
CITY OF CLINTON



CLINTON, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDING JUNE 30, 2010

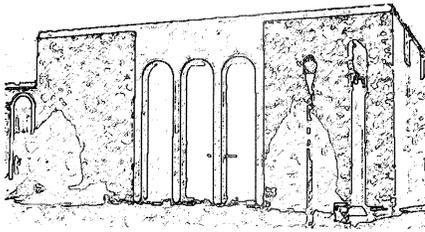
CITY OF CLINTON
CLINTON, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDING JUNE 30, 2010

SUBMITTED BY:
FINANCE DEPARTMENT

CITY OF CLINTON, SOUTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2010
TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Title Page	i
Table of Contents	ii
City Manager's Letter of Transmittal	iii-vii
Organizational Chart and Principal Officials	viii
GFOA Certificate of Achievement	ix
 FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis	2-11
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	12
Statement of Activities	13
Fund Financial Statements	
Balance Sheet – Governmental Funds	14-15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	16-17
Statement of Net Assets – Proprietary Fund	18
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Fund	19
Statement of Cash Flows – Proprietary Fund	20-21
Notes to Financial Statements	22-40
Required Supplementary Information	41
Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) – Budget and Actual – General Fund	42
Schedule of Funding Progress for Retiree Health Plan	43
Other Supplementary Information	44
Schedule of Expenditures – Budget and Actual	45-46
Schedule of Fines and Assessments Collected	47
 STATISTICAL SECTION	
Statistical section contents	48
Net Assets by Component	49
Changes in Net Assets	50
Fund Balances – Governmental Funds	51
Changes in Fund Balances – Governmental Funds	52
Assessed Value and Estimated Actual Value of Taxable Property	53
Direct and Overlapping Property Tax Rates	54
Principal Property Taxpayers	55
City Property Tax Levy and Collections	56
Ratios of General Bonded Debt Outstanding	57
Ratio of Outstanding Debt by Type	58
Computation of Legal Debt Margin	59
Schedule of Direct and Overlapping Debt	60
Pledged Revenue Coverage	61
Demographic and Economic Statistics	62
Principal Employers	63
Full-time Equivalent City Employees by Function	64
Operating Indicators by Function/Program	65
Capital Asset Statistics by Function/Program	66



City of Clinton

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

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

Clinton, South Carolina 29325

November 1, 2010

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, 2010.

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, 2010, 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, 2010, are fairly presented in conformity with GAAP in all material respects. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Government

The City of Clinton was established in 1852 and incorporated in 1890 and is the second largest municipality in Laurens County. The City lies in the upstate region of South Carolina approximately 40 miles south of Greenville. The City has a population of approximately 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

(iii)

COUNCIL MEMBERS

Mary J. Byrd
Daniel O. Cook, Jr.

John H. Dowdle
Shirley Y. Jenkins

Eddie L. McGee
Robert T. McLean

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 purchases commercial insurance policies to provide coverage for all property damage and general liability, workers' compensation and major medical. These policies require various deductibles and have maximum limits up to \$1,000,000 of insurance coverage per occurrence, excluding major medical, where the City's responsibility is to pay the monthly premiums. 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, 2009. This was the 21st 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,

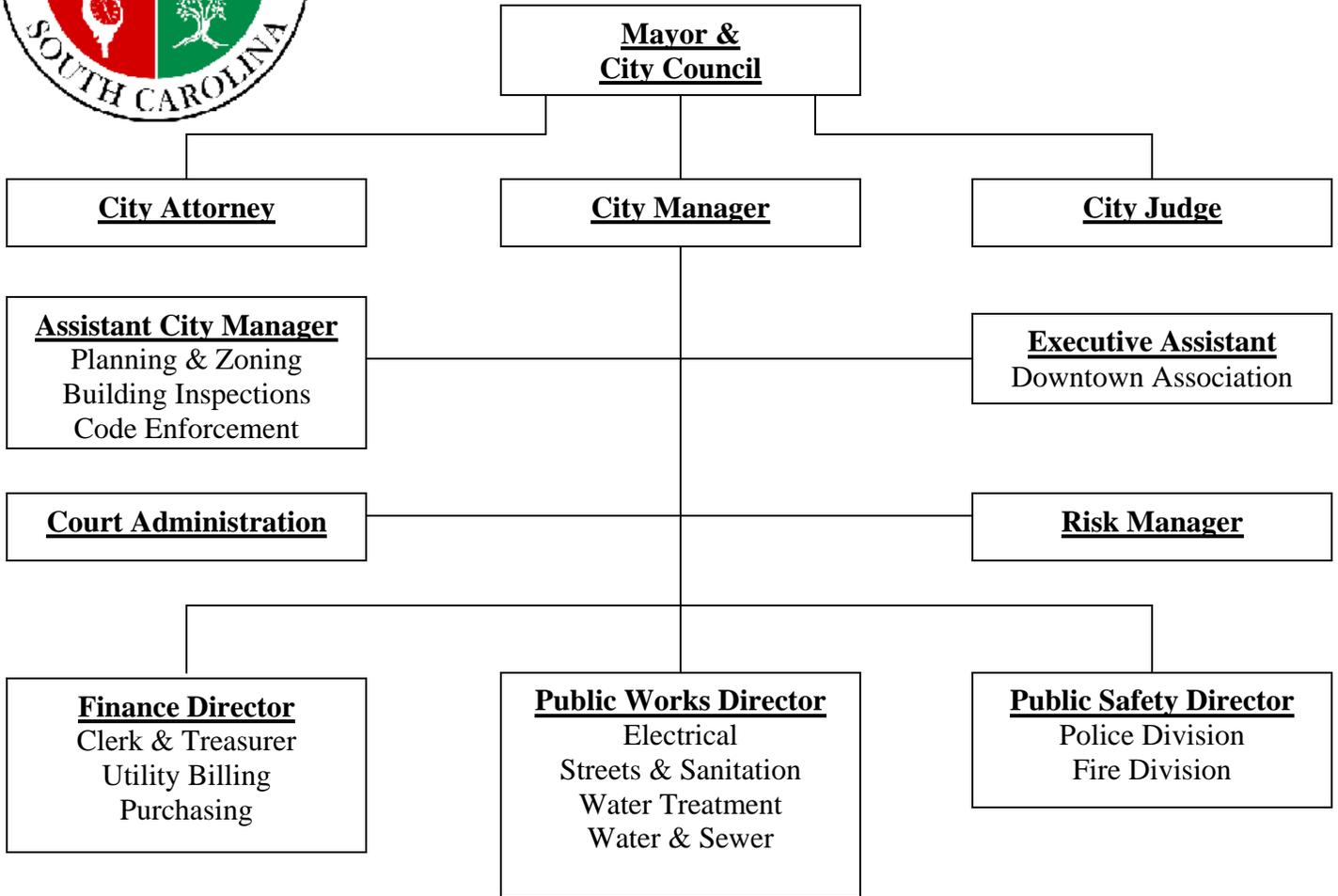
A handwritten signature in black ink, appearing to read "Joshua L. Kay". The signature is stylized with a large initial "J" and a long horizontal stroke.

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, 2009

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

To the Honorable Mayor and City Council
City of 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, 2010, 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, South Carolina's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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, 2010, 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.

U.S. generally accepted accounting principles require that the management's discussion and analysis, budgetary comparison information and schedule of funding progress for retiree health plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Clinton, South Carolina's financial statements as a whole. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Spartanburg, South Carolina
November 1, 2010

(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, 2010. 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

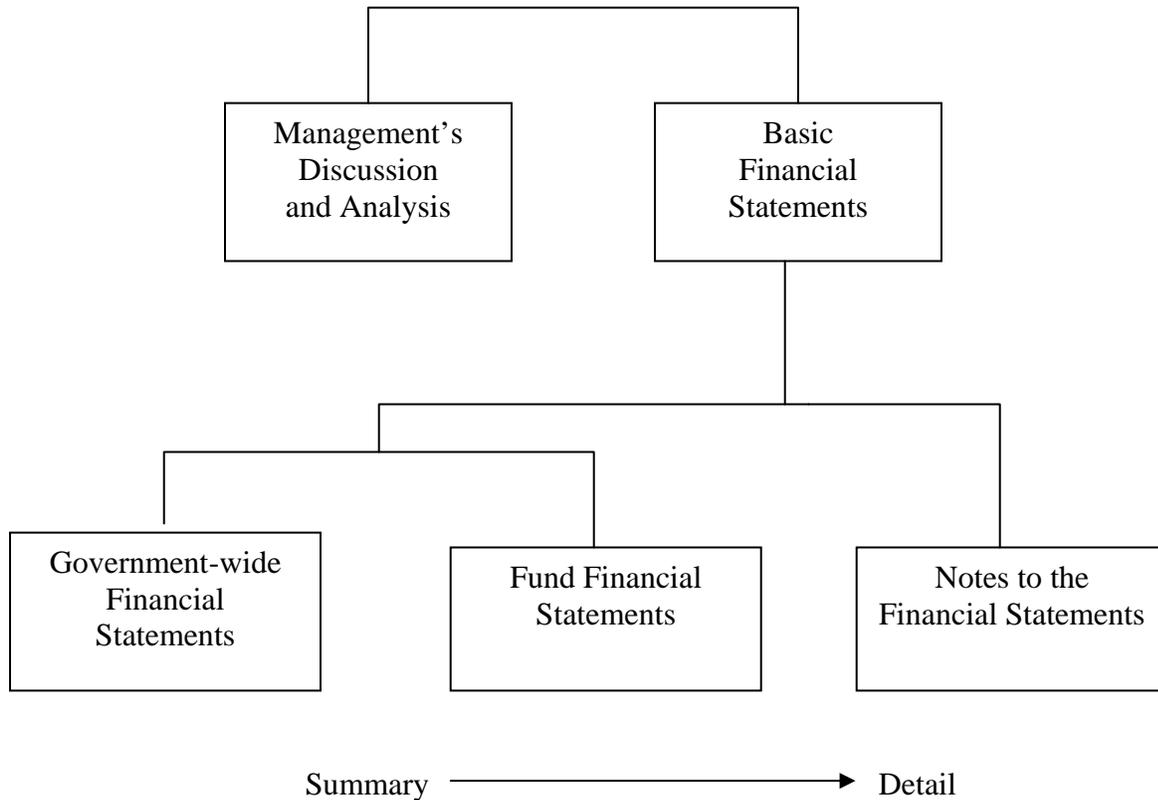
- The assets of the City of Clinton exceeded its liabilities at the close of the fiscal year by \$14,525,407.
- The government's total net assets increased by \$1,375,287 primarily due to increases in the governmental activities net assets
- As of the close of the current fiscal year, the City's governmental fund reported an ending fund balance of \$1,399,764, an increase of \$1,076,654 in comparison with the prior year. The City's unreserved fund deficit is \$61,964.

