



CITY OF CLEMSON
SOUTH CAROLINA



Comprehensive Annual
Financial Report



For the Fiscal Year Ended June 30, 2010

CITY OF CLEMSON
SOUTH CAROLINA



Comprehensive Annual
Financial Report



For the Fiscal Year Ended June 30, 2010



Prepared by the Office of Finance

CITY OF CLEMSON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS

INTRODUCTORY SECTION

Page(s)

| | |
|----------------------------------------|---------------|
| <i>Letter of Transmittal</i> | <i>i - vi</i> |
| <i>GFOA Certificate of Achievement</i> | <i>vii</i> |
| <i>Organization Chart</i> | <i>viii</i> |
| <i>Public Officials and Positions</i> | <i>ix</i> |

FINANCIAL SECTION

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| <i>Independent Auditor's Report</i> | <i>1 - 2</i> |
| <i>Management's Discussion and Analysis</i> | <i>3 - 10</i> |
| <i>Basic Financial Statements</i> | |
| <i>Government-wide Financial Statements</i> | |
| <i>Statement of Net Assets</i> | <i>11</i> |
| <i>Statement of Activities</i> | <i>12 - 13</i> |
| <i>Fund Financial Statements</i> | |
| <i>Balance Sheet – Governmental Funds</i> | <i>14</i> |
| <i>Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets</i> | <i>15</i> |
| <i>Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds</i> | <i>16 – 17</i> |
| <i>Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities</i> | <i>18</i> |
| <i>Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual – General Fund</i> | <i>19 – 20</i> |
| <i>Statement of Net Assets – Proprietary Funds</i> | <i>21 – 22</i> |
| <i>Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds</i> | <i>23 - 24</i> |
| <i>Statement of Cash Flows – Proprietary Funds</i> | <i>25 – 26</i> |
| <i>Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Special Revenue Fund – Tax Increment</i> | <i>27</i> |
| <i>Notes to the Financial Statements</i> | <i>29 – 53</i> |
| <i>Combining and Individual Fund Statements and Schedules</i> | |
| <i>Nonmajor Governmental Funds</i> | <i>55</i> |
| <i>Combining Balance Sheet – Nonmajor Governmental Funds</i> | <i>56</i> |
| <i>Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds</i> | <i>57</i> |
| <i>Combining Balance Sheet – Nonmajor Special Revenue Funds</i> | <i>58</i> |
| <i>Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds</i> | <i>59</i> |
| <i>Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Community Development</i> | <i>60</i> |
| <i>Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual – Emergency Phone System</i> | <i>61</i> |
| <i>Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual – Tourism Fund</i> | <i>62</i> |

| | |
|---------------------------------------------------------------------------------------------------------------------------|----|
| <i>Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual – Park Land Fund</i> | 63 |
| <i>Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual – Hospitality Fee Fund</i> | 64 |
| <i>Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual – Hospitality Tax Fund</i> | 65 |
| <i>Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Local Accommodations Tax Fund</i> | 66 |
| <i>Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Transit Multi-Modal Facility</i> | 67 |
| <i>Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – City Hall Expansion</i> | 68 |
| <i>Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Debt Service Fund</i> | 69 |
| <i>Capital Assets Used in the Operation of Governmental Funds</i> | |
| <i>Comparative Schedules By Source</i> | 71 |
| <i>Schedule of Changes by Function and Activity</i> | 72 |
| <i>Schedule by Function and Activity</i> | 73 |

OTHER REQUIRED INFORMATION

| | |
|--------------------------------------------------------------------------|----|
| <i>Supplementary Schedule of Fines and Assessments – Victim Services</i> | 75 |
|--------------------------------------------------------------------------|----|

STATISTICAL SECTION

Schedule #

| | | |
|--------------------------------------------------------------------------------------------------|----|---------|
| <i>Contents</i> | | 77 |
| <i>Financial Trends:</i> | | |
| <i>Net Assets by Component, Last Seven Fiscal Years</i> | 1 | 78 |
| <i>Changes in Net Assets, Last Seven Fiscal Years</i> | 2 | 79 – 81 |
| <i>Fund Balances, Governmental Funds, Last Ten Fiscal Years</i> | 3 | 82 |
| <i>Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years</i> | 4 | 83 – 84 |
| <i>Revenue Capacity:</i> | | |
| <i>Assessed Value and Estimated Actual Value of Taxable Property, Last Ten Fiscal Years</i> | 5 | 85 |
| <i>Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years</i> | 6 | 86 |
| <i>Principal Property Taxpayers, Current Year and Nine Years Ago</i> | 7 | 87 |
| <i>Property Tax Levies and Collections, Last Ten Fiscal Years</i> | 8 | 88 |
| <i>Debt Capacity:</i> | | |
| <i>Ratios of Outstanding Debt by Type, Last Ten Fiscal Years</i> | 9 | 89 |
| <i>Ratios of General Bonded Debt Outstanding, Last Ten Fiscal Years</i> | 10 | 90 |
| <i>Direct and Overlapping Governmental Activities Debt As of June 30, 2010</i> | 11 | 91 |
| <i>Legal Debt Margin Information, Last Ten Fiscal Years</i> | 12 | 92 |
| <i>Pledged-Revenue Coverage, Last Ten Fiscal Years</i> | 13 | 93 |
| <i>Demographic and Economic Information:</i> | | |
| <i>Demographic and Economic Statistics, Last Ten Calendar Years</i> | 14 | 94 |
| <i>Principal Employers, Current Year and Nine Years Ago</i> | 15 | 95 |
| <i>Operating Information:</i> | | |
| <i>Full-time-Equivalent City Government Employees by Function/Program, Last Ten Fiscal Years</i> | 16 | 96 |
| <i>Operating Indicators by Function/Program, Last Ten Fiscal Years</i> | 17 | 97 |
| <i>Capital Asset Statistics by Function/Program, Last Ten Fiscal Years</i> | 18 | 98 |

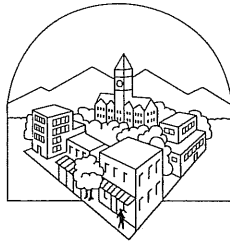
FEDERAL FINANCIAL ASSISTANCE SECTION

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| <i>Schedule of Expenditures of Federal Awards</i> | 99 |
| <i>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards</i> | 101 – 102 |
| <i>Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133</i> | 103 - 104 |
| <i>Schedule of Findings and Questioned Costs</i> | 105 |

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INTRODUCTORY SECTION





LETTER OF TRANSMITTAL

January 27, 2011

Mayor and Governing Body
City of Clemson
Clemson, South Carolina

We are pleased to present to you the Comprehensive Annual Financial Report for the City of Clemson for the year ended June 30, 2010. The report provides financial information about the City's operations during the year and describes its financial position at the end of the year.

