities. The City is served by Laurens County Hospital for health and emergency care. The availability of an educated work force is always a concern to any new business or industry desiring to locate within the County. Vocational education programs are offered through the public schools and Piedmont Technical College.

The City once had a traditional textile-manufacturing base, but has been hit especially hard by the loss of textile jobs. The economic slow down of the last two years has also hurt the other industries in Clinton and Laurens County, as numerous other facilities have continued to downsize their operations. The City continues to take steps to improve the local economy with the marketing of its multi-phased corporate/industrial parks located in close proximity to I-26. As the national economy rebounds, so will our local economy as we continue to aggressively market our community and assets.

The most significant development to occur in the City of Clinton during the past decade is the recent announcement of the location of the Presbyterian College School of Pharmacy in downtown Clinton. This new graduate school will educate over 300 doctorate students and employ over 30 fulltime faculty. This infusion of investment and people will surely be a boon for the City and the businesses of Clinton.

Long-term financial planning. The City of Clinton recently completed a five-year strategic plan, incorporating input from the Mayor, City Council, staff, and the general public. The strategic plan focuses on improving the quality of life for the citizens of Clinton, primarily in the arenas of economic development, housing, marketing, technology, parks, and recreational opportunities.

In conjunction with this strategic plan, the City of Clinton continues to aggressively market the City and land owned by the City and the Clinton Economic Development Corporation for potential development. Future investment into infrastructure to serve

these properties will be a priority for the City in the future years. Immediate infrastructure improvements, required by industrial projects, are currently funded by direct allocations from state and federal agencies.

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

Cash Management. The City's temporary idle cash is invested in interest-bearing demand deposits, certificates of deposit, and obligations of the U.S. Treasury. All revenues received are deposited the same day in a consolidated interest-bearing account. This bank account is drawn upon to meet all payroll and payable obligations, and the City maintains in this account only as much money as is required to meet current obligations. All other idle cash is invested in instruments authorized by the South Carolina Investment Pool. The maturities of the investments range from 1 day to 3 years, with an average maturity of less than 12 months.

The City's investment policy emphasizes safety and liquidity, while maintaining a competitive yield on its portfolio. Accordingly, deposits are either insured by federal depository insurance or collateralized as required by South Carolina General Statutes. All collateral on deposits is held either by the City or its agent.

Risk Management. The City participates in three insurance pools developed by the Municipal Association of South Carolina (MASC). These pools provide coverage for property damage and general liability, workers' compensation and major medical. Major policies and their limits of coverage include the following: real and personal property (\$42,000,000), general liability (\$2,000,000), vehicle liability (\$2,000,000) and workers' compensation (\$1,000,000). As part of its overall risk management program, the City practices various risk control techniques including an employee safety program emphasizing accident prevention to minimize losses, an employee wellness program and employs a fulltime Risk Manager.

Pension and other post employment benefits. The City of Clinton provides retirement benefits to its employees through the South Carolina State Retirement System. The City has no obligation for employee's retirement benefit after retirement. It is funded during the employee's time of service to the State System.

The City provides postretirement health care benefits to retirees of the City provided they have at least twenty-five years of creditable continuous service with the City. The City pays the full cost of coverage for these benefits until the retiree reaches the qualifying age for Medicare. The City of Clinton is also a member of the South Carolina Other Retirement Benefits Employer Trust (SCORBET) to better manage the City's post-employment benefit obligations.

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

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

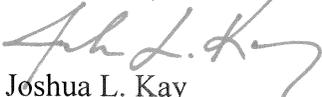
Awards and Acknowledgments

The Governmental Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Clinton for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2008. This was the 20th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

We wish to thank the Mayor and members of City Council for their support and interest in planning and conducting the financial operations of the City in a responsible and progressive manner. We also thank them for the trust they have given City administration. The preparation of this report has been accomplished through the dedicated efforts of the City Clerk and Finance Director with the guidance of the independent auditors, McAbee, Talbert, Halliday & Co. We would like to express our appreciation to all personnel who assisted and contributed to the preparation of this report.

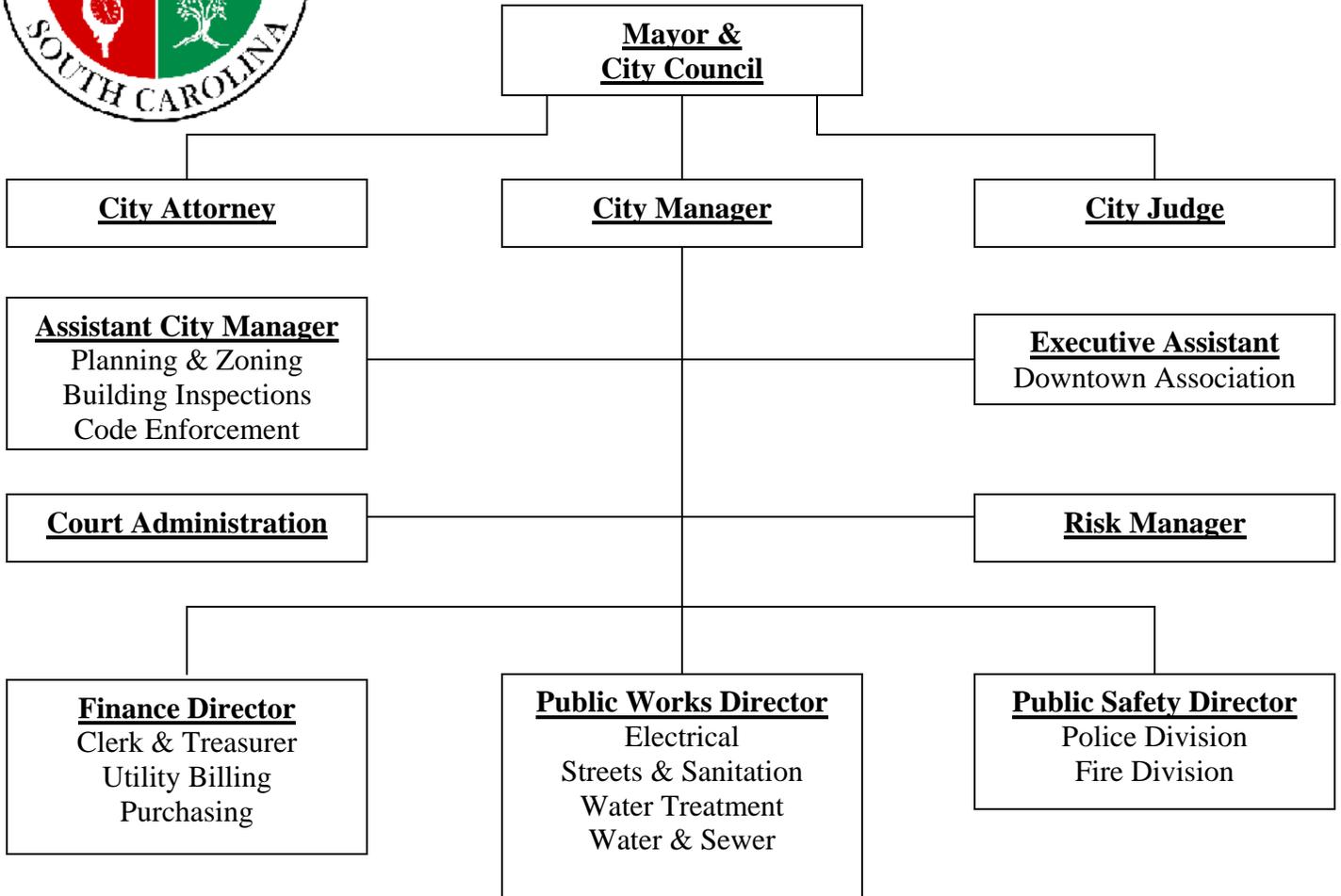
Respectfully submitted,


Joshua L. Kay
City Manager



City of Clinton

Organization Chart



Principal Officers

Randy Randall, III, Mayor
 John Dowdle, Mayor Pro-Tem
 Daniel O. Cook, Council Member
 Mary J. Byrd, Council Member
 Shirley Jenkins, Council Member
 Edward Lee McGee, Council Member
 Robert McLean, Council Member
 Josh L. Kay, City Manager
 Frank Stovall, Assistant City Manager
 Renee W. Morrow, Finance Director
 Tammy Templeton, City Clerk/Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Clinton
South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

FINANCIAL SECTION

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

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Clinton, South Carolina, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Clinton's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

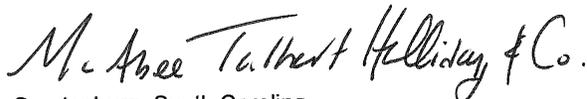
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of the City of Clinton, South Carolina as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2009, on our consideration of the City of Clinton, South Carolina's internal control over financial reporting and on our test 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the budgetary comparison information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Clinton, South Carolina's basic financial statements. The introductory section, other supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken 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 express no opinion on them.



Spartanburg, South Carolina
October 28, 2009

(1)

Management's Discussion and Analysis

As management of the City of Clinton, we offer readers of the City of Clinton's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2009. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

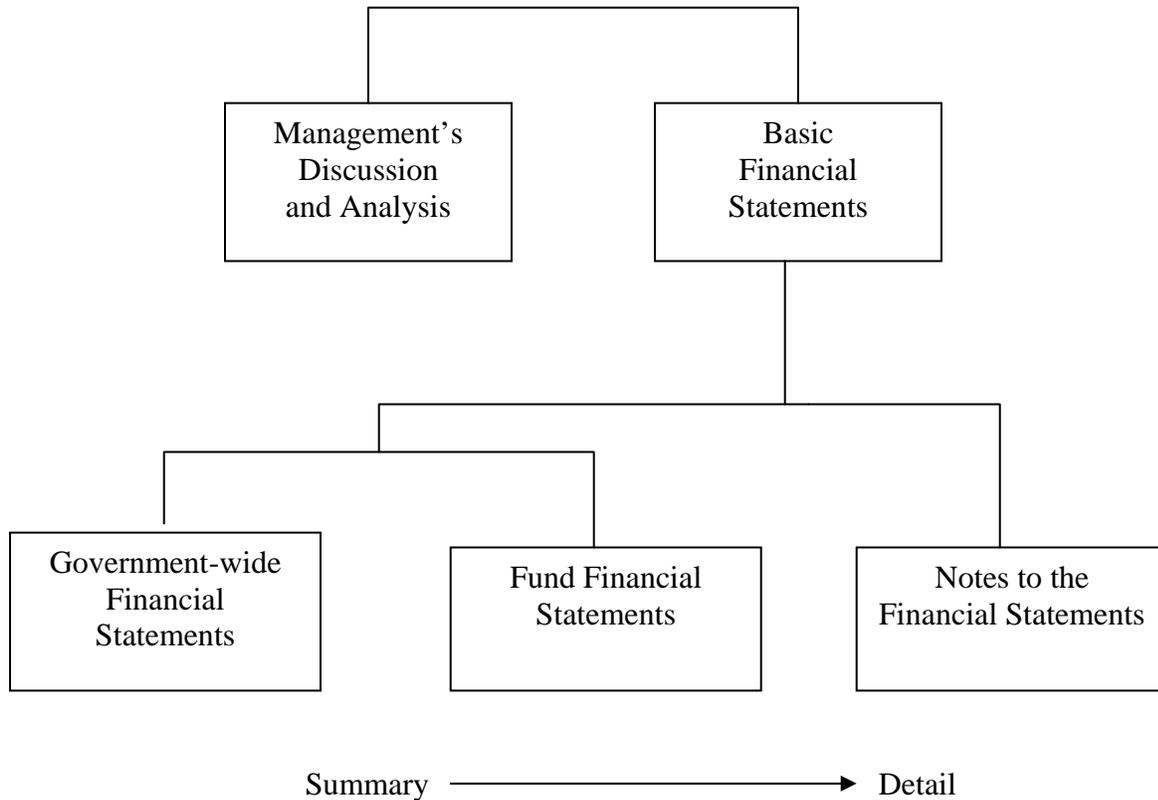
- The assets of the City of Clinton exceeded its liabilities at the close of the fiscal year by \$13,150,120.
- The government's total net assets increased by \$85,808 primarily due to increases in the governmental activities net assets
- As of the close of the current fiscal year, the City's governmental fund reported an ending fund balance of \$323,110, a decrease of \$135,754 in comparison with the prior year. The City's unreserved fund deficit is \$1,121,533.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (pages 13 and 14) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City's financial status.