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 12 and 13) 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 14 through 21) 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 40 of this report.

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

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and Other Assets	\$ 2,028,299	\$ 1,021,072	\$ 6,347,798	\$ 6,088,943	\$ 8,376,097	\$ 7,110,015
Capital Assets	6,762,511	6,972,180	8,900,783	9,477,410	15,663,294	16,449,590
Intangible Assets	-	-	130,849	142,077	130,849	142,077
Total Assets	\$ 8,790,810	\$ 7,993,252	\$ 15,379,430	\$ 15,708,430	\$ 24,170,240	\$ 23,701,682
Long-term Liabilities						
Outstanding	\$ 1,640,599	\$ 1,685,487	\$ 5,392,824	\$ 7,040,637	\$ 7,033,423	\$ 8,726,124
Other Liabilities	582,915	671,764	2,028,495	1,153,674	2,611,410	1,825,438
Total Liabilities	2,223,514	2,357,251	7,421,319	8,194,311	9,644,833	10,551,562
Net Assets:						
Invested in capital assets, net of related debt	6,245,735	6,240,831	3,987,388	4,055,002	10,233,123	10,295,833
Restricted	120,951	60,000	-	-	120,951	60,000
Unrestricted	200,610	(664,830)	3,970,723	3,459,117	4,171,333	2,794,287
Total Net Assets	6,567,296	5,636,001	7,958,111	7,514,119	14,525,407	13,150,120
Total Net Assets and Liabilities	\$ 8,790,810	\$ 7,993,252	\$ 15,379,430	\$ 15,708,430	\$ 24,170,240	\$ 23,701,682

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 \$24,170,240 exceeded liabilities by \$14,525,407 as of June 30, 2010. The City's net assets increased by \$1,375,287 for the fiscal year ended June 30, 2010. However, the largest portion of net assets (71%) 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. Total net assets that are unrestricted is \$4,171,333.

Total unrestricted governmental net assets increased due to the City's conservative approach during the budget process for fiscal year 2009-2010 and adherence to that budget. As a whole, revenues reported for the City's governmental area were favorable.

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 1,699,434	\$ 1,728,094	\$ 16,629,444	\$ 15,095,124	\$ 18,328,878	\$ 16,823,218
Operating grants and contributions	1,116,663	1,318,142	-	-	1,116,663	1,318,142
Capital grants and contributions	31,761	557,642	-	-	31,761	557,642
General revenues:						
Property taxes	671,170	665,269	-	-	671,170	665,269
Other taxes	1,077,638	1,016,962	-	-	1,077,638	1,016,962
Grants and contributions not restricted to specific programs	235,149	274,252	-	-	235,149	274,252
Other	239,567	180,669	108,060	192,870	347,627	373,539
Total revenues	5,071,382	5,741,030	16,737,504	15,287,994	21,808,886	21,029,024
Expenses:						
General government	1,220,943	1,372,530	-	-	1,220,943	1,372,530
Public safety	3,371,542	3,706,146	-	-	3,371,542	3,706,146
Streets and sanitation	823,845	860,665	-	-	823,845	860,665
Museum	36,519	30,757	-	-	36,519	30,757
Cultural and recreation	414,612	380,733	-	-	414,612	380,733
General public	-	-	-	-	-	-
Interest on						
Long-term debt	46,892	45,375	-	-	46,892	45,375
Public works	-	-	896,709	1,102,250	896,709	1,102,250
Water and sewer	-	-	3,540,149	3,543,150	3,540,149	3,543,150
Electric	-	-	10,177,208	9,901,610	10,177,208	9,901,610
Total expenses	5,914,353	6,396,206	14,614,066	14,547,010	20,528,419	20,943,216
Changes in net assets						
before transfers	(842,971)	(655,176)	2,123,438	740,984	1,280,467	85,808
Transfers	1,679,446	1,587,583	(1,679,446)	(1,587,583)	-	-
Change in net assets	836,475	932,407	443,992	(846,599)	1,280,467	85,808
Net Assets, Beginning	5,636,001	4,759,067	7,514,119	8,360,718	13,150,120	13,119,785
Prior Period Adjustment	94,820	(55,473)	-	-	94,820	(55,473)
Net Assets, Ending	\$ 6,567,296	\$ 5,636,001	\$ 7,958,111	\$ 7,514,119	\$ 14,525,407	\$ 13,150,120

Governmental activities.

Governmental activities increased the City's net assets by \$836,475. Key elements of this increase are as follows:

- The City reduced expenditures down due to economic restraints and forecasts and received funds through transfers from the Utility Fund.
- Contributions and grants were received totaling over \$150,000 from Federal and State grants.

Business-type activities

Business-type activities increased the City of Clinton's net assets by \$443,992. The key element of this increase is:

- Utility Revenues increased by approximately \$1,450,000 while purchases to provide utilities to customer increased by \$109,000. The transfer to the Governmental Fund increased by a budgeted amount of \$91,863.

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 surplus of the General Fund was \$237,424 while total fund balance was \$536,613. Also in the governmental funds, the Economic Development Fund had an unreserved deficit of \$238,437 while the total fund balance was \$863,151. The Economic Development Fund Corporation's Fund Balance's did not have a significant increase or decrease. The change was due to the refinancing of debt. The General Fund is able to meet its cash flow needs by borrowing from the Proprietary Fund.

The fund balance of the City of Clinton's general fund increased by \$972,918 during the current fiscal year. Key factors in this increase are as follows:

- Hospitality taxes and Accommodation taxes increased by \$46,392. This can be attributed to the addition of one hotel and the full capacity of these facilities while I-385 was under construction.
- Fines and forfeitures increased by \$28,000 due to increased arrests and changes in personnel in the court system.
- Due to economic restraints and completion of several projects, capital outlay decreased by \$1,298,584. Most capital outlay was expended because it was associated with grant funds.
- Mainly, the change in net assets can be attributed to the economic restraints and outlook and the implementation of extreme conservative spending practices by management for fiscal year 2009-2010. The city's revenues decreased by \$933,033 while the expenditures decreased by \$986,926 overall. Also, the City did not transfer revenue to

the Economic Development Corporation which amounted to approximately \$735,000 in the prior year.

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 \$486,005, Hospitality Tax revenues exceeded the budget by \$71,362 and Miscellaneous Revenue exceeded the budget by \$107,434. Contributions primarily consist of money received from Clinton Newberry Natural Gas. Miscellaneous revenue can be attributed to the receipts from the Laurens County Solicitor's office for confiscated Drug Monies.

Expenditures for the General Fund were over budget in primarily two areas. The culture and recreation and administration were over budget by \$71,921, and \$311,090, respectively while the public safety department was under budget \$273,279. The culture and recreation expenditures exceeded the budgeted amounts due to costs related to the a liability insurance claim with the Municipal Association of South Carolina, various expenditures related to the Library and YMCA programs, and personnel allocations. The Public Safety Department was under budget because money budgeted for a surveillance grant and a communications grant was not spent. Administration exceeded budget due to the administration's capital outlay exceeding budgeted amounts because construction began on several projects.

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 \$3,970,723. The total increase in net assets for the fund was \$443,992. 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, 2010, totals \$15,663,294 (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 three police vehicles in the Public Safety Department with the assistance from a COPS and Federal ARRA Byrne Jag grant.
- The City began the Downtown Streetscape and MS Bailey projects that were added to Construction in Progress.
- The City completed the Industrial Park Sewer Line that was added to Sewer Improvements.