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

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

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

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

MUNICIPAL GOVERNMENT

The City of Clemson, originally known as the Town of Calhoun, changed its name in 1943 to match that of Clemson University and was officially incorporated as Clemson in 1947. The City, located at the base of the Blue Ridge Mountains in Pickens County, has land area of approximately six square miles and an estimated population of 14,000 citizens.

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

ECONOMIC CONDITION AND OUTLOOK

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

The City of Clemson is a small community of 14,000 permanent citizens, but has large City concerns because nine months of the year the community is “home” to approximately 17,000 Clemson University students. The economic condition and outlook for Clemson is promising. Managed growth coupled with stability defines the character of Clemson for both the current year and future years. The City is optimistic, with the close proximity of Clemson University, that quality growth will continue through the remainder of the century. While having a positive impact on employment and the City’s tax base, this growth also presents significant challenges for the City of Clemson.

MAJOR INITIATIVES

- **Public Health Policy** – The City of Clemson determined that it is a matter of public health to prohibit smoking inside enclosed buildings in order to protect the health and welfare of Clemson citizens, and visitors to the community. The City’s governing body approved a non-smoking ordinance which prohibits smoking in publicly accessible locations in all buildings within the City of Clemson. The non-smoking initiative is similar to ordinances approved by other municipalities in South Carolina.
- **Wastewater Treatment Facility Improvements** – This fall, the City will begin wastewater treatment improvements to its Cochran Road wastewater facility. A 300,000 gallon sludge digester, which processes sludge for land application, will be constructed at an estimated cost of \$800,000. Partial funding will be provided through a South Carolina Revolving Fund loan and stimulus financing from the American Recovery & Reinvestment Act (ARRA). Construction of the digester is expected to be completed in fiscal year 2010-11.
- **Global Positioning System** – The City’s residential sanitation department recognized the requirement to become more efficient in debris removal through reduction in costs. A Global Positioning System (GPS) was developed and the sanitation trucks were equipped with a dash-mounted data collection device. The GPS touch-screen easily reports anything needing attention along the sanitation collection route: piles of debris, overhanging limbs, pot holes, or missing street signs. The GPS system creates a map containing specific icons that indicate locations in the City that require attention. Through implementation of this system, the City is realizing cost savings in fuel, personnel, maintenance, and equipment.
- **Sidewalks Master Plan** – The City’s Office of Engineering Services maintains a five year Sidewalks Master Plan, which is used to identify future sidewalk projects within the City. Proposed projects are prioritized based on public safety, engineering feasibility, and connectivity with existing sidewalks. The plan is a working document which is reviewed annually.
- **Internet Connectivity** – Wireless fidelity (Wi-Fi) service is an amenity that Clemson’s “connected community” has been eager to acquire. The City recently initiated a pilot program to extend internet connectivity to most areas along College Avenue. The service is free to users and can be linked to personal laptops and other wireless devices at most downtown businesses, and also at Catherine Smith Plaza, and Jaycee and Abernathy Parks. The City will complete a cost/benefit analysis and evaluate the opportunity to provide this service permanently to the downtown area.
- **Parks and Recreation Master Plan** – Three of the City’s oldest parks: Clemson Park, Ashley Dearing, and Mountain View Park are being renovated to improve accessibility and utility. Renovations to the parks include lighting, roofing, windows, doors, exterior siding, and other repairs as needed. Mountain View Park, which is located on the shores of Lake Hartwell, will receive improvements to its picnic area, and an addition of a wheelchair accessible sidewalk. Funding sources for these renovations include the City’s Hospitality Tax and Pickens County grant revenues.

FINANCIAL INFORMATION

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

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

As a part of the City's independent audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's compliance for the fiscal year ended June 30, 2010 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

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

Cash Management – Cash temporarily idle during the year was invested in Demand Deposits, Certificates of Deposit, Repurchase Agreements, Mortgage Notes, Bank Bonds, and the South Carolina Pooled Investment Fund. The City presently acquires both short-term and long-term investments which are expected to be held to maturity. Any significant discount or premium on the purchase of long-term investments is amortized over the term of the investment by the straight-line method. The City's investment earnings totaled **\$267,980** on all investments for the year ended June 30, 2010.

The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits are either insured by Federal Deposit Insurance or collateralized by United States Government Securities. As of June 30, 2010, \$6,690,223 of the City's bank balance of \$8,520,829 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the City's name. The carrying amount of investments held at June 30, 2010 amounted to \$2,353,486 of Mortgage Notes and Certificates, \$345,000 of Bank Bonds, \$100,000 of South Carolina Public Service Authority Revenue Refunding Bonds, and \$1,019,045 in the South Carolina Pooled Investment Fund. The City recognized a valuation gain on its investments of \$87,231 at June 30, 2010.