The next statements (pages 15 through 22) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

Government-wide Financial Statements

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

The two government-wide statements report the City's net assets and how they have changed. Net assets are the difference between the City's total assets and total liabilities. Measuring net assets is one way to gauge the City's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the City's basic services such as, general government, public safety, streets and sanitation, and parks and recreation. Property taxes, licenses and permits, intergovernmental revenues, charges for services and contributions finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the water, sewer and electric services offered by the City of Clinton.

Fund Financial Statements

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

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

The City of Clinton adopts an annual budget for its General Fund, as required by South Carolina State Law. The budget is a legally adopted document that incorporates input from the management of the City, the City Council and the citizens of the City, about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether

or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the City Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 22 through 38 of this report.

Government-Wide Financial Analysis
City of Clinton
Net Assets
Figure 2

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and Other Assets	\$ 1,021,072	\$ 1,067,865	\$ 6,088,943	\$ 6,392,289	\$ 7,110,015	\$ 7,460,154
Capital Assets	6,972,180	6,067,828	9,477,410	9,734,430	16,449,590	15,802,258
Intangible Assets	-	-	142,077	145,207	142,077	145,207
Total Assets	\$ 7,993,252	\$ 7,135,693	\$ 15,708,430	\$ 16,271,926	\$ 23,701,682	\$ 23,407,619
Long-term Liabilities						
Outstanding	\$ 1,685,487	\$ 1,710,368	\$ 7,040,637	\$ 6,794,161	\$ 8,726,124	\$ 8,504,529
Other Liabilities	671,764	666,258	1,153,674	1,117,047	1,825,438	1,783,305
Total Liabilities	2,357,251	2,376,626	8,194,311	7,911,208	10,551,562	10,287,834
Net Assets:						
Invested in capital assets, net of related debt	6,240,831	5,215,823	4,055,002	4,576,566	10,295,833	9,792,389
Restricted	60,000	25,073	-	-	60,000	25,073
Unrestricted	(664,830)	(481,829)	3,459,117	3,784,152	2,794,287	3,302,323
Total Net Assets	5,636,001	4,759,067	7,514,119	8,360,718	13,150,120	13,119,785
Total Net Assets and Liabilities	\$ 7,993,252	\$ 7,135,693	\$ 15,708,430	\$ 16,271,926	\$ 23,701,682	\$ 23,407,619

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the City of \$23,701,682 exceeded liabilities by \$13,150,120 as of June 30, 2009. The City's net assets increased by \$85,808 for the fiscal year ended June 30, 2009. However, the largest portion of net assets (78%) reflects the City's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The City of Clinton uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Clinton's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The \$60,000 net asset balance that is restricted is to be used for Thornwell Home for Children. The remaining balance of \$2,794,287 is unrestricted.

Total unrestricted governmental net assets decreased due to the City's investment in police equipment and vehicles, and downtown improvements and revitalization. As a whole, revenues reported for the City's governmental area were favorable.

City of Clinton
Changes in Net Assets

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2007
Revenues:						
Program revenues:						
Charges for services	\$ 1,728,094	\$ 1,878,724	\$ 15,095,124	\$ 15,490,246	\$ 16,823,218	\$ 17,368,970
Operating grants and contributions	1,318,142	615,355	-	-	1,318,142	615,355
Capital grants and contributions	557,642	811,434	-	30,636	557,642	842,070
General revenues:						
Property taxes	665,269	607,664	-	-	665,269	607,664
Other taxes	1,016,962	938,423	-	-	1,016,962	938,423
Grants and contributions not restricted to specific programs	274,252	274,252	-	11,372	274,252	285,624
Other	180,669	763,581	192,870	158,682	373,539	922,263
Total revenues	<u>5,741,030</u>	<u>5,889,433</u>	<u>15,287,994</u>	<u>15,690,936</u>	<u>21,029,024</u>	<u>21,580,369</u>
Expenses:						
General government	1,372,530	1,216,241	-	-	1,372,530	1,216,241
Public safety	3,706,146	3,478,603	-	-	3,706,146	3,478,603
Streets and sanitation	860,665	803,276	-	-	860,665	803,276
Museum	30,757	14,414	-	-	30,757	14,414
Cultural and recreation	380,733	487,729	-	-	380,733	487,729
General public	-	-	-	-	-	-
Interest on						
Long-term debt	45,375	51,595	-	-	45,375	51,595
Public works	-	-	1,102,250	1,002,794	1,102,250	1,002,794
Water and sewer	-	-	3,543,150	3,412,184	3,543,150	3,412,184
Electric	-	-	9,901,610	9,717,295	9,901,610	9,717,295
Total expenses	<u>6,396,206</u>	<u>6,051,858</u>	<u>14,547,010</u>	<u>14,132,273</u>	<u>20,943,216</u>	<u>20,184,131</u>
Changes in net assets before transfers	(655,176)	(162,425)	740,984	1,558,663	85,808	1,396,238
Transfers	<u>1,587,583</u>	<u>1,688,105</u>	<u>(1,587,583)</u>	<u>(1,688,105)</u>	<u>-</u>	<u>-</u>
Change in net assets	932,407	1,525,680	(846,599)	(129,442)	85,808	1,396,238
Net Assets, Beginning	4,759,067	2,897,453	8,360,718	8,878,108	13,119,785	11,775,561
Prior Period Adjustment	<u>(55,473)</u>	<u>335,934</u>	<u>-</u>	<u>(387,948)</u>	<u>(55,473)</u>	<u>(52,014)</u>
Net Assets, Ending	<u>\$ 5,636,001</u>	<u>\$ 4,759,067</u>	<u>\$ 7,514,119</u>	<u>\$ 8,360,718</u>	<u>\$ 13,150,120</u>	<u>\$ 13,119,785</u>

Governmental activities. Governmental activities increased the City's net assets by \$932,407. Key elements of this increase are as follows:

- A new ordinance was adopted to add a 2% hospitality tax and a 3% accommodations tax for businesses within the City in the previous fiscal year 2007-2008. Since fiscal year 2008-2009 was the first year of full implementation additional revenue of \$72,500 was realized.
- Contributions and grants were received totaling over \$816,000 to promote economic development and downtown revitalization and improvements, which included funds for the Presbyterian College Pharmacy School. These funds were received from the Department of Commerce of SC, the SC Department of Transportation and Clinton Newberry Natural Gas Authority.
- A grant from FEMA was received to help purchase a new Fire Truck for Public Safety.

Business-type activities. Business-type activities decreased the City of Clinton's net assets by \$846,599. The key element of this decrease is:

- Utility Revenues came in below budget projections by approximately \$1,300,000 while power purchases were down by \$300,000.

Financial Analysis of the City's Funds

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

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

The general fund is the chief operating fund of the City of Clinton. At the end of the current fiscal year, the unreserved fund deficit of the General Fund was \$818,360 while total fund deficit balance was \$436,305. Also in the governmental funds, the Economic Development Fund had an unreserved deficit of \$303,173 while the total fund balance was \$759,415. The explanation of the changes for the Governmental Fund Balance increases are stated below in General Fund Budgetary Highlights. The General Fund is able to meet its cash flow needs by borrowing from the Proprietary Fund.

General Fund Budgetary Highlights. Revenues were greater than the budgeted amounts primarily because the amount of revenue received from miscellaneous sources exceeded the budget projections. Contributions exceeded the budgeted amount by \$687,987 and Intergovernmental revenues exceeded the budget by \$722,631. Contributions primarily consist of money received from Clinton Newberry Natural Gas Authority, a Department of Commerce

Opportunity Grant and South Carolina Department of Enhancement Transportation Grants used for downtown revitalization through Streetscape projects, downtown building façade improvements and the purchase of the Presbyterian College Pharmacy School through the Economic Development Fund. Additionally, intergovernmental funds that impacted this excess were received from FEMA to enable the purchase of a Fire Truck for Public Safety.

Expenditures for the General Fund were over budget in primarily two areas. The general government and public safety departments and capital outlay were over budget by \$123,066, \$23,204 and \$602,336, respectively. The general government expenditures exceeded the budgeted amounts due to costs related to the cancelation of health insurance with the Municipal Association of South Carolina. The Public Safety Department had several long term employees to retire resulting in large payouts of compensated absences. Capital Outlay exceeded budgeted amounts because the purchase of the new Fire Truck but most of this purchase was offset by the grant from FEMA discussed in the preceding paragraph.

Proprietary Funds. The City of Clinton's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Combined Utility System Enterprise Fund at the end of the fiscal year amounted to \$3,813,119. The total decrease in net assets for the fund was \$846,599. Other factors concerning the finances of the fund have already been addressed in the discussion of the City of Clinton's business-type activities.

Capital Asset and Debt Administration

Capital assets. The City of Clinton's investment in capital assets for its governmental and business-type activities as of June 30, 2009, totals \$16,449,560 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

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

- The City acquired a HME Quint Fire Truck in the Public Safety Department with the assistance of Grant Funds from FEMA.
- The City completed the Downtown Streetscape projects that were added to City Improvements in Capital Assets.
- The City acquired the Presbyterian Home (Frampton Hall) to be used for the Future Presbyterian College Pharmacy School.

City of Clinton
Capital Assets
Figure 4

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 1,106,001	\$ 1,004,416	\$ 11,983	\$ 11,983	\$ 1,117,984	\$ 1,016,399
Building	2,744,001	2,018,050	181,857	228,257	2,925,858	2,246,307
Improvements Other than Buildings	2,059,614	1,255,162	8,663,647	9,026,040	10,723,261	10,281,202
Vehicles and Other Equipment	1,060,514	629,838	318,692	295,807	1,379,206	925,645
Construction in Progress	2,050	1,160,362	301,201	172,343	303,251	1,332,705
	<u>\$ 6,972,180</u>	<u>\$ 6,067,828</u>	<u>\$ 9,477,380</u>	<u>\$ 9,734,430</u>	<u>\$ 16,449,560</u>	<u>\$ 15,802,258</u>

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

Long-term Debt. As of June 30, 2009, the City of Clinton had total bonded debt outstanding of \$6,917,226. Of this, \$402,912 is debt backed by the full faith and credit of the City. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

City of Clinton
Outstanding Debt - General Obligation and Revenue Bonds
Figure 5

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
General Obligation Bonds	\$ 402,912	\$ 500,582	\$ -	\$ -	\$ 402,912	\$ 500,582
Revenue Bonds	-	-	6,512,506	6,623,451	6,512,506	6,623,451
	<u>\$ 402,912</u>	<u>\$ 500,582</u>	<u>\$ 6,512,506</u>	<u>\$ 6,623,451</u>	<u>\$ 6,915,418</u>	<u>\$ 7,124,033</u>

South Carolina State Law limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for City of Clinton is \$569,576. The City has \$402,912 in general obligation bonds outstanding at June 30, 2009. Additional information

regarding the City of Clinton's long-term debt can be found in note 2B of the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

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

- **New Manufacturing Jobs.** The City continues to try to replace the 2,000 jobs lost over the past 5 years.
- **Utility Revenues.** The City continues to try to replace the utility revenues lost with the closing of the local textile mills.
- **Corporate Park.** The City's creation of a multi-phased business/industrial park is expected to improve each of the above economic factors.
- **The construction of a frontage road along Interstate 26 and the location of varied retail and other commercial entities** will also improve the above-mentioned economic factors.
- **Federal Grants.** Since fiscal year-end 2009, the City has been awarded approximately \$1.5 million in Federal Grants.
- **In August 2009, the City sold commercial property for \$45,000.**
- **At the close of fiscal year 2009, the City terminated health insurance coverage with the existing carrier to enter into a contract with Ferguson Employee Benefit Services that will realize a savings of approximately \$200,000 for the upcoming fiscal year.**

Budget Highlights for the Fiscal Year Ending June 30, 2010

Governmental Activities: The City of Clinton did not increase Property taxes for 2010. The City did not increase any of the cost of services to the citizens of Clinton that are provided by the governmental sector.

Budgeted expenditures in the General Fund are expected to rise only as necessary to meet the fixed cost of City operations.

Business-type Activities: Electric rates will increase approximately 8% to cover increased cost of wholesale power from Piedmont Municipal Power Agency. Sewer rates increased by 3% to cover a rate increase of 3% implemented by Laurens County Water and Sewer Commission, the Agency that treats the City of Clinton's sewer.