City of Clinton
Capital Assets
Figure 4

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 1,105,851	\$ 1,106,001	\$ 11,983	\$ 11,983	\$ 1,117,834	\$ 1,117,984
Building	2,667,902	2,744,001	173,756	181,857	2,841,658	2,925,858
Improvements Other than Buildings	1,906,659	2,059,614	8,266,056	8,663,647	10,172,715	10,723,261
Vehicles and Other Equipment	849,769	1,060,514	182,933	318,692	1,032,702	1,379,206
Construction in Progress	232,330	2,050	266,055	301,201	498,385	303,251
	<u>\$ 6,762,511</u>	<u>\$ 6,972,180</u>	<u>\$ 8,900,783</u>	<u>\$ 9,477,380</u>	<u>\$ 15,663,294</u>	<u>\$ 16,449,560</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, 2010, the City of Clinton had total bonded debt outstanding of \$6,224,038. Of this, \$303,123 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	
	2010	2009	2010	2009	2010	2009
General Obligation Bonds	\$ 303,123	\$ 404,720	\$ -	\$ -	\$ 303,123	\$ 404,720
Revenue Bonds	-	-	5,920,915	6,512,506	5,920,915	6,512,506
	<u>\$ 303,123</u>	<u>\$ 404,720</u>	<u>\$ 5,920,915</u>	<u>\$ 6,512,506</u>	<u>\$ 6,224,038</u>	<u>\$ 6,917,226</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 \$652,442. The City has \$303,123 in general obligation bonds outstanding at June 30, 2010. 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 September 2010, the City issued General Obligation Bonds for \$450,000 to fund the renovation of the M. S. Bailey Municipal Center.**

Budget Highlights for the Fiscal Year Ending June 30, 2011

Governmental Activities

The City of Clinton did not increase Property taxes for 2011. 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 6% to cover increased cost of wholesale power from Piedmont Municipal Power Agency. Water rates increased 5% to customers who reside outside of the city limits. Sewer rates increased by 5% to cover a rate increase of 5% 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, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 1,381,016	\$ -	\$ 1,381,016
Restricted Cash	120,951	919,717	1,040,668
Investments	28,620	124,805	153,425
Taxes Receivable - Net	79,549	-	79,549
Accounts Receivable - Net	160,947	3,869,758	4,030,705
Internal Balances	(847,709)	847,709	-
Inventories	3,337	585,809	589,146
Land Held for Resale	1,101,588	-	1,101,588
Capital Assets			
Land and construction in progress	1,338,181	278,038	1,616,219
Other capital assets - net of depreciation	5,424,330	8,622,745	14,047,075
Bond Issuance Costs - Net of Amortization	-	130,849	130,849
Total Assets	<u>\$ 8,790,810</u>	<u>\$ 15,379,430</u>	<u>\$ 24,170,240</u>
LIABILITIES AND NET ASSETS			
Liabilities			
Cash overdraft	\$ -	\$ 261,262	\$ 261,262
Accounts payable and accrued liabilities	237,351	1,172,958	1,410,309
Unearned revenue	325,084	-	325,084
Accrued interest payable	20,480	25,667	46,147
Long-term liabilities			
Net OPEB obligation	26,796	51,504	78,300
Due within one year	253,176	568,608	821,784
Due in more than one year	1,360,627	5,341,320	6,701,947
Total Liabilities	<u>2,223,514</u>	<u>7,421,319</u>	<u>9,644,833</u>
Net Assets			
Invested in capital assets, net of related debt	6,245,735	3,987,388	10,233,123
Restricted for:			
Economic development	60,000	-	60,000
Public safety	60,951	-	60,951
Unrestricted	200,610	3,970,723	4,171,333
Total Net Assets	<u>6,567,296</u>	<u>7,958,111</u>	<u>14,525,407</u>
Total Liabilities and Net Assets	<u>\$ 8,790,810</u>	<u>\$ 15,379,430</u>	<u>\$ 24,170,240</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, 2010

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	\$ 1,220,943	\$ 726,281	\$ 854,454	\$ -	\$ 359,792	\$ -	\$ 359,792
Public safety	3,371,542	602,499	120,979	31,761	(2,616,303)	-	(2,616,303)
Streets and sanitation	823,845	370,654	-	-	(453,191)	-	(453,191)
Museum	36,519	-	-	-	(36,519)	-	(36,519)
Cultural and recreation	414,612	-	141,230	-	(273,382)	-	(273,382)
Interest on long-term debt	46,892	-	-	-	(46,892)	-	(46,892)
Total Governmental Activities	5,914,353	1,699,434	1,116,663	31,761	(3,066,495)	-	(3,066,495)
Business-type Activities							
Public works	896,709	280,676	-	-	-	(616,033)	(616,033)
Water and sewer	3,540,149	4,059,056	-	-	-	518,907	518,907
Electric	10,177,208	12,289,712	-	-	-	2,112,504	2,112,504
Total Business-type Activities	14,614,066	16,629,444	-	-	-	2,015,378	2,015,378
Total Government-wide	\$ 20,528,419	\$ 18,328,878	\$ 1,116,663	\$ 31,761	(3,066,495)	2,015,378	(1,051,117)
General Revenues							
Taxes							
Property taxes, levied for general purposes					671,170	-	671,170
Local option sales tax					618,802	-	618,802
Other taxes					458,836	-	458,836
Grants and contributions not restricted to specific programs					235,149	-	235,149
Miscellaneous					239,567	108,060	347,627
Capital Contributions					-	-	-
Transfers					1,679,446	(1,679,446)	-
Total General Revenues, Transfers and Capital Contributions					3,902,970	(1,571,386)	2,331,584
Change in Net Assets					836,475	443,992	1,280,467
Net Assets - Beginning of Year					5,636,001	7,514,119	13,150,120
Prior Period Adjustment					94,820	-	94,820
Net Assets - End of Year					\$ 6,567,296	\$ 7,958,111	\$ 14,525,407

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

CITY OF CLINTON, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General Fund	Economic Development Corporation Fund	Total Governmental Funds
ASSETS			
Cash	\$ 1,501,967	\$ -	\$ 1,501,967
Investments	28,620	-	28,620
Receivables - Net			
Taxes	79,549	-	79,549
Accounts	160,947	-	160,947
Due from Other Funds	-	1,563	1,563
Inventories	3,337	-	3,337
Land Held for Resale	-	1,101,588	1,101,588
	-	1,101,588	1,101,588
 Total Assets	 \$ 1,774,420	 \$ 1,103,151	 \$ 2,877,571
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	\$ 237,351	\$ -	\$ 237,351
Due to other funds	849,272	-	849,272
Deferred revenue	151,184	240,000	391,184
	1,237,807	240,000	1,477,807
 Total Liabilities	 1,237,807	 240,000	 1,477,807
 Fund Balance			
Reserved for			
Mortgage receivables	90,551	-	90,551
Inventories	3,337	-	3,337
Land held for resale	-	1,101,588	1,101,588
Museum	33,572	-	33,572
Main Street program	32,511	-	32,511
Public safety	60,951	-	60,951
Fire safety house	234	-	234
Economic development	138,984	-	138,984
Unreserved	176,473	(238,437)	(61,964)
	536,613	863,151	1,399,764
 Total Fund Balances	 536,613	 863,151	 1,399,764
 Total Liabilities and Fund Balances	 \$ 1,774,420	 \$ 1,103,151	 \$ 2,877,571

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, 2010

Total Fund Balance, Governmental Funds		\$ 1,399,764
<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 activities of the Statement of Net Assets.</p>		6,762,511
<p>Certain other long-term liabilities are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.</p>		(26,796)
<p>Property taxes receivable are not considered available and are, therefore, deferred in the funds.</p>		66,100
<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	(303,124)	
Note payable	(842,405)	
Capital leases	(213,653)	
Compensated absences	(254,621)	
Accrued interest payable	<u>(20,480)</u>	<u>(1,634,283)</u>
Net Assets of Governmental Activities in the Statement of Net Assets		<u><u>\$ 6,567,296</u></u>

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

CITY OF CLINTON, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Economic Development Corporation Fund	Total Governmental Funds
Revenues			
Taxes	\$ 651,227	\$ -	\$ 651,227
Licenses and permits	726,090	-	726,090
Intergovernmental revenues	1,038,369	-	1,038,369
Fines and forfeitures	253,903	-	253,903
Accommodations tax	137,474	-	137,474
Hospitality tax	321,362	-	321,362
Charges for services	807,928	-	807,928
Contributions	964,005	-	964,005
Interest revenue	17,796	-	17,796
Miscellaneous	133,434	-	133,434
Total Revenues	5,051,588	-	5,051,588
Expenditures			
Current			
General government	1,098,197	-	1,098,197
Public Safety	3,066,580	-	3,066,580
Streets and sanitation	684,463	-	684,463
Museum	36,519	-	36,519
Cultural and recreational	407,862	-	407,862
Capital outlay	319,008	-	319,008
Debt service			
Principal retirement	214,572	125,000	339,572
Interest	25,735	21,264	46,999
Total Expenditures	5,852,936	146,264	5,999,200
Revenues Under Expenditures	(801,348)	(146,264)	(947,612)
Other Financing Sources			
Issuance of long-term debt - net	-	250,000	250,000
Transfers from other funds			
Overhead allocation transfer	307,446	-	307,446
Contributions transfer	1,372,000	-	1,372,000
Total Other Financing Sources	1,679,446	250,000	1,929,446
Net Change in Fund Balances	878,098	103,736	981,834
Fund Balances (Deficits) - Beginning of Year	(436,305)	759,415	323,110
Prior Period Adjustment	94,820	-	94,820
Fund Balances (Deficits) - End of Year	\$ 536,613	\$ 863,151	\$ 1,399,764

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, 2010

Net Change in Fund Balances - Total Governmental Funds \$ 981,834

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	359,521
Depreciation expense	(569,039)

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 19,943

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	(250,000)
Repayment of long-term debt	339,572

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	107
Net OPEB obligation	(27,425)
Compensated absences	(17,888)

Change in Net Assets of Governmental Activities	\$ 836,475
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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, 2010