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

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

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

OTHER INFORMATION

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

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

Awards – The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Clemson for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009. In order to be awarded a Certificate of Achievement, the City of Clemson published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

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

Respectfully submitted,

Richard E. Cotton

Richard E. Cotton
Administrator

Thomas A. Sparacino

Thomas A. Sparacino
Director of Finance

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Clemson
South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

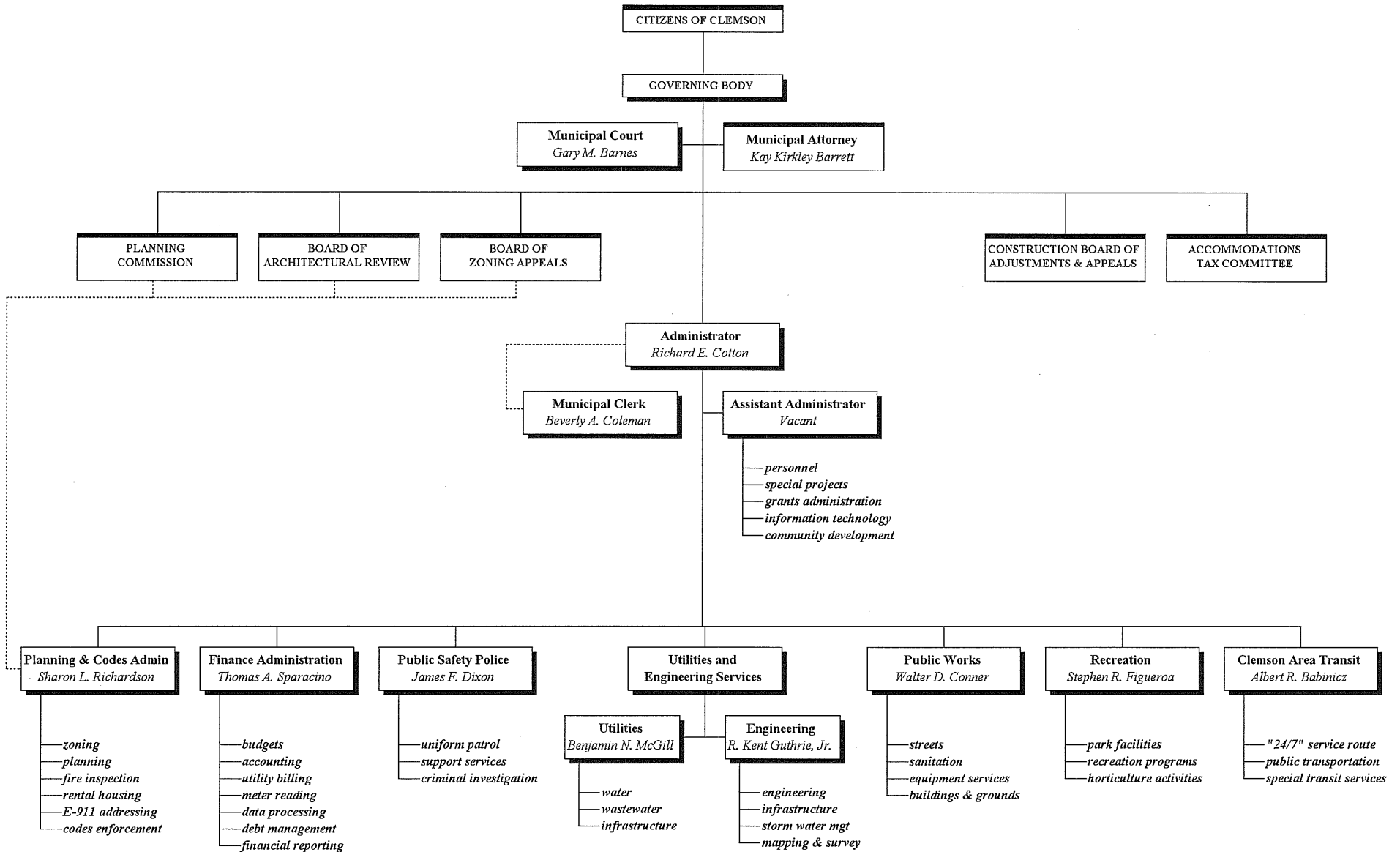
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

**CITY OF CLEMSON
ORGANIZATION CHART**



**CITY OF CLEMSON
PRINCIPAL OFFICIALS
JUNE 30, 2010**

GOVERNING BODY

Larry W. Abernathy, Mayor
Buford E. Trent, Mayor Pro-Tempore
James C. Cook III
May C. Cox
Michael T. Fowler
James T. Oswald
Jeremy T. Wright

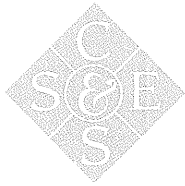
ADMINISTRATION

Administrator - Richard E. Cotton, M.P.A.
Assistant Administrator - Vacant
Director of Finance - Thomas A. Sparacino, M.B.A.
Director of Planning & Codes Administration - Sharon L. Richardson, M.C.R.P.
Chief of Police - James F. Dixon, B.S.
Director of Parks & Recreation - Stephen R. Figueroa, M.R.P.A.
Director of Public Works - Walter D. Conner, B.S.
Director of Utilities - Benjamin N. McGill
Director of Engineering Services - R. Kent Guthrie, Jr., M.S.
Municipal Judge - Gary M. Barnes, B.S.
Director of Clemson Area Transit System - Albert R. Babinicz, M.B.A.

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FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Clemson, South Carolina

STANCIL
COOLEY ESTEP
& STAMEY, LLP

*Certified Public
Accountants*

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We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clemson, South Carolina, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Clemson's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the 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, the business-type activities, each major fund, the general fund budget to actual comparison, and the aggregate remaining fund information of the City of Clemson, as of June 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with **Government Auditing Standards**, we have issued our report dated January 27, 2011, on our consideration of the City of Clemson's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with **Government Auditing Standards** and should be considered in assessing the results of our audit.