Requests for Information

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

CITY OF CLINTON, SOUTH CAROLINA
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 841,653	\$ 846,637	\$ 1,688,290
Investments	34,964	231,387	266,351
Taxes Receivable - Net	58,698	-	58,698
Accounts Receivable - Net	235,436	3,168,256	3,403,692
Internal Balances	(1,217,411)	1,217,411	-
Inventories	4,516	625,252	629,768
Land Held for Resale	1,062,588	-	1,062,588
Net OPEB Asset	628	-	628
Capital Assets			
Land and construction in progress	1,108,052	313,184	1,421,236
Other capital assets - net of depreciation	5,864,128	9,164,226	15,028,354
Intangible Assets - Net	-	142,077	142,077
Total Assets	<u>\$ 7,993,252</u>	<u>\$ 15,708,430</u>	<u>\$ 23,701,682</u>
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable and accrued liabilities	\$ 271,773	\$ 1,117,180	\$ 1,388,953
Unearned revenue	379,404	-	379,404
Accrued interest payable	20,587	36,494	57,081
Long-term liabilities			
Due within one year	633,701	1,045,246	1,678,947
Due in more than one year	1,051,786	5,995,391	7,047,177
Total Liabilities	<u>2,357,251</u>	<u>8,194,311</u>	<u>10,551,562</u>
Net Assets			
Invested in capital assets, net of related debt	6,240,831	4,055,002	10,295,833
Restricted for Thornwell Home	60,000	-	60,000
Unrestricted	(664,830)	3,459,117	2,794,287
Total Net Assets	<u>5,636,001</u>	<u>7,514,119</u>	<u>13,150,120</u>
Total Liabilities and Net Assets	<u>\$ 7,993,252</u>	<u>\$ 15,708,430</u>	<u>\$ 23,701,682</u>

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

CITY OF CLINTON, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Governmental Activities							
General government	\$ 1,372,530	\$ 784,473	\$ 1,083,456	\$ 128,927	\$ 624,326	\$ -	\$ 624,326
Public safety	3,706,146	574,395	100,304	406,159	(2,625,288)	-	(2,625,288)
Streets and sanitation	860,665	369,226	17,444	22,556	(451,439)	-	(451,439)
Museum	30,757	-	-	-	(30,757)	-	(30,757)
Cultural and recreation	380,733	-	116,938	-	(263,795)	-	(263,795)
Interest on long-term debt	45,375	-	-	-	(45,375)	-	(45,375)
Total Governmental Activities	<u>6,396,206</u>	<u>1,728,094</u>	<u>1,318,142</u>	<u>557,642</u>	<u>(2,792,328)</u>	<u>-</u>	<u>(2,792,328)</u>
Business-type Activities							
Public works	1,102,250	239,485	-	-	-	(862,765)	(862,765)
Water and sewer	3,543,150	3,854,730	-	-	-	311,580	311,580
Electric	9,901,610	11,000,909	-	-	-	1,099,299	1,099,299
Total Business-type Activities	<u>14,547,010</u>	<u>15,095,124</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>548,114</u>	<u>548,114</u>
Total Government-wide	<u>\$ 20,943,216</u>	<u>\$ 16,823,218</u>	<u>\$ 1,318,142</u>	<u>\$ 557,642</u>	<u>(2,792,328)</u>	<u>548,114</u>	<u>(2,244,214)</u>
General Revenues							
Taxes							
Property taxes, levied for general purposes					665,269	-	665,269
Local option sales tax					604,518	-	604,518
Other taxes					412,444	-	412,444
Grants and contributions not restricted to specific programs					274,252	-	274,252
Miscellaneous					180,669	192,870	373,539
Capital Contributions						-	-
Transfers					1,587,583	(1,587,583)	-
Total General Revenues, Transfers and Capital Contributions					<u>3,724,735</u>	<u>(1,394,713)</u>	<u>2,330,022</u>
Change in Net Assets					932,407	(846,599)	85,808
Net Assets - Beginning of Year					4,759,067	8,360,718	13,119,785
Prior Period Adjustment					(55,473)	-	(55,473)
Net Assets - End of Year					<u>\$ 5,636,001</u>	<u>\$ 7,514,119</u>	<u>\$ 13,150,120</u>

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

CITY OF CLINTON, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	General Fund	Economic Development Corporation Fund	Total Governmental Funds
ASSETS			
Cash	\$ 841,653	\$ -	\$ 841,653
Investments	34,964	-	34,964
Receivables - Net			
Taxes	58,698	-	58,698
Accounts	235,436	-	235,436
Due from Other Funds	63,173	-	63,173
Inventories	4,516	-	4,516
Land Held for Resale	-	1,062,588	1,062,588
	-	1,062,588	1,062,588
 Total Assets	 \$ 1,238,440	 \$ 1,062,588	 \$ 2,301,028
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable and accrued liabilities	\$ 271,773	\$ -	\$ 271,773
Due to other funds	1,217,411	63,173	1,280,584
Deferred revenue	185,561	240,000	425,561
	1,674,745	303,173	1,977,918
 Total Liabilities	 1,674,745	 303,173	 1,977,918
 Fund Balance (Deficit)			
Reserved for			
Mortgage receivables	90,551	-	90,551
Inventories	4,516	-	4,516
Land held for resale	-	1,062,588	1,062,588
Public access	9,186	-	9,186
Community development	23,464	-	23,464
Museum	40,755	-	40,755
Main Street program	121,957	-	121,957
Fire safety house	564	-	564
Economic development	91,062	-	91,062
Unreserved	(818,360)	(303,173)	(1,121,533)
	(436,305)	759,415	323,110
 Total Fund Balances (Deficits)	 (436,305)	 759,415	 323,110
 Total Liabilities and Fund Balances (Deficits)	 \$ 1,238,440	 \$ 1,062,588	 \$ 2,301,028

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

CITY OF CLINTON, SOUTH CAROLINA
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET ASSETS
 JUNE 30, 2009

Total Fund Balance, Governmental Funds		\$ 323,110
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental</p>		6,972,180
<p>Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.</p>		628
<p>Property taxes receivable are not considered available and are, therefore, deferred in the funds.</p>		46,157
<p>Some liabilities (such as Notes Payable, Accrued Interest Payable, Capital Leases Payable, Long-term Compensated Absences, and Bonds Payable) are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets.</p>		
General obligation bonds	(402,913)	
Notes payables	(717,405)	
Capital leases	(328,436)	
Compensated absences	(236,733)	
Accrued interest payable	(20,587)	
	(1,706,074)	(1,706,074)
Net Assets of Governmental Activities in the Statement of Net Assets		\$ 5,636,001

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

CITY OF CLINTON, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	General Fund	Economic Development Corporation Fund	Total Governmental Funds
Revenues			
Taxes	\$ 662,479	\$ -	\$ 662,479
Licenses and permits	784,473	-	784,473
Intergovernmental revenues	1,690,632	-	1,690,632
Fines and forfeitures	225,799	-	225,799
Accommodations tax	107,220	-	107,220
Hospitality tax	305,224	-	305,224
Charges for services	813,595	-	813,595
Contributions	1,290,153	-	1,290,153
Interest revenue	10,605	-	10,605
Miscellaneous	74,441	(226,231)	(151,790)
Total Revenues	5,964,621	(226,231)	5,738,390
Expenditures			
Current			
General government	1,227,286	7,965	1,235,251
Public Safety	3,417,130	-	3,417,130
Streets and sanitation	718,471	-	718,471
Museum	30,757	-	30,757
Cultural and recreational	374,258	-	374,258
Capital outlay	844,268	773,324	1,617,592
Debt service			
Principal retirement	204,236	-	204,236
Interest	23,456	17,503	40,959
Total Expenditures	6,839,862	798,792	7,638,654
Revenues Under Expenditures	(875,241)	(1,025,023)	(1,900,264)
Other Financing Sources			
Proceeds from capital leases	176,927		176,927
Transfers from other funds			
Overhead allocation transfer	307,446	-	307,446
Contributions transfer	1,280,137	-	1,280,137
Transfers to other funds	(735,216)	735,216	-
Total Other Financing Sources	1,029,294	735,216	1,764,510
Net Change in Fund Balances	154,053	(289,807)	(135,754)
Fund Balances (Deficits) - Beginning of Year	(600,812)	975,422	374,610
Prior Period Adjustment	10,454	73,800	84,254
Fund Balances (Deficits) - End of Year	\$ (436,305)	\$ 759,415	\$ 323,110

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

CITY OF CLINTON, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Net Change in Fund Balances - Total Governmental Funds \$ (135,754)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital outlay	1,617,593
Depreciation expense	(573,364)

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold.

(150)

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

Changes in deferred revenue for tax revenues	2,789
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Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.

Issuance of long-term debt	(176,927)
Repayment of long-term debt	204,036

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest payable	(4,216)
Net OPEB obligation	628
Compensated absences	(2,228)

Change in Net Assets of Governmental Activities	\$ 932,407
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The accompanying notes are an integral part of these financial statements.

CITY OF CLINTON, SOUTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2009

	Combined Utility System Enterprise Fund
ASSETS	
Current Assets	
Cash	\$ 846,637
Investments	231,387
Accounts receivable - net	2,167,410
Unbilled revenue	1,000,846
Due from the general fund	1,217,411
Inventories	625,252
Total Current Assets	6,088,943
Noncurrent Assets	
Capital assets - net of accumulated depreciation	9,477,410
Bond issuance costs - net of amortization	142,077
Total Noncurrent Assets	9,619,487
Total Assets	\$ 15,708,430
LIABILITIES AND NET ASSETS	
Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	\$ 1,117,180
Accrued interest payable	36,494
Line of credit	448,092
Compensated absences - current portion	16,116
Obligations under capital leases - current portion	86,593
Revenue bonds payable - current portion	523,481
Deferred amount on refunding - current portion	(29,036)
Total current liabilities	2,198,920
Noncurrent liabilities	
Net OPEB obligation	25,574
Compensated absences - net of current portion	67,957
Obligations under capital leases - net of current portion	203,193
Revenue bonds payable - net of current portion	5,989,025
Deferred amount on refunding - net of current portion	(290,358)
Total noncurrent liabilities	5,995,391
Total Liabilities	8,194,311
Net Assets	
Invested in capital assets, net of related debt	4,055,002
Unrestricted	3,459,117
Total Net Assets	7,514,119
Total Liabilities and Net Assets	\$ 15,708,430

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

CITY OF CLINTON, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2009

	Combined Utility System Enterprise Fund
Operating Revenues	
Utility sales	\$ 14,583,910
Interdepartmental utility sales	271,730
Hookup fees	38,965
Penalties	200,520
Miscellaneous	178,330
Total Operating Revenues	15,273,455
Operating Expenses	
Public works administration department	590,598
Utility billing department	379,186
Electric distribution department	9,611,928
Sanitary sewer department	1,364,039
Water distribution department	216,504
Water plant department	886,945
Storm sewer department	130,662
Maintenance department	64,886
Risk management department	83,580
Depreciation	858,932
Total Operating Expenses	14,187,260
Operating Income	1,086,195
Nonoperating Revenues (Expenses)	
Interest revenue	14,539
Interest expense	(348,786)
Bond issue cost amortization	(10,964)
Total Nonoperating Revenues (Expenses)	(345,211)
Income Before Transfers	740,984
Transfers to Other Funds	(1,587,583)
Net Loss	(846,599)
Net Assets - Beginning of Year	8,360,718
Net Assets - End of Year	\$ 7,514,119

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

CITY OF CLINTON, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Combined Utility System Enterprise Fund</u>
Cash Flows Provided (Used) by Operating Activities	
Cash received from customers	\$ 15,429,880
Cash paid for goods and services	(11,201,197)
Cash paid to employees for services	<u>(2,045,688)</u>
	<u>2,182,995</u>
Cash Flows Provided (Used) by Non-Capital Financing Activities	
Transfers to other funds	<u>(1,587,583)</u>
	<u>(1,587,583)</u>
Cash Flows Provided (Used) by Capital and Related Financing Activities	
Acquisition and construction of capital assets	(492,344)
Net activity of line of credit	258,092
Principal payments on capital leases	(65,188)
Proceeds from bond issuance	360,000
Bond issuance costs	(7,834)
Principal payments on revenue bonds	(470,945)
Interest paid on long-term obligations	<u>(319,750)</u>
	<u>(737,969)</u>
Cash Flows Provided (Used) by Investing Activities	
Interest income	<u>14,539</u>
Net Increase in Cash and Cash Equivalents	(128,018)
Cash and Cash Equivalents - Beginning of Year	<u>1,391,650</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 1,263,632</u></u>

CITY OF CLINTON, SOUTH CAROLINA
STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Combined Utility System Enterprise Fund</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 1,086,195
Adjustments to reconcile operating income to net cash provided by operations	
Depreciation	858,932
(Increase) decrease in assets	
Accounts receivable	77,143
Unbilled receivables	79,282
Inventories	18,903
Increase (decrease) in liabilities	
Accounts payable and accrued liabilities	29,100
Accrued interest	7,527
Net OPEB obligation	25,574
Compensated absences	339
Net Cash Provided by Operating Activities	<u>\$ 2,182,995</u>
Noncash Investing, Capital and Financing Activities	
Capital assets acquired through capital lease	\$ 109,568
Transfers to other funds	\$ (185,608)
Bond cost amortization	\$ (10,964)
Amortization included in interest expense	\$ (29,036)
Reconciliation of Cash and Investments as Shown on the Statement of Net Assets and Cash Flow Statement	
Statement of net assets classification	
Current assets	
Cash	\$ 846,637
Investments	231,387
Total cash and cash equivalents	<u>\$ 1,078,024</u>
Cash flow classification	
Cash deposits	\$ 846,637
Investments - cash equivalents	231,387
Total cash and cash equivalents	<u>\$ 1,078,024</u>

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

CITY OF CLINTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Clinton conform to U.S. generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The City of Clinton (the “City”) was incorporated as a city in May of 1957. Prior to 1957, the entity was called the Town of Clinton. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services. The City also owns and operates a utility system which provides electric, water and sewer services. The financial statements of the City include all of the above operations.