	Combined Utility System Enterprise Fund
ASSETS	
Current Assets	
Restricted cash	\$ 919,717
Investments	124,805
Accounts receivable - net	2,657,213
Unbilled revenue	1,212,545
Due from the general fund	847,709
Inventories	585,809
Total Current Assets	6,347,798
Noncurrent Assets	
Capital assets - net of accumulated depreciation	8,900,783
Bond issuance costs - net of amortization	130,849
Total Noncurrent Assets	9,031,632
Total Assets	\$ 15,379,430
LIABILITIES AND NET ASSETS	
Liabilities	
Current liabilities	
Cash overdraft	\$ 261,262
Accounts payable and accrued liabilities	1,172,958
Accrued interest payable	25,667
Compensated absences - current portion	8,536
Obligations under capital leases - current portion	74,397
Revenue bonds payable - current portion	514,711
Deferred amount on refunding - current portion	(29,036)
Total current liabilities	2,028,495
Noncurrent liabilities	
Net OPEB obligation	51,504
Compensated absences - net of current portion	68,282
Obligations under capital leases - net of current portion	128,158
Revenue bonds payable - net of current portion	5,406,203
Deferred amount on refunding - net of current portion	(261,323)
Total noncurrent liabilities	5,392,824
Total Liabilities	7,421,319
Net Assets	
Invested in capital assets, net of related debt	3,987,388
Unrestricted	3,970,723
Total Net Assets	7,958,111
Total Liabilities and Net Assets	\$ 15,379,430

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, 2010

	Combined Utility System Enterprise Fund
Operating Revenues	
Utility sales	\$ 16,079,603
Interdepartmental utility sales	269,165
Hookup fees	41,400
Penalties	239,276
Miscellaneous	103,803
Total Operating Revenues	16,733,247
Operating Expenses	
Public works administration department	522,199
Utility billing department	314,355
Electric distribution department	9,887,636
Sanitary sewer department	1,430,855
Water distribution department	262,013
Water plant department	858,148
Storm sewer department	108,853
Maintenance department	64,432
Risk management department	81,637
Depreciation	765,790
Total Operating Expenses	14,295,918
Operating Income	2,437,329
Nonoperating Revenues (Expenses)	
Interest revenue	4,257
Interest expense	(306,920)
Bond issue cost amortization	(11,228)
Total Nonoperating Revenues (Expenses)	(313,891)
Income Before Transfers	2,123,438
Transfers to Other Funds	(1,679,446)
Net Income	443,992
Net Assets - Beginning of Year	7,514,119
Net Assets - End of Year	\$ 7,958,111

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, 2010

	<u>Combined Utility System Enterprise Fund</u>
Cash Flows Provided (Used) by Operating Activities	
Cash received from customers	\$ 16,031,744
Cash paid for goods and services	(11,499,653)
Cash paid to employees for services	<u>(1,927,405)</u>
	<u>2,604,686</u>
Cash Flows Provided (Used) by Non-Capital Financing Activities	
Transfers to other funds	<u>(1,309,744)</u>
	<u>(1,309,744)</u>
Cash Flows Provided (Used) by Capital and Related Financing Activities	
Acquisition and construction of capital assets	(189,163)
Net activity of line of credit	(448,092)
Principal payments on capital leases	(87,231)
Principal payments on revenue bonds	(591,592)
Interest paid on long-term obligations	<u>(277,885)</u>
	<u>(1,593,963)</u>
Cash Flows Provided (Used) by Investing Activities	
Interest income	<u>4,257</u>
Net Increase in Cash and Cash Equivalents	(294,764)
Cash and Cash Equivalents - Beginning of Year	<u>1,078,024</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 783,260</u></u>

CITY OF CLINTON, SOUTH CAROLINA
STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Combined Utility System Enterprise Fund</u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating income	\$ 2,437,329
Adjustments to reconcile operating income to net cash provided by operations	
Depreciation	765,790
(Increase) decrease in assets	
Accounts receivable	(489,803)
Unbilled receivables	(211,699)
Inventories	39,443
Increase (decrease) in liabilities	
Accounts payable and accrued liabilities	55,778
Accrued interest	(10,827)
Net OPEB obligation	25,930
Compensated absences	(7,255)
	<u>2,604,686</u>
Net Cash Provided by Operating Activities	<u>\$ 2,604,686</u>
Noncash Investing, Capital and Financing Activities	
Transfers to other funds	\$ (369,702)
Bond cost amortization	\$ (11,228)
Amortization included in interest expense	\$ (29,035)
Reconciliation of Cash and Investments as Shown on the Statement of Net Assets and Cash Flow Statement	
Statement of net assets classification	
Current assets	
Restricted cash	\$ 919,717
Investments	124,805
	<u>1,044,522</u>
Current liabilities	
Cash overdraft	<u>261,262</u>
Total cash and cash equivalents	<u>\$ 783,260</u>
Cash flow classification	
Cash deposits	\$ 658,455
Investments - cash equivalents	124,805
Total cash and cash equivalents	<u>\$ 783,260</u>

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

CITY OF CLINTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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 and provides services entirely to the City. 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, 2010

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, 2010

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, 2010

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 2010.

The following departments in the general fund had an excess of actual expenditures over budget for the year ended June 30, 2010:

<u>Fund/Function/Department</u>	<u>Excess Amount</u>
General Fund:	
General government	
Administration	\$ 311,090
Streets and sanitation	
Sanitation	17,277
Museum	13,187
Cultural and Recreational	71,921

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, 2010, 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, 2010

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 entire compensate absences liability and expense is reported on the government-wide and proprietary fund financial statements and are payable with expendable available resources.

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 the museum and main street programs, fire safety house and economic development.

CITY OF CLINTON, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 JUNE 30, 2010

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 U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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.

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

The City had the following investments as of June 30, 2010:

Investment Type	Maturity	Governmental Activities	Business-Type Activities	Total	Credit Quality
State treasurer’s investment pool	Daily	\$ 28,620	\$ 113,405	\$ 142,025	Unrated
U.S. government securities	Daily	-	11,400	11,400	N/A
		<u>\$ 28,620</u>	<u>\$ 124,805</u>	<u>\$ 153,425</u>	

CITY OF CLINTON, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 JUNE 30, 2010

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 \$114,633 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	-	3,869,758	3,869,758
Other receivables	70,396	-	70,396
	\$ 160,947	\$ 3,869,758	\$ 4,030,705

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 2009 tax year and the assessed valuation of real property was \$8,718,720. 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	\$ 13,449
Delinquent Tax Receivables	132,411
Allowance for uncollectibles	(66,311)
	\$ 79,549

CITY OF CLINTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

NOTE 2 – DETAILED NOTES ON ALL FUNDS - CONTINUED

A. Assets – continued

Capital Assets

Capital asset activity for the year ended June 30, 2010, was as follows:

	Beginning Balances	Increases	Decreases / Transfers	Ending Balances
Governmental Activities:				
Nondepreciable capital assets:				
Land	\$ 1,106,001	\$ -	\$ 150	\$ 1,105,851
Construction in progress	2,050	230,280	-	232,330
	<u>1,108,051</u>	<u>230,280</u>	<u>150</u>	<u>1,338,181</u>
Depreciable capital assets:				
Buildings	3,580,370	15,730	-	3,596,100
Other improvements	6,058,874	13,300	-	6,072,174
Vehicles and other equipment	6,641,801	100,210	-	6,742,011
	<u>16,281,045</u>	<u>129,240</u>	<u>-</u>	<u>16,410,285</u>
Less accumulated depreciation:				
Buildings	836,369	91,829	-	928,198
Other improvements	3,999,260	166,255	-	4,165,515
Vehicles and other equipment	5,581,287	310,955	-	5,892,242
Total accumulated depreciation	<u>10,416,916</u>	<u>569,039</u>	<u>-</u>	<u>10,985,955</u>
Total depreciable capital assets - net	<u>5,864,129</u>	<u>(439,799)</u>	<u>-</u>	<u>5,424,330</u>
Governmental Activities Capital Assets - Net	<u>\$ 6,972,180</u>	<u>\$ (209,519)</u>	<u>\$ 150</u>	<u>\$ 6,762,511</u>
	Beginning Balances	Increases	Decreases / Transfers	Ending Balances
Business-type Activities:				
Nondepreciable capital assets:				
Land	\$ 11,983	\$ -	\$ -	\$ 11,983
Construction in progress	301,201	136,572	171,718	266,055
Total nondepreciable capital assets	<u>313,184</u>	<u>136,572</u>	<u>171,718</u>	<u>278,038</u>
Depreciable capital assets:				
Buildings	934,569	19,467	-	954,036
Other improvements	26,054,569	203,260	-	26,257,829
Vehicles and other equipment	2,906,773	1,612	-	2,908,385
	<u>29,895,911</u>	<u>224,339</u>	<u>-</u>	<u>30,120,250</u>
Less accumulated depreciation for:				
Buildings	752,712	27,568	-	780,280
Other improvements	17,390,922	600,851	-	17,991,773
Vehicles and other equipment	2,588,081	137,371	-	2,725,452
	<u>20,731,715</u>	<u>765,790</u>	<u>-</u>	<u>21,497,505</u>
Total depreciable capital assets, net	<u>9,164,196</u>	<u>(541,451)</u>	<u>-</u>	<u>8,622,745</u>
Business-type Activities Capital Assets - Net	<u>\$ 9,477,380</u>	<u>\$ (404,879)</u>	<u>\$ 171,718</u>	<u>\$ 8,900,783</u>

CITY OF CLINTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

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	\$	137,064
Public safety		283,480
Streets and sanitation		142,360
Cultural and recreational		<u>6,135</u>
Total depreciation expense	\$	<u>569,039</u>
Business-type activities		
Public works	\$	3,062
Water and sewer		504,350
Electric		<u>258,378</u>
Total depreciation expense	\$	<u>765,790</u>