The *management's discussion and analysis* and *budgetary comparison* information on *pages 3 through 10* and *60 through 69*, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Clemson's basic financial statements. The introductory section, victim services supplementary schedule of fines and assessments, combining and individual nonmajor fund financial statements, the budgetary comparison schedules, the capital asset schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, **Audits of States, Local Governments, and Non-Profit Organizations**, and is also not a required part of the basic financial statements of City of Clemson. The combining and individual nonmajor fund financial statements, the budgetary comparison schedules, the capital asset schedules, the schedule of expenditures of federal awards, and victim services supplementary schedule of fines and assessments have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The *introductory* and *statistical sections* have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Stancil Cooley Estep & Stamey, LLP

Clemson, South Carolina
January 27, 2011

**CITY OF CLEMSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

Within this section of the City of Clemson's comprehensive annual financial report, the City's management provides narrative discussion and analysis of the financial activities of the City for the fiscal year ended June 30, 2010. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the City's primary government. Additional information is available in the [letter of transmittal](#), which precedes Management's Discussion and Analysis.

Financial Highlights

- The assets of the City of Clemson exceeded its liabilities at the close of the most recent fiscal year by **\$34,541,823** (*net assets*). Of this amount, **\$9,186,974** (*unrestricted net assets*) may be used to meet Clemson's ongoing obligations to its citizens and creditors.
- The City of Clemson's total net assets increased by **\$893,412** during fiscal year 2009-10. Revenues increased \$196,000, while expenses increased approximately \$83,000.
- At the close of the current fiscal year, unreserved fund balance for the General Fund was **\$2,746,243** or 34% of total expenditures of the General Fund.
- The **Tax Increment Fund (TIF)** and **City Hall Expansion project** were reported as major governmental functions at fiscal year end. Ad valorem taxes and investment earnings are the main sources of revenues in the TIF Fund, while expenses consist of transfers to the Debt Service Fund. The \$2.8 million City Hall Expansion project is budgeted on a project duration basis which may encompass multiple fiscal years of the City.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

The first of the government-wide statements is the *Statement of Net Assets*. This is a City-wide statement of financial position presenting information that includes all of the City's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating.

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

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

Fund Financial Statements

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

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

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

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

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

Notes to the financial statements

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

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain other required information concerning **Victim Services**. The Victim Services supplementary schedule of fines and assessments follows the section pertaining to the financial statements.

Financial Analysis of the City as a Whole

At the close of fiscal year 2010, the City of Clemson’s assets exceeded liabilities by **\$34,541,823**. The largest portion of the City’s net assets (70 percent) reflects its investment in capital assets (land and buildings, other improvements, and equipment). The City of Clemson uses these capital assets to provide services to citizens, and consequently, are *not* available for future spending.

The following table provides a summary comparison of the City’s net assets for the fiscal years ended June 30, 2010 and June 30, 2009. Additional current year information concerning net assets can be found in the Statement of Net Assets presented on **page 11**.

Summary of Net Assets

| | Governmental Activities | | Business-Type Activities | | Total | |
|-------------------------------------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2009-10 | 2008-09 | 2009-10 | 2008-09 | 2009-10 | 2008-09 |
| Current & Other Assets | \$ 9,063,619 | \$ 9,409,063 | \$ 6,004,126 | \$ 5,644,988 | \$ 15,067,745 | \$ 15,054,051 |
| Capital Assets | 16,576,635 | 15,051,740 | 18,133,008 | 18,441,726 | 34,709,643 | 33,493,466 |
| Total Assets | \$ 25,640,254 | \$ 24,460,803 | \$ 24,137,134 | \$ 24,086,714 | \$ 49,777,388 | \$ 48,547,517 |
| Long-term Liabilities | \$ 6,775,892 | \$ 7,378,417 | \$ 4,442,727 | \$ 4,508,834 | \$ 11,218,619 | \$ 11,887,251 |
| Other Liabilities | 2,645,478 | 2,084,035 | 1,371,468 | 927,820 | 4,016,946 | 3,011,855 |
| Total Liabilities | \$ 9,421,370 | \$ 9,462,452 | \$ 5,814,195 | \$ 5,436,654 | \$ 15,235,565 | \$ 14,899,106 |
| Net Assets | | | | | | |
| Investment Capital Assets (<i>Net of Related Debt</i>) | \$ 10,785,335 | \$ 8,978,544 | \$ 13,583,307 | \$ 13,761,737 | \$ 24,368,642 | \$ 22,740,281 |
| Restricted | 265,347 | 237,353 | 720,860 | 803,817 | 986,207 | 1,041,170 |
| Unrestricted | 5,168,202 | 5,782,454 | 4,018,772 | 4,084,506 | 9,186,974 | 9,866,960 |
| Total Net Assets | \$ 16,218,884 | \$ 14,998,351 | \$ 18,322,939 | \$ 18,650,060 | \$ 34,541,823 | \$ 33,648,411 |

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

Governmental Activities

During the current year, the City of Clemson’s governmental net assets increased by \$1,220,533. Governmental activities received transfers of \$302,187 from business-type activities, which resulted in an increase in governmental net assets. Without the transfers, governmental activities would have realized an increase in net assets of \$918,346. Other areas of change are as follows:

- Total revenues decreased by approximately 2%, which resulted in a reduction in revenue of \$204,068. Various revenue items contributed to the decrease in governmental activities resources.
- Even though *net* program revenues decreased \$174,000 as a result of decreased revenues derived from operating and capital grants, charges for services increased 8% to \$1,648,723.
- Due to increased construction within the City’s corporate limits, the City realized an increase in ad valorem taxes of \$261,400. Less than favorable economic conditions contributed to a slight increase of \$11,600 in sales and use taxes, and a decrease of \$27,100 in investment earnings.
- A decrease in South Carolina aid to municipalities resulted in a decrease in intergovernmental revenues of \$109,000. Advanced public safety enforcement efforts provided a 14% increase in fines and forfeitures.

The following table provides a summary comparison of the City’s revenues, expenses, and changes in net assets for the fiscal years ended June 30, 2010 and June 30, 2009. Additional current year information concerning changes in net assets can be found in the Statement of Activities presented on [pages 12 & 13](#).