As required by U.S. generally accepted accounting principles, these basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The entities also provide their services entirely to the City. A blended component unit, although a legally separate entity is, in substance, part of the City’s operations, and data from this unit is presented as a special revenue fund within the City’s governmental activities. The blended component unit has a June 30 year end. The City has no discretely presented component units. The following entity is presented as a blended component unit:

Clinton Economic Development Corporation (EDC) – The EDC was established to further economic development in and around the City and is governed by a board of not less than 25 nor more than 35 members appointed by the EDC executive committee. The principal objective of the EDC is to benefit the City economically by lessening the burdens of the government and combating community deterioration. The EDC is reported in the Economic Development Corporation Fund.

B. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions to this general rule are charges for sales and purchases of goods and services between various functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

CITY OF CLINTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basis of Presentation – continued

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category - *governmental and proprietary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each of which is displayed in a separate column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Economic Development Corporation Fund – The Economic Development Corporation Fund is a special revenue fund established to account for financial resources received and disbursed by the Clinton Economic Development Corporation (a blended component unit) to further economic development in and around the City.

The City reports the following major enterprise fund:

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

C. Measurement Focus and Basis of Accounting

Government-wide and Proprietary Fund Financial Statements: The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which the taxes are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been satisfied.

CITY OF CLINTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus and Basis of Accounting - continued

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the city considers revenues to be available if they are collected within sixty (60) days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales tax, grants from other governments and interest on investments are susceptible to accrual. Revenues from fines, forfeits, penalties and franchise fees become measurable and available when cash is received by the City and are recognized as revenue at that time.

All government-wide and proprietary funds are accounted for using the full accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred. The City applied all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements, in accounting and reporting for its proprietary operations.

D. Budgets and Budgetary Accounting

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

1. During the month of June, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the City Hall to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through council approval for the General Fund.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund. The legal level of control for each budget is maintained at the department level.
5. The budget for the General Fund is adopted on a basis consistent with U.S. generally accepted accounting principles. Budgeted amounts are as originally adopted.
6. The City Council adopts a budget ordinance at the outset of each fiscal year, establishing revenue anticipated on a line item basis and appropriations on a departmental basis. The City Council has authority to amend the approved budget during the fiscal year as necessary as recommended by management.

CITY OF CLINTON, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS - Continued
 JUNE 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Budgets and Budgetary Accounting – continued

7. The City Manager is authorized to transfer budgeted amounts within a department within any fund; however, any revisions that alter the total budget of any department of any fund or the total expenditures of any fund must be approved by the City Council.
8. The City Manager is authorized to transfer budgeted amounts within a department within any fund; however, any revisions that alter the total budget of any department of any fund or the total expenditures of any fund must be approved by the City Council.
9. The City Council may authorize supplemental appropriations during the year. Appropriations lapse at the end of each fiscal year. No supplemental appropriations were made during fiscal year 2009.

The following departments in the general fund had an excess of actual expenditures over budget for the year ended June 30, 2009:

<u>Fund/Department</u>	<u>Excess Amount</u>
General Fund:	
Mayor and City Council	\$ 11,969
Administration	343,191
Municipal Court	8,436
Legal Services	3,959
Police	484,021
Inspections and Zoning	4,671
Museum	12,192

E. Assets, Liabilities, and Fund Equity

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

Cash and Investments – The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, cash and investments (including restricted assets) include cash on hand, demand deposits, short-term investments with a maturity of three months or less when purchased, and long term investments with a maturity of greater than three months when purchased. Cash on hand, demand deposits and highly liquid investments with a maturity of three months or less when purchased are considered to be cash and cash equivalents. Investments are reported at fair value. The calculation of realized gains and losses is independent of the calculation of changes in the fair value of investments. During the year ended June 30, 2009, the City did not experience any significant changes in the fair value of its investments.

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

CITY OF CLINTON, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS - Continued
 JUNE 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Assets, Liabilities, and Fund Equity - continued

Capital Assets – Capital assets, which include property, plant, equipment, and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated on the straight-line basis over the estimated useful lives of the assets as follows:

	Useful Life
Buildings and other improvements	30 to 50 years
Machinery and equipment	7 to 10 years
Vehicles	6 years

Long-Term Obligations – In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund. Material bond premiums and discounts, as well as material issuance costs are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discounts. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Compensated Absences – The vacation policies of the City provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. The City has assumed a last-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

Net Assets/Fund Balances – Net assets in the government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

In the government fund financial statements, reservations of fund balance represent amounts that cannot be appropriated or are legally segregated for a specific purpose. Reservations include amounts for the year-end balance in mortgage receivables, inventories, and land held for resale and future years expenditures for public access, community development, and the fire safety house.

CITY OF CLINTON, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS - Continued
 JUNE 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Assets, Liabilities, and Fund Equity - continued

Net Assets/Fund Balances – continued – 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.

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

NOTE 2 – DETAILED NOTES ON ALL FUNDS

A. Assets

Deposits and Investments

South Carolina statutes authorize the City to invest in obligations of the United States and its agencies, general obligations (not revenue obligations) of the State of South Carolina and its subdivisions, savings and loan associations to the extent of federal insurance, certificates of deposit collaterally secured, repurchase agreements secured by the foregoing obligations, and the State Treasurer’s Investment Pool. The State Treasurer’s investment pool is a 2a7-like pool which is not registered with the Securities and Exchange Commission (SEC), but has a policy that it will operate in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. The pool is included as an investment trust fund of the State of South Carolina Comprehensive Annual Financial Report and is subject to the audit procedures of the State Auditor. The investments in the State Treasurer’s investment pool are determined by the pool’s share price which is the same as the value of the pool. The City has not adopted a formal deposit or investment policy.

The City had the following investments as of June 30, 2009:

Investment Type	Maturity	Governmental Activities	Business-Type Activities	Total	Credit Quality
State treasurer's investment pool	Daily	\$ 34,964	\$ 230,116	\$ 265,080	Unrated
U.S. Government securities	Daily	-	1,271	1,271	N/A
		<u>\$ 34,964</u>	<u>\$ 231,387</u>	<u>\$ 266,351</u>	

CITY OF CLINTON, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS - Continued
 JUNE 30, 2009

NOTE 2 – DETAILED NOTES ON ALL FUNDS - Continued

A. **Assets – continued**

Receivables and Allowances for Doubtful Accounts

Receivables presented in the Statement of Net Assets are net of allowances for doubtful accounts of \$2,167 for business-type activities. The governmental and business type activities' receivables consist of the following:

	Governmental Activities	Business-type Activities	Total
Mortgages receivable	\$ 90,551	\$ -	\$ 90,551
Customers	-	3,166,904	3,166,904
Grant receivables	144,886	-	144,886
	\$ 235,437	\$ 3,166,904	\$ 3,402,341

Property Taxes

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

The millage rate was 97.5 for the 2008 tax year and the assessed valuation of real property was \$8,679,500. The purpose of the levies was for current expenditures and to defray public expenditures of the City as well as to meet current indebtedness contracted by the City for general corporate purposes.

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

Unpaid real and personal property taxes	\$ 12,540
Delinquent Tax Receivables	118,715
Allowance for uncollectibles	(72,557)
	\$ 58,698

CITY OF CLINTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2009

NOTE 2 – DETAILED NOTES ON ALL FUNDS - Continued

A. **Assets – continued**

Capital Assets

Capital asset activity for the year ended June 30, 2009, was as follows:

	Beginning Balances	Additions	Disposals	Ending Balances
Governmental Activities:				
Nondepreciable capital assets:				
Land	\$ 1,003,660	\$ 102,491	\$ 150	\$ 1,106,001
Construction in progress	883,989	132,799	1,014,738	2,050
	<u>1,887,649</u>	<u>235,290</u>	<u>1,014,888</u>	<u>1,108,051</u>
Depreciable capital assets:				
Buildings	2,761,283	819,087	-	3,580,370
Other improvements	5,075,248	983,626	-	6,058,874
Vehicles and other equipment	6,047,475	594,326	-	6,641,801
	<u>13,884,006</u>	<u>2,397,039</u>	<u>-</u>	<u>16,281,045</u>
Less accumulated depreciation:				
Buildings	743,271	93,098	-	836,369
Other improvements	3,829,720	169,540	-	3,999,260
Vehicles and other equipment	5,270,561	310,726	-	5,581,287
Total accumulated depreciation	<u>9,843,552</u>	<u>573,364</u>	<u>-</u>	<u>10,416,916</u>
Total depreciable capital assets - net	<u>4,040,454</u>	<u>1,823,675</u>	<u>-</u>	<u>5,864,129</u>
Governmental Activities Capital Assets - Net	<u>\$ 5,928,103</u>	<u>\$ 2,058,965</u>	<u>\$ 1,014,888</u>	<u>\$ 6,972,180</u>
	Beginning Balances	Additions	Disposals	Ending Balances
Business-type Activities:				
Nondepreciable capital assets:				
Land	\$ 11,983	\$ -	\$ -	\$ 11,983
Construction in progress	172,343	281,320	152,462	301,201
Total nondepreciable capital assets	<u>184,326</u>	<u>281,320</u>	<u>152,462</u>	<u>313,184</u>
Depreciable capital assets:				
Buildings	934,569	-	-	934,569
Other improvements	25,815,822	238,747	-	26,054,569
Vehicles and other equipment	2,672,496	234,277	-	2,906,773
	<u>29,422,887</u>	<u>473,024</u>	<u>-</u>	<u>29,895,911</u>
Less accumulated depreciation for:				
Buildings	706,312	46,400	-	752,712
Other improvements	16,789,782	601,140	-	17,390,922
Vehicles and other equipment	2,376,689	211,392	-	2,588,081
	<u>19,872,783</u>	<u>858,932</u>	<u>-</u>	<u>20,731,715</u>
Total depreciable capital assets, net	<u>9,550,104</u>	<u>(385,908)</u>	<u>-</u>	<u>9,164,196</u>
Business-type Activities Capital Assets - Net	<u>\$ 9,734,430</u>	<u>\$ (104,588)</u>	<u>\$ 152,462</u>	<u>\$ 9,477,380</u>

CITY OF CLINTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2009

NOTE 2 – DETAILED NOTES ON ALL FUNDS - Continued

A. Assets – continued

Capital Assets - continued

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

Government activities		
General government	\$	137,634
Public safety		287,270
Streets and sanitation		142,033
Cultural and recreational		<u>6,427</u>
Total depreciation expense	\$	<u><u>573,364</u></u>
Business-type activities		
Public works	\$	3,434
Water and sewer		565,694
Electric		<u>289,804</u>
Total depreciation expense	\$	<u><u>858,932</u></u>

B. Liabilities

Long-term Liabilities

The following is a summary of long-term obligations of the City for year ended June 30, 2009:

	Beginning Balances	Increases	Decreases	Ending Balances	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 500,582	\$ -	\$ (97,670)	\$ 402,912	\$ 99,789
Note payable	717,405	-	-	717,405	411,000
Capitalized lease obligations	257,877	176,927	(106,366)	328,438	114,776
Compensated absences	234,504	91,575	(89,347)	236,732	8,137
Total governmental activities	<u>\$ 1,710,368</u>	<u>\$ 268,502</u>	<u>\$ (293,383)</u>	<u>\$ 1,685,487</u>	<u>\$ 633,702</u>
Business-type activities					
Net OPEB obligation	\$ -	\$ 25,574	\$ -	\$ 25,574	\$ -
Revenue bonds	6,623,451	360,000	(470,945)	6,512,506	523,481
Deferred loss on refunding	(348,430)	-	29,036	(319,394)	-
Capital lease obligations	245,405	109,568	(65,188)	289,785	86,593
Compensated absences	83,734	68,488	(68,149)	84,073	16,116
Total business-type activities	<u>\$ 6,604,160</u>	<u>\$ 563,630</u>	<u>\$ (575,246)</u>	<u>\$ 6,592,544</u>	<u>\$ 626,190</u>

CITY OF CLINTON, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS - Continued
 JUNE 30, 2009

NOTE 2 – DETAILED NOTES ON ALL FUNDS - Continued

B. Liabilities

Governmental Fund Debt

General Obligation Bonds

Bonds payable at June 30, 2009 were comprised of the following issues:

\$200,000 General Obligation Bonds of the City of Clinton, South Carolina, dated September 18, 2002. Annual maturities of \$28,570 to \$29,028 and an annual interest rate of .5% maturing in 2010. \$ 29,048

\$700,000 General Obligation Bonds of the City of Clinton, South Carolina, dated August 12, 2003. Annual maturities of \$65,212 to \$78,850 and an annual interest rate of 2.75%. 373,864

Less current maturities 402,912
(99,789)

Long-term liabilities \$ 303,123

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

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	99,789	10,409	110,198
2011	72,686	8,331	81,017
2012	74,685	6,333	81,018
2013	76,739	4,279	81,018
2014	<u>79,013</u>	<u>2,168</u>	<u>81,181</u>
	<u><u>\$ 402,912</u></u>	<u><u>\$ 31,520</u></u>	<u><u>\$ 434,432</u></u>

Notes Payable

The City has a note payable of \$717,405 for the purchase of land held for resale. No principal payments were made during the year. Interest only of 3.25% is payable for the first five years with a partial balloon payment due March 2010 of \$411,000 and a partial balloon payment due May 2011.