B. Liabilities

Long-term Liabilities

The following is a summary of long-term obligations of the City for year ended June 30, 2010:

	Beginning Balances	Increases	Decreases	Ending Balances	Due Within One Year
Governmental Activities:					
Net OPEB obligation	\$ (628)	\$ 27,424	\$ -	\$ 26,796	\$ -
General obligation bonds	402,912	-	(99,788)	303,124	72,686
Note payable	717,405	250,000	(125,000)	842,405	96,741
Capitalized lease obligations	328,438	-	(114,785)	213,653	73,208
Compensated absences	236,732	98,670	(80,781)	254,621	10,541
Total governmental activities	<u>\$ 1,684,859</u>	<u>\$ 376,094</u>	<u>\$ (420,354)</u>	<u>\$ 1,640,599</u>	<u>\$ 253,176</u>
Business-type activities					
Net OPEB obligation	\$ 25,574	\$ 25,930	\$ -	\$ 51,504	\$ -
Revenue bonds	6,512,506	-	(591,592)	5,920,914	514,711
Deferred loss on refunding	(319,394)	-	29,035	(290,359)	(29,036)
Capital lease obligations	289,785	-	(87,230)	202,555	74,397
Compensated absences	84,073	58,448	(65,703)	76,818	8,536
Total business-type activities	<u>\$ 6,592,544</u>	<u>\$ 84,378</u>	<u>\$ (715,490)</u>	<u>\$ 5,961,432</u>	<u>\$ 568,608</u>

CITY OF CLINTON, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 JUNE 30, 2010

NOTE 2 – DETAILED NOTES ON ALL FUNDS - Continued

B. Liabilities

Governmental Fund Debt

General Obligation Bonds

Bonds payable at June 30, 2010 comprised of the following issue:

\$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%.	<u>\$ 303,123</u>
Less current maturities	<u>303,123</u> <u>(72,686)</u>
Long-term liabilities	<u><u>\$ 230,437</u></u>

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

Year Ending June 30	Principal	Interest	Total
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>\$ 303,123</u></u>	<u><u>\$ 21,111</u></u>	<u><u>\$ 324,234</u></u>

Note Payable

On April 15, 2010, the City refinanced the \$717,405 outstanding notes payable balance, that was used for the purchase of land held for resale, for a new note payable of \$967,405. The new note matures May 2019 with annual installments of \$96,741 beginning May 2011 with an interest rate of 4.75% payable for the first five years. During the current year, the City made a principal payment of \$125,000.

Annual debt requirements for the City's note payable are as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 96,741	\$ 40,897	\$ 137,638
2012	96,741	36,200	132,941
2013	96,741	31,504	128,245
2014	96,741	26,807	123,548
2015	96,741	22,111	118,852
2016-2019	<u>358,700</u>	<u>44,963</u>	<u>403,663</u>
	<u><u>\$ 842,405</u></u>	<u><u>\$ 202,482</u></u>	<u><u>\$ 1,044,887</u></u>

CITY OF CLINTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

NOTE 2 – DETAILED NOTES ON ALL FUNDS - CONTINUED

B. Liabilities

Governmental Fund Debt

Capital Lease Obligations

Capital leases payable at June 30, 2010 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%.	\$ 16,060
\$156,650 6 vehicle capital lease for 3 years, beginning August 2007. Annual payments of \$57,558, including interest of 6.44%.	9,539
\$68,002 Garbage truck capital lease for 5 years, beginning February 2008. Annual payments of \$15,236, including interest of 3.85%.	42,368
\$176,927 Fire truck capital lease for 5 years, beginning January 15, 2009. Annual payments of \$40,645, including interest of 4.537%.	<u>145,686</u>
	213,653
Less amount representing interest	<u>(24,260)</u>
Present value of future minimum lease payments	<u><u>\$ 189,393</u></u>

Proprietary Fund Debt

Revenue Bonds

Bonds payable at June 30, 2010 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.	\$ 130,000
\$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.	54,711
\$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.	4,195,000

CITY OF CLINTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

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.	1,280,000
\$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>261,203</u>
	5,920,914
Less current maturities	<u>(514,711)</u>
Long-term liabilities	<u><u>\$ 5,406,203</u></u>

Debt Service requirements to maturity including interest on all outstanding revenue bonds at June 30, 2010 are as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 514,711	\$ 245,542	\$ 760,253
2012	480,000	222,880	702,880
2013	535,793	198,941	734,734
2014	565,223	173,723	738,946
2015	591,455	147,247	738,702
2016-2020	<u>3,233,732</u>	<u>360,665</u>	<u>3,594,397</u>
	<u><u>\$ 5,920,914</u></u>	<u><u>\$ 1,348,998</u></u>	<u><u>\$ 7,269,912</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, 2010 were comprised of the following

\$16,848 2 Cannon copier capital leases for 5 years, beginning October 2005. Annual payments of \$4,325, including interest of 2.11%.	\$ 2,093
\$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%.	23,035

CITY OF CLINTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

NOTE 2 – DETAILED NOTES ON ALL FUNDS - CONTINUED

B. Liabilities – continued

Proprietary Fund Debt - continued

Capital Lease Obligations - continued

\$170,910 Sewer truck capital lease for 6 years, beginning December 2007. Annual payments of \$31,540, including interest of 3.49%.	88,380
\$109,568 Bucket truck capital lease for 6 years, beginning September 2008. Annual payments of \$24,356, including interest of 3.65%.	<u>89,047</u>
	202,555
Less amount representing interest	<u>(15,489)</u>
Present value of future minimum lease payments	<u><u>\$ 187,066</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, 2010, 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, 2010 are shown on the statement of net assets as a deferred loss on refunding. Amortization has been included in interest expense and was \$29,035 for the year ended June 30, 2010.

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:

	Fund Statements	Accrual Adjustment	Government- Wide
Taxes receivable	\$ 66,100	\$ (66,100)	\$ -
Deferred rental income	321,480	-	321,480
Deposits on pending police cases	<u>3,604</u>	<u>-</u>	<u>3,604</u>
Total	<u><u>\$ 391,184</u></u>	<u><u>\$ (66,100)</u></u>	<u><u>\$ 325,084</u></u>

CITY OF CLINTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

NOTE 2 – DETAILED NOTES ON ALL FUNDS - CONTINUED

B. Liabilities – continued

Interfund Receivables, Payables and Transfers

On June 30, 2010, the Enterprise Fund was due \$847,709 from the General Fund for utility services incurred by the General Fund. The Economic Development Corporation Fund was due \$1,563 from the General Fund 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	\$ 1,372,000
Combined Utility Fund for overhead allocations	<u>307,446</u>
	<u>\$ 1,679,446</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. There was no balance as of June 30, 2010. During the year, the City drew down funds of \$50,000 and made repayments of \$498,092.

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.

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 to the South Carolina Retirement System, Post Office Box 11960, Columbia, South Carolina 29211-1960.

CITY OF CLINTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

NOTE 2 – DETAILED NOTES ON ALL FUNDS - Continued

B. Liabilities – continued

Employee Retirement Systems - continued

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, 2010				
Employer	\$ 228,282	100%	\$ 162,670	100%
Employees	159,120	100%	99,282	100%
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%

CITY OF CLINTON, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 JUNE 30, 2010

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, 2010, there were 26 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 Employer 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, 2010:

	Net OPEB Obligation (Asset)		
	Governmental Activities	Business Type Activities	Total
Annual required contribution (ARC)	\$ 101,549	\$ 51,451	\$ 153,000
Interest on net OPEB obligation	745	378	1,123
Adjustment to ARC	(706)	(357)	(1,063)
Annual OPEB cost	101,588	51,472	153,060
Contributions made	(74,164)	(25,542)	(99,706)
Increase in net OPEB (asset) obligation	27,424	25,930	53,354
Net OPEB obligation (asset) - beginning of year	(628)	25,574	24,946
Net OPEB obligation (asset) - end of year	<u>\$ 26,796</u>	<u>\$ 51,504</u>	<u>\$ 78,300</u>

CITY OF CLINTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

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, 2010 is as follows:

Governmental Activities			
Year Ended	Annual OPEB Cost	% of OPEB Contributed	Net OPEB Obligation (Asset)
June 30, 2009	\$ 101,549	100.62%	\$ (628)
June 30, 2010	\$ 101,588	73.00%	\$ 26,796
Business Type Activities			
Year Ended	Annual OPEB Cost	% of OPEB Contributed	Net OPEB Obligation (Asset)
June 30, 2009	\$ 51,451	50.84%	\$ 25,574
June 30, 2010	\$ 51,472	49.62%	\$ 51,504
Total			
Year Ended	Annual OPEB Cost	% of OPEB Contributed	Net OPEB Obligation (Asset)
June 30, 2009	\$ 153,000	83.70%	\$ 24,946
June 30, 2010	\$ 153,060	65.14%	\$ 78,300

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 \$1,440,000, and the actuarial value of assets was \$0, 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, 2010

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

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

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

NOTE 3 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES AND COMMITMENTS

Piedmont Municipal Power Agency

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

CITY OF CLINTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

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

Piedmont Municipal Power Agency - continued

The City has agreed pursuant to the Catawba Nuclear Project Power Sales Agreement, in exchange for a share of the power and energy from the Catawba Nuclear Station, to take or pay for a cost of its share (7.84%) of the Catawba Project output whether or not the Project is operable or operating. Such costs are all of PMPA's costs resulting from or attributable to the ownership, operation, maintenance, termination, retirement from service, decommissioning of, necessary repairs and additions, and amounts required to be deposited to debt service funds. In addition, if any other party to the agreement defaults, the City's share of the Project output would increase 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, 2010.