Summary of Changes in Net Assets

| | Governmental Activities | | Business-Type Activities | | Total | |
|-----------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
| | 2009-10 | 2008-09 | 2009-10 | 2008-09 | 2009-10 | 2008-09 |
| REVENUES | | | | | | |
| Program Revenues | | | | | | |
| Charges for Services | \$ 1,648,723 | \$ 1,524,746 | \$ 5,110,318 | \$ 4,762,424 | \$ 6,759,041 | \$ 6,287,170 |
| Operating Grants | 251,184 | 270,519 | 3,283,713 | 3,096,441 | 3,534,897 | 3,366,960 |
| Capital Grants | 455,162 | 734,000 | 21,614 | 145,000 | 476,776 | 879,000 |
| General Revenues | | | | | | |
| Ad Valorem Taxes | 4,683,648 | 4,422,204 | - | - | 4,683,648 | 4,422,204 |
| Sales & Use Taxes | 1,164,550 | 1,152,876 | - | - | 1,164,550 | 1,152,876 |
| Licenses & Permits | 1,676,777 | 1,709,230 | - | - | 1,676,777 | 1,709,230 |
| Intergovernmental | 544,975 | 654,347 | - | - | 544,975 | 654,347 |
| Fines & Forfeitures | 333,274 | 292,110 | - | - | 333,274 | 292,110 |
| Investment Earnings | 168,538 | 195,704 | 99,442 | 110,813 | 267,980 | 306,517 |
| Other | 116,213 | 291,376 | - | - | 116,213 | 291,376 |
| Total Revenues | \$ 11,043,044 | \$ 11,247,112 | \$ 8,515,087 | \$ 8,114,678 | \$ 19,558,131 | \$ 19,361,790 |

(continued)

Summary of Changes in Net Assets *(continued)*

| | Governmental Activities | | Business-Type Activities | | Total | |
|------------------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2009-10 | 2008-09 | 2009-10 | 2008-09 | 2009-10 | 2008-09 |
| EXPENSES | | | | | | |
| General Government | \$ 1,989,454 | \$ 2,216,893 | \$ - | \$ - | \$ 1,989,454 | \$ 2,216,893 |
| Public Safety | 3,061,726 | 2,960,726 | - | - | 3,061,726 | 2,960,726 |
| Public Works | 2,260,906 | 2,086,131 | - | - | 2,260,906 | 2,086,131 |
| Culture & Recreation | 1,748,027 | 1,778,272 | - | - | 1,748,027 | 1,778,272 |
| Urban Redevelopment | 8,773 | 13,611 | - | - | 8,773 | 13,611 |
| Equipment Services | 247,971 | 128,521 | - | - | 247,971 | 128,521 |
| Intergovernmental | 297,380 | 329,162 | - | - | 297,380 | 329,162 |
| Interest | 352,448 | 387,754 | - | - | 352,448 | 387,754 |
| Other | 158,013 | 161,759 | - | - | 158,013 | 161,759 |
| Water | - | - | 2,261,429 | 2,215,120 | 2,261,429 | 2,215,120 |
| Wastewater | - | - | 2,208,398 | 2,257,442 | 2,208,398 | 2,257,442 |
| Commercial Sanitation | - | - | 285,825 | 252,576 | 285,825 | 252,576 |
| Clemson Area Transit | - | - | 3,686,934 | 3,690,818 | 3,686,934 | 3,690,818 |
| Parking Deck | - | - | 97,435 | 102,568 | 97,435 | 102,568 |
| Total Expenses | \$ 10,124,698 | \$ 10,062,829 | \$ 8,540,021 | \$ 8,518,524 | \$ 18,664,719 | \$ 18,581,353 |
| Change in Net Assets Before Transfers | \$ 918,346 | \$ 1,184,283 | \$ (24,934) | \$ (403,846) | \$ 893,412 | \$ 780,437 |
| Transfers | 302,187 | (255,164) | (302,187) | 255,164 | - | - |
| Change in Net Assets After Transfers | \$ 1,220,533 | \$ 929,119 | \$ (327,121) | \$ (148,682) | \$ 893,412 | \$ 780,437 |
| Net Assets, Beginning | 14,998,351 | 14,069,232 | 18,650,060 | 18,798,742 | 33,648,411 | 32,867,974 |
| Net Assets, Ending | <u>\$ 16,218,884</u> | <u>\$ 14,998,351</u> | <u>\$ 18,322,939</u> | <u>\$ 18,650,060</u> | <u>\$ 34,541,823</u> | <u>\$ 33,648,411</u> |

Business-type Activities

The City's business-type net assets decreased by **\$327,121** (2%). A portion of the decrease was attributable to an 85% decrease in capital grants and a 10% decrease in investment earnings, amounting to \$135,000 in total. Prior to transfers of \$302,187, business-type activities realized a decrease in net assets of \$24,934. Other elements of net asset changes are as follows:

- Charges for utility and transportation services increased approximately 7%, to \$5,110,318.
- Unrestricted investment earnings decreased \$11,300 due to a slight decrease in funds available for investment, and a reduction in market interest rates.
- The City's transportation services fund received operating grants amounting to **\$1,123,248**, and realized **\$2,160,465** of intergovernmental revenues from local, state and federal agencies.

Financial Analysis of the City's Funds

Governmental Funds

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

As of the end of the current fiscal year, the City of Clemson's governmental funds reported combined ending fund balances of **\$7,343,534**. Approximately 85% of this total amount (\$6,231,648) constitutes *unreserved fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed, (1) to liquidate contracts and purchase orders (\$451,132), (2) as a reserve for long-term receivables (\$357,279), and (3) to pay debt service (\$265,347). The General Fund is the chief operating fund of the City of Clemson. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$2,746,243, while total fund balance reached \$2,890,016. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 34% of total General Fund expenditures, while total fund balance represents approximately 35% of total General Fund expenditures. The unreserved and undesignated fund balance decreased \$68,456 from June 30, 2009.