CITY OF CLINTON, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS - Continued
 JUNE 30, 2009

NOTE 2 – DETAILED NOTES ON ALL FUNDS - Continued

B. Liabilities

Governmental Fund Debt

Capital Lease Obligations

Capital leases payable at June 30, 2009 were comprised of the following:

\$74,180 Dump truck capital lease for 5 years, beginning January 2006. Annual payments of \$16,672, including interest of 3.75%.	\$ 31,536
\$156,650 6 vehicle capital lease for 3 years, beginning August 2007. Annual payments of \$57,558, including interest of 6.44%.	64,543
\$68,002 Garbage truck capital lease for 5 years, beginning February 2008. Annual payments of \$15,236, including interest of 3.85%.	55,432
\$176,927 Fire truck capital lease for 5 years, beginning January 15, 2009. Annual payments of \$40,645, including interest of 4.537%.	<u>176,927</u>
	328,438
Less amount representing interest	<u>(46,130)</u>
Present value of future minimum lease payments	<u><u>\$ 282,308</u></u>

Proprietary Fund Debt

Revenue Bonds

Bonds payable at June 30, 2009 and were comprised of the following issues:

\$7,805,000 Combined Utility System Refunding and Improvement Revenue Bonds of the City of Clinton, South Carolina, dated June 10, 1997. Annual maturities of \$115,000 to \$500,000 and semi-annual interest rates from 3.6% to 5.25% maturing in 2011.	\$ 250,000
\$345,000 Combined Utility System Improvement Revenue Bonds of the City of Clinton, South Carolina, dated January 14, 2004. Annual maturities of \$47,439 to \$54,711 and an annual interest rate of 3.63% maturing in 2011.	107,506
\$4,610,000 Combined Utility System Refunding and Improvement Revenue Bonds, Series 2005A, of the City of Clinton, South Carolina, dated October 6, 2005. Annual maturities of \$10,000 to \$650,000 and a semi-annual interest rate of 3.68% maturing in 2020.	4,395,000

CITY OF CLINTON, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS - Continued
 JUNE 30, 2009

NOTE 2 – DETAILED NOTES ON ALL FUNDS - Continued

B. Liabilities – continued

Proprietary Fund Debt - continued

Revenue Bonds - continued

\$1,515,000 Combined Utility System Improvement Revenue Bonds, Series 2005B, of the City of Clinton, South Carolina, dated October 6, 2005. Annual maturities of \$20,000 to \$295,000 and a semi-annual interest rate of 5.5% maturing in 2020.	1,400,000
\$360,000 Combined Utility System Improvement Revenue Bonds, Series 2008, of the City of Clinton, South Carolina, dated November 3, 2008. Annual maturities of \$30,687 to \$41,823 and an interest rate of 3.5% maturing in 2018.	<u>360,000</u>
	6,512,506
Less current maturities	<u>(523,481)</u>
Long-term liabilities	<u><u>\$ 5,989,025</u></u>

Debt Service requirements to maturity including interest on all outstanding revenue bonds at June 30, 2009 are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	523,481	271,184	794,665
2011	546,472	248,040	794,512
2012	512,873	224,277	737,150
2013	539,023	199,743	738,766
2014	565,214	174,451	739,665
2015-2019	3,205,443	488,748	3,694,191
2020	<u>620,000</u>	<u>23,196</u>	<u>643,196</u>
	<u><u>\$ 6,512,506</u></u>	<u><u>\$ 1,629,639</u></u>	<u><u>\$ 8,142,145</u></u>

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

Capital Lease Obligations

Capital leases payable at June 30, 2009 were comprised of the following

\$64,730 Ditchwitch trencher capital lease for 5 years, beginning August 2005. Annual payments of \$14,160, including interest of 3.21%.	\$ 13,719
\$16,848 2 Cannon copier capital leases for 5 years, beginning October 2005. Annual payments of \$4,325, including interest of 2.11%.	5,758

CITY OF CLINTON, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS - Continued
 JUNE 30, 2009

NOTE 2 – DETAILED NOTES ON ALL FUNDS - Continued

B. Liabilities – continued

Proprietary Fund Debt - continued

Capital Lease Obligations - continued

\$108,871 Ditchwitch boring machine and tow master capital lease for 5 years, beginning January 2006. Annual payments of \$23,874, including interest of 3.75%.	44,865
\$170,910 Sewer truck capital lease for 6 years, beginning December 2007. Annual payments of \$31,540, including interest of 3.49%.	115,875
\$109,568 Bucket truck capital lease for 6 years, beginning September 2008. Annual payments of \$24,356, including interest of 3.65%.	<u>109,568</u>
	289,785
Less amount representing interest	<u>(26,831)</u>
Present value of future minimum lease payments	<u><u>\$ 262,954</u></u>

Advanced Refundings and Prior Year Defeasance of Debt

In prior years, the City defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. At June 30, 2009, all prior year defeased bonds were fully redeemed and funds disbursed.

Also in prior years, the advanced refundings resulted in book losses that are being amortized over the original remaining life of the old bonds that were defeased. The unamortized losses for the prior year refundings at June 30, 2009 are shown on the statement of net assets as a deferred loss on refunding. Amortization has been included in interest expense and was \$29,036 for the year ended June 30, 2009.

CITY OF CLINTON, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS - Continued
 JUNE 30, 2009

NOTE 2 – DETAILED NOTES ON ALL FUNDS - Continued

B. Liabilities – continued

Deferred/Unearned Revenue

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

	<u>Fund Statements</u>	<u>Accrual Adjustment</u>	<u>Government- Wide</u>
Taxes receivable	\$ 46,157	\$ (46,157)	\$ -
Deferred rental income	375,800	-	375,800
Deposits on pending police cases	<u>3,604</u>	<u>-</u>	<u>3,604</u>
Total	<u>\$ 425,561</u>	<u>\$ (46,157)</u>	<u>\$ 379,404</u>

Interfund Receivables, Payables and Transfers

On June 30, 2009, the Enterprise Fund was due \$1,217,411 from the General Fund for utility services incurred by the General Fund. The Economic Development Corporation Fund owed the General Fund \$63,173 for activities relating to economic development.

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

	<u>Transfer to General Fund</u>
Transfer from	
Combined Utility Fund for contributions	\$ 1,280,137
Combined Utility Fund for overhead allocations	<u>307,446</u>
	<u>\$ 1,587,583</u>

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

Short-term Debt – Proprietary Fund

The City has a \$500,000 line of credit to be used to cover expenses when the cash is not available because the revenue flows vary throughout the year. The balance as of June 30, 2009 is \$448,092. During the year, the City drew down funds of \$610,000 and made repayments of \$351,908.

Employee Retirement Systems

The City maintains two cost-sharing, multiple-employer, defined benefit pension plans for its employees. The South Carolina Retirement System covers substantially all of the City's general employees, and the South Carolina Police Officers' Retirement System covers all of the City's public safety employees. These plans are administered by the Retirement Division of the State Budget and Control Board.

CITY OF CLINTON, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS - Continued
 JUNE 30, 2009

NOTE 2 – DETAILED NOTES ON ALL FUNDS - Continued

B. Liabilities – continued

Employee Retirement Systems - continued

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

A comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement System and Police Officers Retirement System is issued and publicly available by writing the South Carolina Retirement System, Post Office Box 11960, Columbia, South Carolina 29211-1960.

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

- South Carolina Retirement System – 6.50% of salary
- South Carolina Police Officers Retirement System – 6.50% of salary

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

- South Carolina Retirement System – 9.24% of salary
- South Carolina Police Officers Retirement System – 10.65% of salary

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

All employers contribute at the actuarially required contribution rates.

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

	South Carolina Retirement System		South Carolina Police Officers Retirement System	
	Amount	Percentage Contributed	Amount	Percentage Contributed
Year ended June 30, 2009				
Employer	\$ 233,452	100%	\$ 178,821	100%
Employees	151,099	100%	109,140	100%
Year ended June 30, 2008				
Employer	229,020	100%	176,136	100%
Employees	151,182	100%	111,154	100%
Year ended June 30, 2007				
Employer	186,917	100%	168,695	100%
Employees	150,927	100%	104,496	100%

CITY OF CLINTON, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS - Continued
 JUNE 30, 2009

NOTE 2 – DETAILED NOTES ON ALL FUNDS - Continued

B. Liabilities – continued

Post Retirement Health Care Benefits

Description

Effective July 1, 2008 the City adopted the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions* (GASB 45). The City, through its substantive commitment to provide other post-employment benefits (OPEB), maintains a single employer defined benefit plan to provide certain postretirement healthcare benefits. For all participants that have a minimum of 25 years of service with the City and are eligible to retire under SCRS/PORS, The City explicitly provides the entire cost of coverage for retirees and 50% of the cost of coverage for their spouses prior to the age of 65 that is not paid for by retiree contributions. The cost of coverage for pre-65 retirees and spouses is also implicitly subsidized by the City through the development of an average premium rate. After age 65, the City will pay for up to 50% of a Medicare supplement for retirees, not to exceed \$85 per month per retiree. Spouses receive no benefit after age 65. Because the Plan consists solely of the City's firm commitment to provide OPEB through the payment of premiums to the State of South Carolina Insurance Benefits Program, no stand-alone financial report is either available or generated.

Funding Policy

As of June 30, 2009, there were 25 employee retirees receiving benefits. The Plan is financed on a pay-as-you-go basis and through separate contributions to the South Carolina Other Retirements Benefits Employers Trust (SC ORBET), a tax-exempt governmental trust under Internal Revenue Code 115. SC ORBET allows each member to choose a contribution amount into the trust based on the actuarially determined annual required contribution. Each member continues to contract with its current health provider for retiree health care coverage and the SC ORBET pays the benefits chosen by the employer directly to the employer or provider. Each member also shares in the SC ORBET's administrative and investment related expenses.

Annual OPEB Cost and Net OPEB Obligation (Asset)

The City's OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excesses) over a period not to exceed 30 years. The following table presents the OPEB cost for the year, the amount actually contributed and changes in the OPEB Plan for the year ended June 30, 2009:

	Net OPEB Obligation (Asset)		
	Governmental Activities	Business Type Activities	Total
Annual required contribution (ARC)	\$ 100,980	\$ 52,020	\$ 153,000
Interest on net OPEB obligation	-	-	-
Adjustment to ARC	-	-	-
Annual OPEB cost	100,980	52,020	153,000
Contributions made	(101,608)	(26,446)	(128,054)
Increase in net OPEB (asset) obligation	(628)	25,574	24,946
Net OPEB obligation (asset) - beginning of year	-	-	-
Net OPEB obligation (asset) - end of year	<u>\$ (628)</u>	<u>\$ 25,574</u>	<u>\$ 24,946</u>

CITY OF CLINTON, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS - Continued
 JUNE 30, 2009

NOTE 2 – DETAILED NOTES ON ALL FUNDS - Continued

B. Liabilities – continued

Post Retirement Health Care Benefits - continued

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation (asset) for the fiscal year ended June 30, 2009 is as follows:

Governmental Activities			
Year Ended	Annual OPEB Cost	% of OPEB Contributed	Net OPEB Obligation (Asset)
June 30, 2009	\$ 100,980	100.62%	\$ (628)
Business Type Activities			
Year Ended	Annual OPEB Cost	% of OPEB Contributed	Net OPEB Obligation (Asset)
June 30, 2009	\$ 52,020	50.84%	\$ 25,574

Because June 30, 2009 was the year of transition for GASB 45, requirements of GASB 45 have been implemented prospectively; therefore the above illustration does not reflect similar information respective to the two preceding years.