For the year ended June 30, 2010, the City's purchased power expense from PMPA was \$8,735,087. Also, the amount included in accounts payable and accrued liabilities for accrued purchased power from PMPA at June 30, 2010 is \$881,307.

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 \$412,127 in outstanding commitments on construction contracts at June 30, 2010.

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 \$94,820 represents an understatement in cash.

NOTE 5 – SUBSEQUENT EVENT

In August 2010, the City issued \$450,000 Series 2010 General Obligation Bond, with an interest rate of 3.02% for ten years. The bonds were issued to defray the costs of certain facility improvements.

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, 2010

	General Fund			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Taxes	\$ 613,000	\$ 613,000	\$ 651,227	\$ 38,227
Licenses and permits	762,500	762,500	726,090	(36,410)
Intergovernmental revenues	1,066,875	1,066,875	1,038,369	(28,506)
Fines and forfeitures	215,000	215,000	253,903	38,903
Accommodations tax	130,000	130,000	137,474	7,474
Hospitality tax	250,000	250,000	321,362	71,362
Charges for services	696,776	696,776	807,928	111,152
Contributions	478,000	478,000	964,005	486,005
Interest	-	-	17,796	17,796
Miscellaneous	26,000	26,000	133,434	107,434
Total Revenues	<u>4,238,151</u>	<u>4,238,151</u>	<u>5,051,588</u>	<u>813,437</u>
Expenditures				
Current				
General government	1,075,011	1,075,011	1,098,197	(23,186)
Public safety	3,343,991	3,343,991	3,066,580	277,411
Streets and sanitation	701,482	701,482	684,463	17,019
Museum	23,332	23,332	36,519	(13,187)
Culture and recreation	335,941	335,941	407,862	(71,921)
Capital outlay	136,729	136,729	319,008	(182,279)
Debt service				
Principal retirement	270,111	270,111	214,572	55,539
Interest	-	-	25,735	(25,735)
Total Expenditures	<u>5,886,597</u>	<u>5,886,597</u>	<u>5,852,936</u>	<u>33,661</u>
Revenues Under Expenditures	<u>(1,648,446)</u>	<u>(1,648,446)</u>	<u>(801,348)</u>	<u>847,098</u>
Other Financing Sources				
Proceeds from sale of land	150,000	150,000	-	(150,000)
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	1,500,000	1,500,000	1,372,000	(128,000)
Operating transfers out	<u>(310,000)</u>	<u>(310,000)</u>	<u>-</u>	<u>(310,000)</u>
Total Other Financing Sources and Uses	<u>1,648,446</u>	<u>1,648,446</u>	<u>1,679,446</u>	<u>(589,000)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	878,098	<u>\$ 878,098</u>
Fund Deficit - Beginning of Year			(436,305)	
Prior Period Adjustment			94,820	
Fund Deficit - End of Year			<u>\$ 536,613</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, 2010

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, 2010

	Budget	Actual	Variance Favorable (Unfavorable)
General Government			
Mayor and city council			
Salaries and employee benefits	\$ 77,596	\$ 68,909	\$ 8,687
Operating	48,271	59,121	(10,850)
Capital outlay	25,000	-	25,000
	<u>150,867</u>	<u>128,030</u>	<u>22,837</u>
Administration			
Salaries and employee benefits	177,775	181,035	(3,260)
Operating	161,001	277,233	(116,232)
Capital outlay	-	221,402	(221,402)
Debt service	140,000	110,196	29,804
	<u>478,776</u>	<u>789,866</u>	<u>(311,090)</u>
Municipal Court			
Salaries and employees benefits	75,243	59,968	15,275
Operating	10,881	10,780	101
Capital outlay	500	3,635	(3,135)
	<u>86,624</u>	<u>74,383</u>	<u>12,241</u>
Legal Services			
Operating	<u>27,000</u>	<u>10,988</u>	<u>16,012</u>
Finance Department			
Salaries and employee benefits	369,744	284,128	85,616
Operating	127,500	146,035	(18,535)
	<u>497,244</u>	<u>430,163</u>	<u>67,081</u>
Total General Government	<u>1,240,511</u>	<u>1,433,430</u>	<u>(192,919)</u>
Public Safety			
Police department			
Salaries and employee benefits	2,202,642	2,161,408	41,234
Operating	913,169	681,124	232,045
Capital outlay	53,487	84,237	(30,750)
Debt service	98,203	98,203	-
	<u>3,267,501</u>	<u>3,024,972</u>	<u>242,529</u>
Inspections and zoning			
Salaries and employee benefits	189,659	189,162	497
Operating	38,521	34,886	3,635
Capital outlay	12,242	-	12,242
	<u>240,422</u>	<u>224,048</u>	<u>16,374</u>
Total Public Safety	<u>3,507,923</u>	<u>3,249,020</u>	<u>258,903</u>

CITY OF CLINTON, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - CONTINUED
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Streets and Sanitation			
Streets			
Salaries and employee benefits	159,107	114,736	44,371
Operating	77,322	82,264	(4,942)
Capital outlay	35,500	4,867	30,633
	<u>271,929</u>	<u>201,867</u>	<u>70,062</u>
Sanitation			
Salaries and employee benefits	306,239	289,008	17,231
Operating	158,814	198,455	(39,641)
Capital outlay	10,000	4,867	5,133
Debt service	31,908	31,908	-
	<u>506,961</u>	<u>524,238</u>	<u>(17,277)</u>
Total Streets and Sanitation	<u>778,890</u>	<u>726,105</u>	<u>52,785</u>
Museum			
Salaries and employee benefits	19,287	15,294	3,993
Operating	4,045	21,225	(17,180)
Total Museum	<u>23,332</u>	<u>36,519</u>	<u>(13,187)</u>
Cultural and Recreational			
Salaries and employee benefits	84,461	121,034	(36,573)
Operating	251,480	286,828	(35,348)
Total Cultural and Recreational	<u>335,941</u>	<u>407,862</u>	<u>(71,921)</u>
Total General Fund Expenditures	<u>\$ 5,886,597</u>	<u>\$ 5,852,936</u>	<u>\$ 33,661</u>

CITY OF CLINTON, SOUTH CAROLINA
SCHEDULE OF FINES AND ASSESSMENTS COLLECTED
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010