Proprietary Funds

The City of Clemson's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the water and wastewater utilities at the end of the year amounted to \$941,321 and \$1,412,627 respectively. Commercial sanitation operations ended the year with \$358,093 of unrestricted net assets, while transit operations reported \$1,095,311 of net assets that were unrestricted. Also, the City's investment in the downtown parking deck provided this proprietary fund with \$211,420 of unrestricted net assets at the end of the year.

General Fund Budget Highlights

Differences between original budget expenditures and final amended budget expenditures were relatively minor (\$62,000 in appropriations), compared to the total General Fund expenditures budget of \$8.0 million, and can be briefly summarized as follows:

- \$62,000 increase in funds allocated to the Streets Department. The additional resources were used to finance infrastructure improvements in a subdivision in the City of Clemson.
- No additional appropriations related to expenditure functions of the General Fund.

Original budget revenues were not amended, as additional expenditure appropriations were funded from unreserved fund balance. During the year, actual revenues exceeded budget estimates by **\$336,709** and actual expenditures were **\$132,420** more than the City's budget estimates. The combined large favorable revenue, and minor unfavorable expenditure variances, eliminated the need to extensively reduce existing fund balance.

Capital Assets and Debt Administration

Capital Assets (net of accumulated depreciation)

The City of Clemson's investment in capital assets for its governmental and business-type activities as of June 30, 2010, amounts to \$34,709,643. This investment in capital assets includes land, buildings, other improvements, equipment, and construction in progress.

Of the \$34,709,643 investment, \$16,576,635 pertained to governmental activities and \$18,133,008 was reported as an investment in business-type activities. Additional information pertaining to the City of Clemson's capital assets can be found in [Note 6](#). Major capital asset events during the current fiscal year included the following:

- The City issued \$455,000 of six year Lease Purchase debt to partially defray the cost of acquiring residential sanitation and equipment services capital equipment. Ad valorem tax revenues are pledged to retire the debt.
- The wastewater utility received \$218,190 in Revenue Bond proceeds and \$145,000 in Lease Purchase funds. The Revenue Bond proceeds were used for capital improvements at the City's wastewater treatment facility, while the Lease Purchase funds were used to acquire wastewater collection equipment. Wastewater utility revenues are pledged to retire the debt.
- The \$2.8 million City Hall Expansion project began in September of 2009 and approximately \$2.0 million was spent on the project in the current fiscal year.

Capital Assets
(net of accumulated depreciation)

| | Governmental Activities | | Business-Type Activities | | Total | |
|-----------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2009-10 | 2008-09 | 2009-10 | 2008-09 | 2009-10 | 2008-09 |
| Land and Buildings | \$ 5,598,472 | \$ 5,503,456 | \$ 2,762,079 | \$ 2,830,618 | \$ 8,360,551 | \$ 8,334,074 |
| Other Improvements | 6,908,868 | 5,854,295 | 13,557,319 | 12,819,715 | 20,466,187 | 18,674,010 |
| Equipment | 1,396,860 | 1,570,384 | 1,093,568 | 1,568,632 | 2,490,428 | 3,139,016 |
| Construction in Progress | 2,672,435 | 2,123,605 | 720,042 | 1,222,761 | 3,392,477 | 3,346,366 |
| Total Capital Assets | \$ 16,576,635 | \$ 15,051,740 | \$ 18,133,008 | \$ 18,441,726 | \$ 34,709,643 | \$ 33,493,466 |

Debt Administration

At June 30, 2010, the City of Clemson had total bonded debt outstanding of \$780,000 for which ad valorem taxes are pledged for repayment of the debt. In 1998, the City created a tax increment district, and in 2002 issued \$5,000,000 of tax increment bonds to finance various capital projects within the tax increment district. In 2006, the City issued \$3,000,000 of additional tax increment debt. Ad valorem taxes from the district will service the debt. There were also a number of lease purchase agreements outstanding at fiscal year end, including a \$1.2 million debt issue for recreation park improvements. The remainder of the City's debt pertains to governmental and business-type activities.

Outstanding governmental debt at June 30, 2010 is as follows:

- *General Obligation Bonds* \$780,000
- *Tax Increment Bonds* \$5,002,851
- *Capital Lease Purchase Agreements* \$1,829,158

Outstanding business-type debt at June 30, 2010 is as follows:

- *Water Revenue Bonds (South Carolina Revolving Fund Loans)* \$3,647,577
- *Wastewater Revenue Bonds (South Carolina Revolving Fund Loan)* \$218,190
- *Wastewater Revenue Bonds* \$463,750
- *Wastewater Capital Lease Purchase Agreement* \$145,000
- *Commercial Sanitation Capital Lease Purchase Agreement* \$86,894
- *Clemson Area Transit Capital Lease Purchase Agreements* \$133,290

Current state statutes limit the amount of general obligation debt a municipality may issue to 8% of its total assessed valuation. The current legal debt limitation for the City of Clemson is \$3,774,254, which is in excess of the City's outstanding general obligation debt of \$780,000. Additional information concerning the City's long-term debt can be found in [Notes 7 & 8](#).