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan had not been funded. The actuarial accrued liability for benefits was \$10,523,834, and the actuarial value of assets was \$1,440,000, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,440,000. The covered payroll (annual payroll of active employees covered by the plan) was \$3,724,000, and the ratio of the UAAL to the covered payroll was 38.67%.

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

The schedule of funding progress for retiree health plan, presented as RSI following the notes to financial statements, will present multiyear trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Because June 30, 2009 was the year of transition for GASB 45, requirements of GASB 45 have been implemented prospectively; therefore RSI does not reflect similar information respective of the two preceding years.

CITY OF CLINTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2009

NOTE 2 – DETAILED NOTES ON ALL FUNDS - Continued

B. Liabilities – continued

Post Retirement Health Care Benefits - continued

Actuarial Methods and Assumptions

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

In the July 1, 2007 actuarial valuation, the Entry Age Normal Cost Method was used. The actuarial assumptions included a 7.50% investment rate of return (net of administrative and related investment expenses). Actuarial assumptions also included an annual healthcare cost trend rate of 11.00% initially, reduced by decrements to an ultimate rate of 5.00%. It was also assumed that retiree premium contributions would increase at the same rate as the cost of healthcare. The actuarial value of assets was set equal to the reported market value of assets. The UAAL is being amortized as level dollars required to fully amortize the UAAL over a 30 year period.

Risk Management

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

The City participates in three public entity risk pools sponsored by the South Carolina Municipal Association. These operate as common risk management and insurance programs for approximately seventy municipalities throughout South Carolina. The City pays annual premiums into the pools for its insurance coverage and has no further responsibilities beyond the premium amounts.

The pools are self-sustaining through member premiums and reinsure through commercial companies for claims in excess of certain amounts.

General insurance coverage, including all property and liability, is carried with the South Carolina Municipal Insurance and Risk Financing Fund. In this fund, claims in excess of \$125,000, for each insured event, are covered through reinsurance with a commercial company.

Workers' compensation coverage is through the South Carolina Municipal Insurance Trust in which reinsurance through a commercial company begins for claims in excess of \$250,000. Health and accident insurance for employees of the City is with the South Carolina Local Government Assurance Group. This risk pool covers claims up to \$100,000, above which commercial insurance picks up the coverage.

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

CITY OF CLINTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2009

NOTE 3 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES AND COMMITMENTS

Piedmont Municipal Power Agency

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

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

The purpose of the contract is to purchase power from PMPA at rates lower than Duke Power Company would charge. If future power rates of PMPA become greater than expected, the City of Clinton would be committed to buy from PMPA at the higher rates. The amount of this commitment cannot be estimated as of June 30, 2009.

For the year ended June 30, 2009, the City's purchased power expense from PMPA was \$8,424,084. Also, the amount included in accounts payable and accrued liabilities for accrued purchased power from PMPA at June 30, 2009 is \$810,722.

Arbitrage Rebate Liabilities

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

Construction Commitments

There were no outstanding commitments on construction contracts at June 30, 2009.

NOTE 4 – PRIOR PERIOD ADJUSTMENTS

A prior period adjustment was made to the governmental funds' fund balances and governmental activities' net assets for an understatement in current assets. The net adjustment of \$84,254 represents an understatement in cash and land held for resale.

A prior period adjustment was made to the governmental activities' net assets for a net overstatement of capital assets. The net adjustment of \$139,727 represents an overstatement of construction in progress and an overstatement in accumulated depreciation.

CITY OF CLINTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2009

NOTE 5 – SUBSEQUENT EVENT

In August 2009, the City sold a piece of commercial property located on West Main Street for \$45,000.

In September 2009, the City purchased .50 acres of property for \$67,000.

Since the end of the year, the City has been awarded approximately \$1,500,000 in federal award monies.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CLINTON, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

	General Fund			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Taxes	\$ 670,000	\$ 670,000	\$ 662,479	\$ (7,521)
Licenses and permits	810,000	810,000	784,473	(25,527)
Intergovernmental revenues	968,000	968,000	1,690,632	722,632
Fines and forfeitures	280,000	280,000	225,799	(54,201)
Accommodations tax	70,000	70,000	107,220	37,220
Hospitality tax	-	-	305,224	305,224
Charges for services	644,776	644,776	813,595	168,819
Contributions	498,000	498,000	1,290,153	792,153
Interest	5,000	5,000	10,605	5,605
Miscellaneous	346,500	346,500	74,441	(272,059)
Total Revenues	<u>4,292,276</u>	<u>4,292,276</u>	<u>5,964,621</u>	<u>1,672,345</u>
Expenditures				
Current				
General government	1,068,354	1,068,354	1,227,286	(158,932)
Public safety	3,387,013	3,387,013	3,417,130	(30,117)
Streets and sanitation	869,747	869,747	718,471	151,276
Museum	18,565	18,565	30,757	(12,192)
Culture and recreation	397,882	397,882	374,258	23,624
Capital outlay	242,282	242,282	844,268	(601,986)
Debt service				
Principal retirement	219,971	219,971	204,236	15,735
Interest	-	-	23,456	(23,456)
Total Expenditures	<u>6,203,814</u>	<u>6,203,814</u>	<u>6,839,862</u>	<u>(636,048)</u>
Revenues Under Expenditures	<u>(1,911,538)</u>	<u>(1,911,538)</u>	<u>(875,241)</u>	<u>1,036,297</u>
Other Financing Sources				
Proceeds from capital leases	-	-	176,927	176,927
Proceeds from sale of capital assets	1,000	1,000	-	(1,000)
Operating transfers in				
Overhead allocation transfer	307,446	307,446	307,446	-
Contributions transfer	1,408,092	1,408,092	1,280,137	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>(735,216)</u>	<u>(735,216)</u>
Total Other Financing Sources and Uses	<u>1,716,538</u>	<u>1,716,538</u>	<u>1,029,294</u>	<u>(559,289)</u>
Net Change in Fund Balance	<u>\$ (195,000)</u>	<u>\$ (195,000)</u>	154,053	<u>\$ 349,053</u>
Fund Deficit - Beginning of Year - Restated			<u>(590,358)</u>	
Fund Deficit - End of Year			<u>\$ (436,305)</u>	

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

CITY OF CLINTON, SOUTH CAROLINA
 SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH PLAN
 JUNE 30, 2009

Actuarial Valuation Date July 1,	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded Actuarial Accrued Liability (UAAL) (B - A)	Ratio of Funded Obligation (A / B)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B - A) / C)
2007	\$ -	\$ 1,440,000	\$ 1,440,000	0.00%	\$ 3,724,000	38.67%

OTHER SUPPLEMENTARY INFORMATION

CITY OF CLINTON, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

	Budget	Actual	Variance Favorable (Unfavorable)
General Government			
Mayor and city council			
Salaries and employee benefits	\$ 74,817	\$ 72,948	\$ 1,869
Operating	36,101	50,439	(14,338)
Capital outlay	500	-	500
	111,418	123,387	(11,969)
Administration			
Salaries and employee benefits	181,725	181,106	619
Operating	216,636	365,794	(149,158)
Capital outlay	-	244,489	(244,489)
Debt service	160,000	110,163	49,837
	558,361	901,552	(343,191)
Municipal Court			
Salaries and employees benefits	61,942	65,568	(3,626)
Operating	5,207	9,867	(4,660)
Capital outlay	2,000	2,150	(150)
	69,149	77,585	(8,436)
Legal Services			
Operating	20,850	24,809	(3,959)
Finance Department			
Salaries and employee benefits	333,431	315,641	17,790
Operating	137,645	141,114	(3,469)
	471,076	456,755	14,321
Total General Government	1,230,854	1,584,088	(353,234)
Public Safety			
Police department			
Salaries and employee benefits	2,429,403	2,458,788	(29,385)
Operating	740,559	734,378	6,181
Capital outlay	152,075	555,333	(403,258)
Debt service	28,063	85,622	(57,559)
	3,350,100	3,834,121	(484,021)
Inspections and zoning			
Salaries and employee benefits	184,438	189,863	(5,425)
Operating	32,613	34,101	(1,488)
Capital outlay	2,242	-	2,242
	219,293	223,964	(4,671)
Total Public Safety	3,569,393	4,058,085	(488,692)

CITY OF CLINTON, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - CONTINUED
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Streets and Sanitation			
Streets			
Salaries and employee benefits	182,624	194,558	(11,934)
Operating	136,853	82,874	53,979
Capital outlay	47,465	-	47,465
	<u>366,942</u>	<u>277,432</u>	<u>89,510</u>
Sanitation			
Salaries and employee benefits	371,970	270,162	101,808
Operating	178,300	170,877	7,423
Capital outlay	38,000	42,296	(4,296)
Debt service	31,908	31,908	-
	<u>620,178</u>	<u>515,243</u>	<u>104,935</u>
Total Streets and Sanitation	<u>987,120</u>	<u>792,675</u>	<u>194,445</u>
Museum			
Salaries and employee benefits	14,045	8,181	5,864
Operating	4,520	22,576	(18,056)
Total Museum	<u>18,565</u>	<u>30,757</u>	<u>(12,192)</u>
Cultural and Recreational			
Salaries and employee benefits	129,898	107,020	22,878
Operating	267,984	267,238	746
Total Cultural and Recreational	<u>397,882</u>	<u>374,258</u>	<u>23,624</u>
Total General Fund Expenditures	<u>\$ 6,203,814</u>	<u>\$ 6,839,863</u>	<u>\$ (636,049)</u>

CITY OF CLINTON, SOUTH CAROLINA
SCHEDULE OF FINES AND ASSESSMENTS COLLECTED
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

Municipal Court Assessments and Court Surcharges

Retained for victim's assistance	\$ 15,079
Municipal court fines remitted to the state	<u>115,301</u>
Total Fines and Assessments Collected	<u><u>\$ 130,380</u></u>

STATISTICAL SECTION

Note: The following statistical tables are not applicable to the City of Clinton:

Special Assessments Collections

Computation of Overlapping Debt

Statistical Section

This part of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

CONTENTS

Financial Trends

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

Revenue Capacity

These schedules contain trend information to help the reader assess the government's most significant local revenue sources.

Debt Capacity

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

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The government implemented Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

City of Clinton, South Carolina
Net Assets by Component
Last Six Fiscal Years
(accrual basis of accounting)

	Fiscal Year					
	2009	2008	2007	2006	2005	2004
Governmental Activities						
Invested in capital assets, net of related debt	\$ 6,240,831	\$ 5,215,823	\$ 2,522,698	\$ 2,461,642	\$ 2,534,996	\$ 2,172,808
Restricted	60,000	25,073	-	-	-	-
Unrestricted	(664,830)	(481,829)	229,640	(471,974)	(176,259)	(496,224)
Total Governmental Activities Net Assets	<u>5,636,001</u>	<u>4,759,067</u>	<u>2,752,338</u>	<u>1,989,668</u>	<u>2,358,737</u>	<u>1,676,584</u>
Business-type Activities						
Invested in capital assets, net of related debt	4,055,002	4,576,566	4,606,805	5,653,939	6,283,999	6,021,601
Unrestricted (Deficit)	3,459,117	3,784,152	4,271,333	3,672,367	3,071,846	3,592,474
Total Business-type Activities Net Assets	<u>7,514,119</u>	<u>8,360,718</u>	<u>8,878,138</u>	<u>9,326,306</u>	<u>9,355,845</u>	<u>9,614,075</u>
Primary Government						
Invested in capital assets, net of related debt	10,295,833	9,792,389	7,129,503	8,115,581	8,818,995	8,194,409
Restricted	60,000	25,073				
Unrestricted	2,794,287	3,302,323	4,500,973	3,200,393	2,895,587	3,096,250
Total Primary Government Net Assets	<u>\$ 13,150,120</u>	<u>\$ 13,119,785</u>	<u>\$ 11,630,476</u>	<u>\$ 11,315,974</u>	<u>\$ 11,714,582</u>	<u>\$ 11,290,659</u>