Municipal Court Assessments and Court Surcharges

Retained for victim's assistance	\$ 17,816
Municipal court fines remitted to the state	<u>104,489</u>
Total Fines and Assessments Collected	<u><u>\$ 122,305</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 Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	2010	2009	2008	2007	2006	2005	2004
Governmental Activities							
Invested in capital assets, net of related debt	\$ 6,245,735	\$ 6,240,831	\$ 5,215,823	\$ 2,522,698	\$ 2,461,642	\$ 2,534,996	\$ 2,172,808
Restricted	120,951	60,000	25,073	-	-	-	-
Unrestricted	200,610	(664,830)	(481,829)	229,640	(471,974)	(176,259)	(496,224)
Total Governmental Activities Net Assets	<u>6,567,296</u>	<u>5,636,001</u>	<u>4,759,067</u>	<u>2,752,338</u>	<u>1,989,668</u>	<u>2,358,737</u>	<u>1,676,584</u>
Business-type Activities							
Invested in capital assets, net of related debt	3,987,388	4,055,002	4,576,566	4,606,805	5,653,939	6,283,999	6,021,601
Unrestricted (Deficit)	3,970,723	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>7,958,111</u>	<u>7,514,119</u>	<u>8,360,718</u>	<u>8,878,138</u>	<u>9,326,306</u>	<u>9,355,845</u>	<u>9,614,075</u>
Primary Government							
Invested in capital assets, net of related debt	10,233,123	10,295,833	9,792,389	7,129,503	8,115,581	8,818,995	8,194,409
Restricted	120,951	60,000	25,073	-	-	-	-
Unrestricted	4,171,333	2,794,287	3,302,323	4,500,973	3,200,393	2,895,587	3,096,250
Total Primary Government Net Assets	<u>\$ 14,525,407</u>	<u>\$ 13,150,120</u>	<u>\$ 13,119,785</u>	<u>\$ 11,630,476</u>	<u>\$ 11,315,974</u>	<u>\$ 11,714,582</u>	<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 Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	2010	2009	2008	2007	2006	2005	2004
Expenses							
<u>Governmental Activities:</u>							
General government	\$ 1,220,943	\$ 1,372,530	\$ 1,216,241	\$ 1,785,710	\$ 1,082,973	\$ 814,568	\$ 844,815
Public safety	3,371,542	3,706,146	3,478,603	3,379,432	3,285,175	3,079,613	2,906,301
Streets and sanitation	823,845	860,665	803,276	932,856	1,050,878	1,002,933	859,123
Museum	36,519	30,757	14,414	24,402	23,197	51,343	56,051
Cultural and recreation	414,612	380,733	487,729	423,428	347,284	431,827	345,322
General public	-	-	-	-	-	-	217,686
Interest on long-term debt	46,892	45,375	51,595	53,871	38,607	20,691	17,548
Total Governmental Activities Expenses	5,914,353	6,396,206	6,051,858	6,599,699	5,828,114	5,400,975	5,246,846
<u>Business-type Activities:</u>							
Public works	896,709	1,102,250	1,002,794	964,756	953,155	810,439	620,857
Water and sewer	3,540,149	3,543,150	3,412,184	3,710,374	3,097,398	2,874,736	3,077,335
Electric	10,177,208	9,901,610	9,717,295	9,021,313	9,215,461	8,851,717	8,665,982
Total Business-type Activities Expenses	14,614,066	14,547,010	14,132,273	13,696,443	13,266,014	12,536,892	12,364,174
Total Primary Government Expenses	20,528,419	20,943,216	20,184,131	20,296,142	19,094,128	17,937,867	17,611,020
<u>Governmental Activities:</u>							
Charges for services							
General government	726,281	784,473	-	-	-	-	4,100
Public safety	602,499	574,395	1,505,245	1,257,787	1,204,143	1,245,292	1,322,915
Streets and sanitation	370,654	369,226	373,479	358,592	321,559	288,109	-
Operating grants and contributions	1,116,663	1,318,142	615,355	1,168,980	-	-	705,827
Capital grants and contributions	31,761	557,642	811,434	1,000,000	697,809	1,198,155	-
Total Governmental Activities Program Revenues	2,847,858	3,603,878	3,305,513	3,785,359	2,223,511	2,731,556	2,032,842
<u>Business-type Activities:</u>							
Utility Sales	16,348,768	14,855,640	15,256,635	14,430,222	14,376,677	13,493,046	13,333,924
Hook up fees	41,400	38,965	40,180	42,250	40,353	46,050	47,996
Penalties	239,276	200,520	193,431	201,377	212,080	204,158	179,216
Operating grants and contributions	-	-	42,008	-	-	-	445,863
Total Business-type Activities Program Revenues	16,629,444	15,095,125	15,532,254	14,673,849	14,629,110	13,743,254	14,006,999
Total Primary Government Program Revenues	19,477,302	18,699,003	18,837,767	18,459,208	16,852,621	16,474,810	16,039,841
Net (Expense) Revenue							
Governmental Activities	(3,066,495)	(2,792,328)	(2,746,345)	(2,814,340)	(3,604,603)	(2,669,419)	(3,214,004)
Business-type Activities	2,015,378	548,115	1,399,981	977,406	1,363,096	1,206,362	1,642,825
Total Primary Government	(1,051,117)	(2,244,213)	(1,346,364)	(1,836,934)	(2,241,507)	(1,463,057)	(1,571,179)
General Revenues and Other Changes in Net Assets							
<u>Governmental Activities:</u>							
Taxes	\$ 1,748,808	\$ 1,682,231	\$ 1,504,992	\$ 1,326,390	\$ 1,231,373	\$ 1,134,890	\$ 1,234,423
Grants and contributions not restricted to specific programs	235,149	274,252	274,252	245,746	230,320	229,147	218,862
Miscellaneous	239,567	180,669	763,579	540,935	195,981	477,481	307,259
Transfers	1,679,446	1,587,583	1,688,105	1,609,055	1,577,860	1,624,220	1,256,922
Total Governmental Activities	3,902,970	3,724,735	4,230,928	3,722,126	3,235,534	3,465,738	3,017,466
<u>Business-type Activities:</u>							
Miscellaneous	108,060	192,870	158,682	183,451	185,225	159,628	257,973
Transfers	(1,679,446)	(1,587,583)	(1,688,105)	(1,609,055)	(1,577,860)	(1,624,220)	(1,256,922)
Total Business-type Activities	(1,571,386)	(1,394,713)	(1,529,423)	(1,425,604)	(1,392,635)	(1,464,592)	(998,949)
Total Primary Government	2,331,584	2,330,022	2,701,505	2,296,522	1,842,899	2,001,146	2,018,517
Change in Net Assets							
Governmental Activities	836,475	932,407	1,484,583	907,786	(369,069)	796,319	(196,538)
Prior Period Adjustment	94,820	-	-	-	-	-	-
Total Governmental Activities	931,295	932,407	1,484,583	907,786	(369,069)	796,319	(196,538)
Business-type Activities	443,992	(846,598)	(129,442)	(448,198)	(29,539)	(258,230)	643,876
Total Primary Government	\$ 1,375,287	\$ 85,809	\$ 1,355,141	\$ 459,588	\$ (398,608)	\$ 538,089	\$ 447,338

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 Years
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Fund										
Reserved	\$ 360,140	\$ 382,055	\$ 355,255	\$ 307,948	\$ 231,854	\$ 111,111	\$ 109,921	\$ 112,876	\$ 117,527	\$ 123,898
Unreserved	176,473	(818,360)	(956,070)	(1,512,940)	(1,080,667)	(658,269)	(493,947)	(703,233)	(320,965)	(426,748)
Total General Fund	<u>536,613</u>	<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>
All Other Governmental Funds										
Reserved	1,101,588	1,062,588	1,148,810	1,148,810	1,448,778	837,498	-	-	-	-
Unreserved, reported in:										
Special revenue fund	(238,437)	(303,173)	(173,388)	155,854	191,415	214,072	-	-	-	-
Total All Other Governmental Funds	<u>863,151</u>	<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>
Total Governmental Fund Balance	<u>\$ 1,399,764</u>	<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>

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

	Fiscal Year Ended June 30,									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenues										
Taxes	\$ 651,227	\$ 662,479	\$ 613,895	\$ 646,308	\$ 629,118	\$ 569,738	\$ 612,311	\$ 667,990	\$ 680,869	\$ 670,146
Fees, licenses and permits	726,090	784,473	837,851	711,586	721,869	658,879	1,035,116	845,413	952,542	1,105,394
Intergovernmental	1,038,369	1,690,632	1,758,264	1,411,905	995,366	943,139	604,216	632,468	765,441	620,784
Fines and forfeitures	253,903	225,799	268,449	230,880	204,925	284,370	167,396	207,469	208,254	240,269
Accommodations tax	137,474	107,220	66,374	45,987	35,582	26,376	27,310	25,549	22,516	27,752
Hospitality tax	321,362	305,224	247,182	-	-	-	-	-	-	-
Charges for services	807,928	813,595	852,342	701,074	598,909	590,152	551,303	569,514	551,216	430,253
Contributions	964,005	1,290,153	1,081,773	709,547	489,985	1,014,842	501,955	273,400	501,400	164,819
Investment income	17,796	10,605	18,210	2,549	2,146	474	7,454	4,787	6,776	28,799
Miscellaneous	133,434	(151,790)	151,324	436,225	192,480	477,011	294,235	121,386	55,015	23,551
Total Revenues	5,051,588	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
Expenditures										
General government	1,098,197	1,235,251	1,089,052	1,676,950	997,309	754,796	818,298	656,322	461,439	599,645
Public safety	3,066,580	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
Streets and sanitation	684,463	718,471	776,723	833,831	930,179	877,360	823,641	729,662	824,670	897,125
Museum	36,519	30,757	14,415	24,403	22,401	50,449	56,051	49,784	5,639	30,236
Culture and recreation	407,862	374,258	472,873	410,236	332,852	359,339	345,322	334,217	-	-
Other	-	-	-	-	-	-	-	-	520,025	708,677
Capital outlay	319,008	1,617,592	1,448,925	1,562,234	240,756	852,004	736,445	346,730	107,208	406,789
Debt service										
Interest	339,572	204,236	302,037	437,930	128,853	620,261	112,342	110,788	122,440	197,960
Principal	46,999	40,959	59,084	51,439	37,872	20,691	17,548	12,905	17,585	20,389
Total Expenditures	5,999,200	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
Excess of Revenues Over (Under) Expenditures	(947,612)	(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)
Other Financing Sources (Uses)										
Contributions	-	-	-	1,000,000	-	-	-	-	-	-
Issuance of long-term debt	250,000	-	-	-	611,280	1,000,000	-	-	-	-
Proceeds from capital leases	-	176,927	-	-	74,180	-	133,764	-	-	64,577
Proceeds from bond issuance	-	-	-	-	-	-	700,000	200,000	-	-
Sale of capital assets	-	-	-	-	1,355	-	5,570	6,712	7,650	4,100
Transfers in (out)	1,679,446	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
Total Other Financing Sources (Uses)	1,929,446	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
Net Change in Fund Balance	\$ 981,834	\$ (135,754)	\$ 316,030	\$ (691,708)	\$ 286,968	\$ 767,450	\$ 206,331	\$ (386,909)	\$ 99,412	\$ (794,275)
Debt Service as a percentage of noncapital expenditures	6.81%	4.07%	5.98%	7.38%	2.97%	11.51%	2.62%	2.59%	2.99%	4.23%

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

Calendar Year	Tax Year	Real Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2000	2000	6,813,550	3,804,240	10,617,790	8.40	182,091,710	5.8%
2001	2001	7,561,270	3,429,550	10,990,820	8.40	224,206,621	4.9%
2002	2002	7,784,601	2,478,400	10,263,001	9.05	192,583,807	5.3%
2003	2003	7,675,091	4,112,159	11,787,250	9.05	201,073,915	5.9%
2004	2004	7,655,161	3,957,436	11,612,597	9.05	201,270,016	5.8%
2005	2005	7,681,321	3,909,031	11,590,352	9.05	204,168,749	5.7%
2006	2006	7,985,181	3,824,823	11,810,004	9.85	214,900,518	5.5%
2007	2007	7,807,600	3,684,127	11,491,727	9.85	211,137,532	5.4%
2008	2008	8,679,500	3,499,199	12,178,699	9.75	226,705,700	5.4%
2009	2009	8,718,720	3,225,845	11,944,565	9.75	222,968,991	5.4%