Future Outlook

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

During the preparation of future budgets, the City will attempt to continue the high level of service that Clemson residents are accustomed to receiving. The City will also continue to promote the "team approach" in delivery of governmental services. Clemson has historically provided affordable services to its residents, and management believes that this trend will continue. The City's ad valorem tax rate of 81.00 mills actually translates to a "net ad valorem tax rate" of 59.13 mills with the local option sales tax credit factor taken into account. As a result, the City's tax rate compares quite favorably to other municipalities in both North and South Carolina.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS



CITY OF CLEMSON
STATEMENT OF NET ASSETS
June 30, 2010

| | Governmental Activities | Business-type Activities | Total |
|----------------------------------------------------|------------------------------------|-------------------------------------|----------------------|
| Assets | | | |
| Cash | \$ 8,202,886 | \$ 625 | \$ 8,203,511 |
| Investments | 3,881,743 | - | 3,881,743 |
| Receivables (Net of Allowance): | | | |
| Property Taxes | 24,525 | - | 24,525 |
| Accounts | 524,262 | 491,028 | 1,015,290 |
| Interest | 51,178 | - | 51,178 |
| Other | 78,781 | 203,470 | 282,251 |
| Due from Other Governmental Units | 833,761 | 56,414 | 890,175 |
| Internal Balances | (4,533,517) | 4,533,517 | - |
| Inventory | - | 24,554 | 24,554 |
| Investment in Joint Venture | - | 327,606 | 327,606 |
| Deferred Charges | - | 84,306 | 84,306 |
| Restricted Cash - Revenue Bond Covenants | - | 282,606 | 282,606 |
| Capital Assets not Being Depreciated | | | |
| Land | 1,595,400 | 462,083 | 2,057,483 |
| Construction in Progress | 2,672,435 | 720,042 | 3,392,477 |
| Capital Assets net of Accumulated Depreciation | | | |
| Buildings | 4,003,072 | 2,299,996 | 6,303,068 |
| Other Improvements | 6,908,868 | 13,557,319 | 20,466,187 |
| Equipment | 1,396,860 | 1,093,568 | 2,490,428 |
| Total Assets | \$ 25,640,254 | \$ 24,137,134 | \$ 49,777,388 |
| Liabilities | | | |
| Accounts Payable and Other Current Liabilities | \$ 593,468 | \$ 349,562 | \$ 943,030 |
| Contracts Payable | 280,297 | 353,607 | 633,904 |
| Accrued Interest Payable | 79,997 | - | 79,997 |
| Deferred Support | 1,935 | - | 1,935 |
| Revenue Received in Advance | 433,462 | - | 433,462 |
| Liabilities Payable From Restricted Assets | - | 246,291 | 246,291 |
| Noncurrent Liabilities: | | | |
| Due Within One Year | 1,256,319 | 422,008 | 1,678,327 |
| Due in More Than One Year | 6,775,892 | 4,442,727 | 11,218,619 |
| Total Liabilities | \$ 9,421,370 | \$ 5,814,195 | \$ 15,235,565 |
| Net Assets | | | |
| Invested in Capital Assets, Net of Related Debt | \$ 10,785,335 | \$ 13,583,307 | \$ 24,368,642 |
| Restricted For: | | | |
| Debt Service | 265,347 | 720,860 | 986,207 |
| Unrestricted | 5,168,202 | 4,018,772 | 9,186,974 |
| Total Net Assets | \$ 16,218,884 | \$ 18,322,939 | \$ 34,541,823 |

See Notes to Financial Statements

CITY OF CLEMSON

STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2010

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | |
|---------------------------------------|----------------------|-------------------------|------------------------------------------|----------------------------------------|----------------------------------------------------|-----------------------------|-----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Primary Government: | | | | | | | |
| Governmental Activities: | | | | | | | |
| General Government | \$ 2,692,818 | \$ 2,645,086 | \$ - | \$ 455,162 | \$ 407,430 | \$ - | \$ 407,430 |
| Public Safety | 3,061,726 | 442,759 | 21,855 | - | (2,597,112) | - | (2,597,112) |
| Public Works | 2,260,906 | 459,162 | 119,818 | - | (1,681,926) | - | (1,681,926) |
| Culture and Recreation | 1,748,027 | 111,767 | 109,511 | - | (1,526,749) | - | (1,526,749) |
| Urban Redevelopment | 8,773 | - | - | - | (8,773) | - | (8,773) |
| Interest on Long-term Debt | 352,448 | - | - | - | (352,448) | - | (352,448) |
| Total Governmental Activities | \$ 10,124,698 | \$ 3,658,774 | \$ 251,184 | \$ 455,162 | \$ (5,759,578) | \$ - | \$ (5,759,578) |
| Business-type Activities | | | | | | | |
| Water | \$ 2,261,429 | \$ 2,176,734 | \$ - | \$ 21,614 | \$ - | \$ (63,081) | \$ (63,081) |
| Wastewater | 2,208,398 | 2,503,183 | - | - | - | 294,785 | 294,785 |
| Sanitation | 285,825 | 297,780 | - | - | - | 11,955 | 11,955 |
| Transit | 3,686,934 | 57,833 | 3,283,713 | - | - | (345,388) | (345,388) |
| Parking Deck | 97,435 | 74,788 | - | - | - | (22,647) | (22,647) |
| Total Business-type Activities | \$ 8,540,021 | \$ 5,110,318 | \$ 3,283,713 | \$ 21,614 | \$ - | \$ (124,376) | \$ (124,376) |
| Total Primary Government | \$ 18,664,719 | \$ 8,769,092 | \$ 3,534,897 | \$ 476,776 | \$ (5,759,578) | \$ (124,376) | \$ (5,883,954) |

continued

CITY OF CLEMSON

STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2010

continued

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | <u>Net (Expense) Revenue and Changes in Net Assets</u> | | |
|---------------------------------------------|-----------------|-----------------------------|-------------------------------------------|--------------------------------------------------------|--------------------------------|---------------------------------|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Governmental Activities</u> | <u>Business-type Activities</u> |
| General Revenues: | | | | | | |
| Property Taxes | | | | \$ 4,683,648 | \$ - | \$ 4,683,648 |
| Local Option Sales Tax | | | | 991,493 | - | 991,493 |
| Local Accommodations Tax | | | | 173,057 | - | 173,057 |
| Intergovernmental - Unrestricted | | | | 544,975 | - | 544,975 |
| Unrestricted Investment Earnings | | | | 168,538 | 99,442 | 267,980 |
| Other | | | | 249,294 | - | 249,294 |
| Loss on Disposal of Assets | | | | (133,081) | - | (133,081) |
| Transfers | | | | 302,187 | (302,187) | - |
| Total General Revenues and Transfers | | | | \$ 6,980,111 | \$ (202,745) | \$ 6,777,366 |
| Change in Net Assets | | | | \$ 1,220,533 | \$ (327,121) | \$ 893,412 |
| Net Assets, Beginning | | | | 14,998,351 | 18,650,060 | 33,648,411 |
| Net Assets, Ending | | | | \$ 16,218,884 | \$ 18,322,939 | \$ 34,541,823 |