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

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

	Fiscal Year				
	2009	2008	2007	2006	2005
Expenses					
<u>Governmental Activities:</u>					
General government	\$ 1,372,530	\$ 1,187,515	\$ 1,799,678	\$ 1,082,973	\$ 814,568
Public safety	3,706,146	3,478,603	3,494,329	3,285,175	3,079,613
Streets and sanitation	860,665	803,276	939,175	1,050,878	1,002,933
Museum	30,757	14,414	24,402	23,197	51,343
Cultural and recreation	380,733	487,729	433,360	347,284	431,827
General public	-	-	-	-	-
Interest on long-term debt	45,375	51,595	53,871	38,607	20,691
Total Governmental Activities Expenses	<u>6,396,206</u>	<u>6,023,132</u>	<u>6,744,815</u>	<u>5,828,114</u>	<u>5,400,975</u>
<u>Business-type Activities:</u>					
Public works	1,102,250	1,002,794	964,756	953,155	810,439
Water and sewer	3,543,150	3,412,184	3,710,344	3,097,398	2,874,736
Electric	9,901,610	9,717,295	9,021,313	9,215,461	8,851,717
Total Business-type Activities Expense	<u>14,547,010</u>	<u>14,132,273</u>	<u>13,696,413</u>	<u>13,266,014</u>	<u>12,536,892</u>
Total Primary Government Expenses	<u>20,943,216</u>	<u>20,155,405</u>	<u>20,441,228</u>	<u>19,094,128</u>	<u>17,937,867</u>
Program Revenues					
<u>Governmental Activities:</u>					
Charges for services	943,621	1,040,873	904,793	803,833	874,522
Licenses and Permits	784,473	837,851	711,586	721,869	658,879
Operating and Capital grants and contributions	1,875,784	1,426,789	2,168,980	697,809	1,198,155
Total Governmental Activities Program Revenues	<u>3,603,878</u>	<u>3,305,513</u>	<u>3,785,359</u>	<u>2,223,511</u>	<u>2,731,556</u>
<u>Business-type Activities:</u>					
Utility Sales	14,855,640	15,256,635	14,430,221	14,376,677	13,493,046
Hook up fees	38,965	40,180	42,250	40,353	46,050
Penalties	200,520	193,431	201,377	212,080	204,158
Operating grants and contributions	-	42,008	-	-	-
Total Business-type Activities Program Revenues	<u>15,095,125</u>	<u>15,532,254</u>	<u>14,673,848</u>	<u>14,629,110</u>	<u>13,743,254</u>
Total Primary Government Program Revenues	<u>18,699,003</u>	<u>18,837,767</u>	<u>18,459,207</u>	<u>16,852,621</u>	<u>16,474,810</u>
Net (Expense) Revenue					
Governmental Activities	(2,792,328)	(2,717,619)	(2,959,456)	(3,604,603)	(2,669,419)
Business-type Activities	<u>548,115</u>	<u>1,399,981</u>	<u>977,435</u>	<u>1,363,096</u>	<u>1,206,362</u>
Total Primary Government	<u>(2,244,213)</u>	<u>(1,317,638)</u>	<u>(1,982,021)</u>	<u>(2,241,507)</u>	<u>(1,463,057)</u>
General Revenues and Other Changes in Net Assets					
<u>Governmental Activities:</u>					
Taxes	\$ 1,682,231	\$ 1,504,992	\$ 1,326,390	\$ 1,231,373	\$ 1,134,890
Grants and contributions not restricted to specific programs	274,252	274,252	245,746	230,320	229,147
Miscellaneous	180,669	763,579	540,935	195,981	477,481
Transfers	1,587,583	1,688,105	1,609,055	1,577,860	1,624,220
Total Governmental Activities	<u>3,724,735</u>	<u>4,230,928</u>	<u>3,722,126</u>	<u>3,235,534</u>	<u>3,465,738</u>
<u>Business-type Activities:</u>					
Miscellaneous	192,870	158,682	183,451	185,225	159,628
Transfers	<u>(1,587,583)</u>	<u>(1,688,105)</u>	<u>(1,609,055)</u>	<u>(1,577,860)</u>	<u>(1,624,220)</u>
Total Business-type Activities	<u>(1,394,713)</u>	<u>(1,529,423)</u>	<u>(1,425,604)</u>	<u>(1,392,635)</u>	<u>(1,464,592)</u>
Total Primary Government	<u>2,330,022</u>	<u>2,701,505</u>	<u>2,296,522</u>	<u>1,842,899</u>	<u>2,001,146</u>
Change in Net Assets					
Governmental Activities	932,407	1,513,309	762,670	(369,069)	796,319
Business-type Activities	<u>(846,598)</u>	<u>(129,442)</u>	<u>(448,169)</u>	<u>(29,539)</u>	<u>(258,230)</u>
Total Primary Government	<u>\$ 85,809</u>	<u>\$ 1,383,867</u>	<u>\$ 314,501</u>	<u>\$ (398,608)</u>	<u>\$ 538,089</u>

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

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

	Fiscal Year Ended June 30,									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General Fund										
Reserved	\$ 382,055	\$ 355,255	\$ 307,948	\$ 231,854	\$ 111,111	\$ 109,921	\$ 112,876	\$ 117,527	\$ 123,898	\$ 110,647
Unreserved	(818,360)	(956,070)	(1,512,940)	(1,080,667)	(658,269)	(493,947)	(703,233)	(320,965)	(426,748)	380,778
Total General Fund	<u>(436,305)</u>	<u>(600,815)</u>	<u>(1,204,992)</u>	<u>(848,813)</u>	<u>(547,158)</u>	<u>(384,026)</u>	<u>(590,357)</u>	<u>(203,438)</u>	<u>(302,850)</u>	<u>491,425</u>
All Other Governmental Funds										
Reserved	1,062,588	1,148,810	1,148,810	1,448,778	837,498	-	-	-	-	-
Unreserved, reported in:										
Special revenue fund	(303,173)	(173,388)	155,854	191,415	214,072	-	-	-	-	-
Total All Other Governmental Funds	<u>759,415</u>	<u>975,422</u>	<u>1,304,664</u>	<u>1,640,193</u>	<u>1,051,570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Fund Balance	<u>\$ 323,110</u>	<u>\$ 374,607</u>	<u>\$ 99,672</u>	<u>\$ 791,380</u>	<u>\$ 504,412</u>	<u>\$ (384,026)</u>	<u>\$ (590,357)</u>	<u>\$ (203,438)</u>	<u>\$ (302,850)</u>	<u>\$ 491,425</u>

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

	Fiscal Year Ended June 30,									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Revenues										
Taxes	\$ 662,479	\$ 613,895	\$ 646,308	\$ 629,118	\$ 569,738	\$ 612,311	\$ 667,990	\$ 680,869	\$ 670,146	\$ 683,409
Fees, licenses and permits	784,473	837,851	711,586	721,869	658,879	1,035,116	845,413	952,542	1,105,394	1,148,842
Intergovernmental	1,690,632	1,758,264	1,411,905	995,366	943,139	604,216	632,468	765,441	620,784	521,865
Fines and forfeitures	225,799	268,449	230,880	204,925	284,370	167,396	207,469	208,254	240,269	256,418
Accommodations tax	107,220	66,374	45,987	35,582	26,376	27,310	25,549	22,516	27,752	-
Hospitality tax	305,224	247,182	-	-	-	-	-	-	-	-
Charges for services	813,595	852,342	701,074	598,909	590,152	551,303	569,514	551,216	430,253	472,941
Contributions	1,290,153	1,081,773	709,547	489,985	1,014,842	501,955	273,400	501,400	164,819	744,225
Investment income	10,605	18,210	2,549	2,146	474	7,454	4,787	6,776	28,799	60,041
Miscellaneous	(151,790)	151,324	436,225	192,480	477,011	294,235	121,386	55,015	23,551	246,507
Total Revenues	5,738,390	5,895,664	4,896,061	3,870,380	4,564,981	3,801,296	3,347,976	3,744,029	3,311,767	4,134,248
Expenditures										
General government	1,235,251	1,089,052	1,676,950	997,309	754,796	818,298	656,322	461,439	599,645	464,867
Public safety	3,417,130	3,329,282	3,199,801	3,157,865	2,886,851	2,781,574	2,888,811	2,723,718	2,708,631	2,623,463
Streets and sanitation	718,471	776,723	833,831	930,179	877,360	823,641	729,662	824,670	897,125	946,815
Maintenance	30,757	14,415	24,403	22,401	50,449	56,051	49,784	5,639	30,236	33,765
Culture and recreation	374,258	472,873	410,236	332,852	359,339	345,322	334,217	-	-	-
Other	-	-	-	-	-	-	-	520,025	708,677	935,306
Capital outlay	1,617,592	1,448,925	1,562,234	240,756	852,004	736,445	346,730	107,208	406,789	842,146
Debt service										
Interest	204,236	302,037	437,930	128,853	620,261	112,342	110,788	122,440	197,960	166,471
Principal	40,959	59,084	51,439	37,872	20,691	17,548	12,905	17,585	20,389	38,186
Total Expenditures	7,638,654	7,492,391	8,196,824	5,848,087	6,421,751	5,691,221	5,129,219	4,782,724	5,569,452	6,051,019
Excess of Revenues Over (Under) Expenditures	(1,900,264)	(1,596,727)	(3,300,763)	(1,977,707)	(1,856,770)	(1,889,925)	(1,781,243)	(1,038,695)	(2,257,685)	(1,916,771)
Other Financing Sources (Uses)										
Contributions	-	-	1,000,000	-	-	-	-	-	-	-
Proceeds from notes payable	-	-	-	611,280	1,000,000	-	-	-	-	-
Proceeds from capital leases	176,927	-	-	74,180	-	133,764	-	-	64,577	201,995
Proceeds from bond issuance	-	-	-	-	-	700,000	200,000	-	-	-
Sale of capital assets	-	-	-	1,355	-	5,570	6,712	7,650	4,100	8,666
Transfers in (out)	1,587,583	1,912,757	1,609,055	1,577,860	1,624,220	1,256,922	1,187,622	1,130,457	1,394,733	1,511,742
Total Other Financing Sources (Uses)	1,764,510	1,912,757	2,609,055	2,264,675	2,624,220	2,096,256	1,394,334	1,138,107	1,463,410	1,722,403
Net Change in Fund Balance	\$ (135,754)	\$ 316,030	\$ (691,708)	\$ 286,968	\$ 767,450	\$ 206,331	\$ (386,909)	\$ 99,412	\$ (794,275)	\$ (194,368)
Debt Service as a percentage of noncapital expenditures	4.07%	5.98%	7.38%	2.97%	11.51%	2.62%	2.59%	2.99%	4.23%	3.93%

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

Fiscal Year Ended June 30	Tax Year	Real Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2000	1999	6,603,890	3,496,650	10,100,540	8.40	172,536,174	5.9%
2001	2000	6,813,550	3,804,240	10,617,790	8.40	182,091,710	5.8%
2002	2001	7,561,270	3,429,550	10,990,820	8.40	224,206,621	4.9%
2003	2002	7,784,601	2,478,400	10,263,001	9.05	192,583,807	5.3%
2004	2003	7,675,091	4,112,159	11,787,250	9.05	201,073,915	5.9%
2005	2004	7,655,161	3,957,436	11,612,597	9.05	201,270,016	5.8%
2006	2005	7,681,321	3,909,031	11,590,352	9.05	204,168,749	5.7%
2007	2006	7,985,181	3,824,823	11,810,004	9.85	214,900,518	5.5%
2008	2007	7,807,600	3,684,127	11,491,727	9.85	211,137,532	5.4%
2009	2008	8,679,500	3,499,199	12,178,699	9.75	226,705,700	5.4%

Source: Laurens County Auditor's Office

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

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

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
City Direct Rates (2)	9.75	9.85	9.85	9.85	9.05	9.05	9.05	9.05	8.40	8.40

Source: City of Clinton Annual Budget

Notes: (1) No overlapping governments in the last ten fiscal years.

(2) The City's direct rate consists only of the basic property tax rate.

(3) The only limitations on the City's ability to raise property tax rates are those set by state law.