Source: Laurens County Auditor's Office

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

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

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Property Tax Rates	9.75	9.75	9.85	9.85	9.85	9.05	9.05	9.05	9.05	8.40
City Direct Rates (2)	9.75	9.75	9.85	9.85	9.85	9.05	9.05	9.05	9.05	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	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
The Clinton Hotel Group	\$ 324,730	1	2.67%	\$ -	-	-
BellSouth	310,900	2	2.55%	469,220	2	4.42%
National Health Care	167,240	3	1.37%	194,950	4	1.84%
ReHold Clinton, LLC	132,590	4	1.09%			
MLD Delaware Trust	121,940	5	1.00%			
Ingles	93,540	6	0.77%	132,930	7	1.25%
Piedmont Rural Telephone Comm.	84,080	7	0.69%			
Westchase	82,420	8	0.68%			
Related Clinton Manor, LLC	74,650	9	0.61%	-	-	-
CSX Transportation	72,510	10	0.60%			
M S Bailey & Son Bankers	72,050			291,500	3	2.75%
Clinton Mills	-	-	-	2,024,160	1	19.06%
STI Credit Corporation				163,230	5	1.54%
BI-Lo	-	-	-	155,200	6	1.46%
Comfort Inn (now Quality Inn)	-	-	-	68,410	8	0.64%
Landau Apartments	70,940	-	-	63,730	9	0.60%
McDonald's	59,200	-	-	57,470	10	0.54%
	<u>\$ 1,666,790</u>		<u>12.03%</u>	<u>\$ 3,620,800</u>		<u>34.10%</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(1)
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%
2010	559,594	487,542	87.1%	38,645	526,187	94.0%

Source: Laurens County Treasurer's Office

Notes: The percentage of the annual levy will exceed 100 when collections of delinquent taxes from previous years are greater than difference between total levy and collections.

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

Fiscal Year Ended June 30	General Bonded Debt Outstanding		Percentage of Actual Taxable Value of Property	Population	Per Capita (1)
	General Obligation Bonds	Total			
2001	\$ -	\$ -	0.00%	8,091	\$ -
2002	-	-	0.00%	8,091	-
2003	200,000	200,000	0.10%	8,091	24.72
2004	871,868	871,868	0.43%	9,129	95.51
2005	781,828	781,828	0.39%	9,129	85.64
2006	689,934	689,934	0.34%	9,129	75.58
2007	596,158	596,158	0.28%	9,129	65.30
2008	500,582	500,582	0.24%	9,129	54.83
2009	404,720	404,720	0.18%	9,129	44.33
2010	303,123	303,123	0.14%	9,129	33.20

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

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

Governmental Activities						
Fiscal Year Ended June 30	General Obligation Bonds	Capital Leases	Notes Payable	Total Governmental Activities	Percentage of Personal Income (2)	Per Capita (2)
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
2010	303,123	213,624	842,405	1,359,152	1.00%	149

Business-type Activities						
Fiscal Year Ended June 30	Revenue Bonds	Capital Leases	Line of Credit	Total Business Activities	Percentage of Personal Income (2)	Per Capita (2)
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
2010	5,920,915	202,251	-	6,123,166	4.48%	671

Total Primary Government						
Fiscal Year Ended June 30	Revenue Bonds	Capital Leases	Notes Payable and Line of Credit	Total Government Activities	Percentage of Personal Income (2)	Per Capita (2)
2001	\$ 6,305,000	\$ 386,789	\$ 135,917	\$ 6,827,706	4.34%	\$ 844
2002	5,900,000	333,669	71,274	6,304,943	5.01%	779
2003	5,685,000	202,344	128,964	6,016,308	4.78%	744
2004	6,266,868	229,372	-	6,496,240	4.57%	712
2005	5,677,655	227,659	734,531	6,639,845	4.67%	727
2006	8,349,984	354,798	1,147,280	9,852,062	6.94%	1,079
2007	7,708,770	267,353	842,405	8,818,528	6.21%	966
2008	7,124,032	501,883	717,405	8,343,320	5.87%	914
2009	6,917,226	617,910	1,165,497	8,700,633	6.13%	953
2010	6,224,038	415,875	842,405	7,482,318	5.27%	820

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>\$ 11,944,565</u>
Debt limit (8% of total assessed value)	<u>955,565</u>
Debt applicable to limit:	
General obligation bonds	303,123
Less: Amount set aside for repayment	<u>-</u>
Total net debt applicable to limit	<u>303,123</u>
Legal debt margin	<u>\$ 652,442</u>

	<u>2010</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>
Debt Limit	<u>\$ 955,565</u>	<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>
Total Net Debt Applicable to Limit	<u>303,123</u>	<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>
Legal Debt Margin	<u>\$ 652,442</u>	<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>
Total Net Debt Applicable to the Limit as a % of Debt Limit	31.72%	41.54%	54.45%	63.10%	74.41%	84.16%	92.46%	24.36%	0.00%	0.00%
Total General Bonded Debt as a Percentage of Actual Taxable Value	0.14%	0.13%	0.19%	0.23%	0.29%	0.34%	0.39%	0.45%	0.09%	0.00%
Total Net General Bonded Debt per Capita	\$ 33	\$ 44	\$ 55	\$ 65	\$ 76	\$ 86	\$ 96	\$ 22	\$ -	\$ -

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, 2010

City of Clinton	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Direct and Overlapping Debt
Total direct debt	1,359,152	100%	1,359,152
Total direct and overlapping debt	1,359,152	100%	1,359,152

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	
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
2010	16,464,082	14,295,918	2,168,164	591,592	276,442	2.50

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

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

Calendar Year	Population	Personal Income	Per Capita Personal Income	School Enrollment	Unemployment Rate
2000	8,091	\$ 157,475,133	\$ 19,463	3,219	10.30%
2001	8,091	125,895,960	15,560	3,490	10.00%
2002	8,091	140,929,038	17,418	3,490	8.90%
2003	9,129	117,791,487	12,903	3,490	9.00%
2004	9,129	120,731,025	13,225	3,249	6.50%
2005	9,129	123,743,595	13,555	3,208	6.70%
2006	9,129	126,831,337	13,893	3,108	6.90%
2007	9,129	129,996,126	14,240	3,173	6.50%
2008	9,129	133,239,886	14,595	3,279	12.40%
2009	9,129	136,564,586	14,959	3,158	11.40%

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, 2010		June 30, 2001			
	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				
Laurens County Health Care System		4				
Laurens County School District #56		5				
Sterilite Corporation of SC		6				
Laurens County		7				
Presbyterian College		8				
Asten Johnson		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 2001.

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									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Government	6	6	6	6	5	6	5	4	5	5
Public Safety	44	45	52	49	50	47	48	46	55	55
Streets and Sanitation	3	3	4	5	8	10	8	10	10	10
Culture and Recreation	2	2	3	3	3	3	3	3	3	3
Public Works	6	7	7	7	7	6	9	6	6	6
Building Inspector/Planning	3	3	3	2	3	2	3	2	3	3
Utility Employees	38	37	38	35	35	34	34	37	34	36
Total	102	103	113	107	111	108	110	108	116	118

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									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Government										
Building permits issued	157	124	120	129	133	158	243	234	186	212
Public Safety										
Police department										
Criminal/physical non-juvenile arrests	2,879	2,737	2,198	2,456	1,586	2,593	1,223	997	919	286
Fire department										
Fire calls	749	575	755	510	765	980	1,021	1,048	324	332
Fire inspections	100	88	55	42	65	75	95	120	130	115
Streets and Sanitation										
Street resurfacing (in miles)	-	-	-	-	-	-	-	-	5	-
Refuse collected (tons per year)	3,340	3,706	3,306	3,207	2,367	2,927	2,365	2,659	3,474	3,657
Maintenance										
Average Equipment Repairs/month	61	75	80	70	84	80	80	75	65	40
Cultural and Recreational										
Museum Operating Hours	168	168	168	168	168	160	160	156	104	-
Public Works										
Water Meters Replaced (1)	98	133	97	97	120	-	-	-	-	-
Water and Sewer										
Water										
Average daily consumption (in millions of gallons)	2	2	3	3	2	2	2	2	2	3
Number of consumers	4,411	4,334	4,388	4,378	4,283	4,356	4,362	4,362	4,423	4,544
Sewer										
Electric										
Number of consumers	4,392	4,102	4,326	4,322	4,148	4,202	4,215	4,215	4,282	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									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Public Safety										
Police department										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	32	29	29	25	25	25	25	23	23	NA
Fire Department										
Fire Stations	2	2	2	2	2	2	2	2	2	2
Service units	9	9	9	9	9	9	9	9	9	9
Streets and Sanitation										
Recycling center	1	1	1	1	1	1	1	1	1	1
Streets (in miles)	81	81	63	63	63	62	61	61	58	58
Number of Street Lights	1,279	1,279	1,276	1,276	1,276	1,276	1,143	1,143	1,143	1,143
Cultural and Recreational										
Number of Parks	7	7	7	7	7	7	7	7	6	6
Museum	1	1	1	1	1	1	1	1	1	
Acreage	21	21	21	21	21	21	21	16	11	11
Public Works										
Storm Sewers (in miles)	53	53	53	53	53	53	53	53	50	50
Water and Sewer										
Water main (in miles)	101	101	101	101	74	74	74	74	74	74
Sanitary sewers (in miles)	63	63	63	63	60	60	60	60	60	60
Electric										
Distribution lines (in miles)	75	70	70	70	70	70	70	70	70	70
Number of Substations	4	4	4	4	4	4	4	4	6	7

Source: Capital Asset schedules and various department records.