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

Taxpayer	2009			2000		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
The Clinton Hotel Group	\$ 347,340	1	2.85%	\$ -	-	-
BellSouth	336,200	2	2.76%	498,460	2	4.93%
National Health Care	167,240	3	1.37%	204,860	4	2.03%
ReHold Clinton, LLC	132,590	4	1.09%			
MLD Delaware Trust	116,990	5	0.96%	99,980	6	0.99%
Ingles	93,540	6	0.77%	128,650	5	1.27%
Westchase	82,420	7	0.77%	69,750	7	0.69%
Related Clinton Manor, LLC	74,650	8	0.61%	-	-	-
CSX Transportation	73,010	9	0.60%			
M S Bailey & Son Bankers	72,050	10	0.59%	294,150	3	2.91%
Clinton Mills	-	-	-	2,458,910	1	24.34%
Landau Apartments	70,910	-	-	61,660	8	0.61%
Glendale Manor Apartments	58,680	-	-	51,350	9	0.51%
Mcdonald's	59,200	-	-	50,970	10	0.50%
	<u>\$ 1,684,820</u>		<u>12.38%</u>	<u>\$ 3,918,740</u>		<u>38.80%</u>

Source: Laurens County Treasurer's Office

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Tax Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	446,338	440,880	98.9%	5,673	446,553	100.0%
2001	451,457	433,902	96.1%	1,288	435,190	96.4%
2002	481,696	383,182	79.5%	2,000	385,182	80.0%
2003	471,822	410,361	87.0%	2,000	412,361	87.4%
2004	334,701	303,019	90.5%	2,000	305,019	91.1%
2005	530,679	423,096	80.0%	34,023	457,119	86.1%
2006	592,427	459,789	78.0%	42,676	502,465	85.0%
2007	531,559	487,557	91.7%	46,125	533,682	100.0%
2008	501,287	491,411	98.0%	43,898	535,309	100.0%
2009	532,686	483,412	90.7%	55,645	539,057	101.1%

Source: Laurens County Treasurer's Office

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

Governmental Activities						
Fiscal Year	General			Total	Percentage of	
Ended	Obligation	Capital	Notes	Governmental	Personal	Per
June 30	Bonds	Leases	Payable	Activities	Income (2)	Capita (2)
2000	-	265,668	250,410	516,078	0.28%	54
2001	-	246,778	135,917	382,695	0.24%	47
2002	-	188,981	71,274	260,255	0.21%	32
2003	200,000	130,431	16,240	346,671	0.25%	43
2004	871,868	179,985	-	1,051,853	0.89%	115
2005	781,828	116,892	536,000	1,434,720	1.19%	157
2006	689,934	153,968	1,147,280	1,991,182	1.61%	218
2007	596,158	114,685	842,405	1,553,248	1.22%	170
2008	500,582	257,875	717,405	1,475,862	1.14%	162
2009	404,720	328,428	717,405	1,450,553	1.09%	159

Business-type Activities						
Fiscal Year	Revenue	Capital	Line of	Total	Percentage of	
Ended	Bonds	Leases	Credit	Business	Personal	Per
June 30	Bonds	Leases	Credit	Activities	Income (2)	Capita (2)
2000	6,695,000	166,757	-	6,861,757	3.67%	715
2001	6,305,000	140,011	-	6,445,011	4.09%	797
2002	5,900,000	144,688	-	6,044,688	4.80%	747
2003	5,485,000	71,913	112,724	5,669,637	4.02%	701
2004	5,395,000	49,387	-	5,444,387	4.62%	596
2005	4,895,827	110,767	198,531	5,205,125	4.31%	570
2006	7,660,050	200,830	-	7,860,880	6.35%	861
2007	7,112,612	152,668	-	7,265,280	5.73%	796
2008	6,623,450	244,008	-	6,867,458	5.28%	752
2009	6,512,506	289,482	448,092	7,250,080	5.44%	794

Notes: (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
(2) See the "Demographic and Economic Statistics" table for personal income and population data.

City of Clinton, South Carolina
 Computation of Legal Debt Margin
 Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed value	<u>\$ 12,178,699</u>
Debt limit (8% of total assessed value)	<u>974,296</u>
Debt applicable to limit:	
General obligation bonds	404,720
Less: Amount set aside for repayment	<u>-</u>
Total net debt applicable to limit	<u>404,720</u>
Legal debt margin	<u>\$ 569,576</u>

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Debt Limit	<u>\$ 974,296</u>	<u>\$ 919,338</u>	<u>\$ 944,800</u>	<u>\$ 927,228</u>	<u>\$ 929,008</u>	<u>\$ 942,980</u>	<u>\$ 821,040</u>	<u>\$ 879,266</u>	<u>\$ 849,423</u>	<u>\$ 808,043</u>
Total Net Debt Applicable to Limit	<u>404,720</u>	<u>500,582</u>	<u>596,158</u>	<u>689,934</u>	<u>781,828</u>	<u>871,868</u>	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 569,576</u>	<u>\$ 418,756</u>	<u>\$ 348,642</u>	<u>\$ 237,294</u>	<u>\$ 147,180</u>	<u>\$ 71,112</u>	<u>\$ 621,040</u>	<u>\$ 879,266</u>	<u>\$ 849,423</u>	<u>\$ 808,043</u>
Total Net Debt Applicable to the Limit as a % of Debt Limit	41.54%	54.45%	63.10%	74.41%	84.16%	92.46%	24.36%	0.00%	0.00%	0.00%
Total General Bonded Debt as a Percentage of Actual Taxable Value	0.18%	0.24%	0.28%	0.34%	0.39%	0.43%	0.10%	0.00%	0.00%	0.00%
Total Net General Bonded Debt per Capita	\$ 44	\$ 55	\$ 65	\$ 76	\$ 86	\$ 96	\$ 25	\$ -	\$ -	\$ -

- Notes: (1) Property value data can be found in the "Assessed Value of Taxable Property and Actual Value of Property Schedule."
 (2) The legal debt limit is 8 % of total assessed value.
 (3) The legal debt margin is the government's available borrowing under SC Code of Laws and is calculated by subtracting the debt applicable to the legal debt limit from the legal debt limit.

City of Clinton, South Carolina
 Schedule of Direct and Overlapping Debt
 As of June 30, 2009

City of Clinton	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Direct and Overlapping Debt
Total direct debt	1,450,553	100%	1,450,553
Total direct and overlapping debt	1,450,553	100%	1,450,553

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments. Presently, the City does not have any overlapping debt.

City of Clinton, South Carolina
Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Utilities Revenue	Operating Expenses	Available Revenue	Debt Service		Coverage
				Principal	Interest	
2000	\$ 12,322,205	\$ 11,640,610	\$ 681,595	\$ 370,000	\$ 337,848	0.96
2001	12,787,157	12,132,306	654,851	390,000	322,678	0.92
2002	13,179,712	12,182,177	997,535	405,000	306,298	1.40
2003	13,960,453	12,152,799	1,807,654	415,000	288,882	2.57
2004	13,764,431	12,046,410	1,718,021	435,000	271,038	2.43
2005	13,652,401	12,231,724	1,420,677	499,173	264,422	1.86
2006	14,505,825	12,903,742	1,602,083	535,777	312,123	1.89
2007	14,533,442	13,317,342	1,216,100	547,439	327,590	1.39
2008	15,341,211	13,792,893	1,548,318	489,161	303,069	1.95
2009	15,001,725	14,187,260	814,465	470,945	319,750	1.03

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

City of Clinton, South Carolina
Demographic and Economic Statistics
Last Ten Years

Calendar Year	Population	Personal Income	Per Capita Personal Income	School Enrollment	Unemployment Rate
2000	9,603	\$ 186,903,189	\$ 19,463	3,587	3.40%
2001	8,091	157,475,133	19,463	3,219	10.30%
2002	8,091	125,895,960	15,560	3,490	10.00%
2003	8,091	140,929,038	17,418	3,490	8.90%
2004	9,129	117,791,487	12,903	3,490	9.00%
2005	9,129	120,731,025	13,225	3,490	6.50%
2006	9,129	123,743,595	13,555	3,490	6.70%
2007	9,129	126,831,337	13,893	3,490	6.90%
2008	9,129	129,996,126	14,240	3,490	6.50%
2009	9,129	133,239,886	14,595	3,490	12.40%

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

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

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

Company or Organization	June 30, 2009		June 30, 2000			
	Number of Employees (1)	Rank	Percent of Total County Employment(1)	Number of Employees(2)	Rank(2)	Percent of Total County Employment(2)
Wal-Mart Associates Inc		1				
Laurens County School District #55		2				
S. C. Dept. of Disabilities and Special Needs		3				
Faurecia Interior Systems, Inc.		4				
Laurens County School District #56		5				
Sterilite Corporation of SC		6				
Laurens County Health Care System		7				
Laurens County		8				
Presbyterian College		9				
National Healthcare Corporation		10				

Source: S.C. Employment Security Commission

Notes: (1) Data was not released to the City from the South Carolina Employment Security Commission.

(2) Data not accumulated in 2000.

City of Clinton, South Carolina
 Full-time Equivalent City Employees by Function
 Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of June 30									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General Government	6	6	6	5	6	5	4	5	5	6
Public Safety	45	52	49	50	47	48	46	55	55	52
Streets and Sanitation	3	4	5	8	10	8	10	10	10	13
Culture and Recreation	2	3	3	3	3	3	3	3	3	4
Public Works	7	7	7	7	6	9	6	6	6	8
Building Inspector/Planning	3	3	2	3	2	3	2	3	3	3
Utility Employees	37	38	35	35	34	34	37	34	36	36
Total	103	113	107	111	108	110	108	116	118	122

Source: City of Clinton Annual Budget

Notes: All full-time employees, excluding Public Safety Officers are scheduled to work 2,080 hours per year (including vacation and sick leave).
 Public safety officers are scheduled to work 2,142 hours per year.

City of Clinton, South Carolina
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General Government										
Building permits issued	124	120	129	133	158	243	234	186	212	429
Public Safety										
Police department										
Criminal/physical non-juvenile arrests	2,737	2,198	2,456	1,586	2,593	1,223	997	919	286	1,058
Fire department										
Fire calls	575	755	510	765	980	1,021	1,048	324	332	324
Fire inspections	88	55	42	65	75	95	120	130	115	130
Streets and Sanitation										
Street resurfacing (in miles)	-	-	-	-	-	-	-	5	-	-
Refuse collected (tons per year)	3,706	3,306	3,207	2,367	2,927	2,365	2,659	3,474	3,657	3,585
Maintenance										
Average Equipment Repairs/month	75	80	70	84	80	80	75	65	40	40
Cultural and Recreational										
Museum Operating Hours	168	168	168	168	160	160	156	104	-	-
Public Works										
Water Meters Replaced (1)	133	97	97	120	-	-	-	-	-	-
Water and Sewer										
Water										
Average daily consumption (in millions of gallons)	2	3	3	2	2	2	2	2	3	3
Number of consumers	4,334	4,388	4,378	4,283	4,356	4,362	4,362	4,423	4,544	4,544
Sewer										
Electric										
Number of consumers	4,102	4,326	4,322	4,148	4,202	4,215	4,215	4,282	4,484	4,484

Sources: Various City department records.

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

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

Function/Program	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Public Safety										
Police department										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	29	29	25	25	25	25	23	23	NA	N/A
Fire Department										
Fire Stations	2	2	2	2	2	2	2	2	2	2
Service units	9	9	9	9	9	9	9	9	9	9
Streets and Sanitation										
Recycling center	1	1	1	1	1	1	1	1	1	1
Streets (in miles)	81	63	63	63	62	61	61	58	58	58
Number of Street Lights	1,279	1,276	1,276	1,276	1,276	1,143	1,143	1,143	1,143	1,143
Cultural and Recreational										
Number of Parks	7	7	7	7	7	7	7	6	6	6
Museum	1	1	1	1	1	1	1	1	-	-
Acreage	21	21	21	21	21	21	16	11	11	11
Public Works										
Storm Sewers (in miles)	53	53	53	53	53	53	53	50	50	50
Water and Sewer										
Water main (in miles)	101	101	101	74	74	74	74	74	74	74
Sanitary sewers (in miles)	63	63	63	60	60	60	60	60	60	60
Electric										
Distribution lines (in miles)	70	70	70	70	70	70	70	70	70	70
Number of Substations	4	4	4	4	4	4	4	6	7	7

Source: Capital Asset schedules and various department records.

COMPLIANCE SECTION

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

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

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the City of Clinton, South Carolina, as of and for the year ended June 30, 2009, which collectively comprise the City of Clinton, South Carolina's basic financial statements and have issued our report thereon dated October 28, 2009. We conducted our audit in accordance with U.S. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Clinton, South Carolina's internal control over financial reporting as a basis for designing our auditing procedures 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 Clinton, South Carolina's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Clinton, South Carolina's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Clinton, South Carolina's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Clinton, South Carolina's financial statements that is more than inconsequential will not be prevented or detected by the City of Clinton, South Carolina's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Clinton, South Carolina's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

To the Honorable Mayor and City Council of
City of Clinton, South Carolina
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Clinton, South Carolina's financial statements are free of 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*.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Spartanburg, South Carolina
October 28, 2009