See Notes to Financial Statements

CITY OF CLEMSON
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2010

| Assets | General | Tax Increment Fund | City Hall Expansion Fund | Other Governmental Funds | Total |
|-------------------------------------------------|----------------------|-----------------------|--------------------------------|--------------------------------|----------------------|
| Cash | \$ 8,202,886 | \$ - | \$ - | \$ - | \$ 8,202,886 |
| Investments | 3,881,743 | - | - | - | 3,881,743 |
| Receivables (Net of Allowance) | | | | | |
| Property Taxes | 21,889 | 1,442 | - | 1,194 | 24,525 |
| Accounts | 50,882 | - | - | 473,380 | 524,262 |
| Interest | 51,178 | - | - | - | 51,178 |
| Other | 78,781 | - | - | - | 78,781 |
| Due from Other Governmental Units | 326,146 | - | - | 507,615 | 833,761 |
| Due from Other Funds | 281,910 | 1,307,701 | 934,332 | 1,984,785 | 4,508,728 |
| Total Assets | \$ 12,895,415 | \$ 1,309,143 | \$ 934,332 | \$ 2,966,974 | \$ 18,105,864 |
| <i>Liabilities and Fund Balances</i> | | | | | |
| <i>Liabilities:</i> | | | | | |
| Vouchers Payable | \$ 257,196 | \$ - | \$ - | \$ - | \$ 257,196 |
| Accounts Payable | 137,299 | - | 16,259 | 182,713 | 336,271 |
| Contracts Payable | 4,248 | - | 276,049 | - | 280,297 |
| Due to Other Funds | 8,760,336 | - | - | 281,910 | 9,042,246 |
| Deferred Support | 412,858 | - | - | - | 412,858 |
| Revenue Received in Advance | 433,462 | - | - | - | 433,462 |
| Total Liabilities | \$ 10,005,399 | \$ - | \$ 292,308 | \$ 464,623 | \$ 10,762,330 |
| <i>Fund Balances:</i> | | | | | |
| <i>Reserved for:</i> | | | | | |
| Encumbrances | \$ 105,645 | \$ - | \$ 345,487 | \$ - | \$ 451,132 |
| Long-Term Receivables | - | - | - | 357,279 | 357,279 |
| Debt Service | - | - | - | 265,347 | 265,347 |
| <i>Unreserved, Designated for, Reported in:</i> | | | | | |
| General Fund | 38,128 | - | - | - | 38,128 |
| <i>Unreserved, Undesignated, Reported in:</i> | | | | | |
| General Fund | 2,746,243 | - | - | - | 2,746,243 |
| Tax Increment Fund | - | 1,309,143 | - | - | 1,309,143 |
| Special Revenue Funds | - | - | - | 1,879,725 | 1,879,725 |
| Capital Projects Funds | - | - | 296,537 | - | 296,537 |
| Total Fund Balances | \$ 2,890,016 | \$ 1,309,143 | \$ 642,024 | \$ 2,502,351 | \$ 7,343,534 |
| Total Liabilities and Fund Balances | \$ 12,895,415 | \$ 1,309,143 | \$ 934,332 | \$ 2,966,974 | \$ 18,105,864 |

CITY OF CLEMSON

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
June 30, 2010

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

| | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|-----------|--------------------------|
| Total fund balances - governmental funds | | \$ | 7,343,534 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$30,554,190 and the accumulated depreciation is \$13,977,555. | | | 16,576,635 |
| Accrued interest payable on long-term debt in governmental funds is not due and payable in the current period and, therefore, is not reported as a liability in the funds. | | | (79,997) |
| Certain deferred revenues in the governmental funds are reportable for governmental activities and, therefore are not included on the statement of net assets. | | | 410,923 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. | | | |
| Long-term liabilities at year-end consist of: | | | |
| Capital Leases | \$ | 1,829,158 | |
| Bonds Payable | | 5,782,851 | |
| Compensated Absences | | 420,202 | |
| | | | <u>(8,032,211)</u> |
| Net assets of governmental activities | | \$ | <u><u>16,218,884</u></u> |

CITY OF CLEMSON

GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 Fiscal Year Ended June 30, 2010

| | <u>General</u> | <u>Tax Increment Fund</u> | <u>City Hall Expansion Fund</u> | <u>Other Governmental Funds</u> | <u>Total</u> |
|--------------------------|---------------------|-------------------------------|-----------------------------------------|-----------------------------------------|----------------------|
| Revenues | | | | | |
| Property Taxes | \$ 2,893,979 | \$ 1,631,575 | \$ - | \$ 158,094 | \$ 4,683,648 |
| Local Option Sales Tax | 940,134 | - | - | 51,359 | 991,493 |
| Local Accomodations Tax | - | - | - | 173,057 | 173,057 |
| Hospitality Fees/Tax | - | - | - | 968,309 | 968,309 |
| License and Permits | 1,676,777 | - | - | - | 1,676,777 |
| Intergovernmental | 664,793 | - | - | 109,511 | 774,304 |
| Federal Aid | - | - | - | 467,017 | 467,017 |
| State Aid | - | - | - | 10,000 | 10,000 |
| Charges for Services | 613,528 | - | - | 66,885 | 680,413 |
| Fines and Forfeitures | 333,274 | - | - | - | 333,274 |
| Investment Earnings | 57,293 | 25,241 | 41,664 | 44,340 | 168,538 |
| Other | 178,150 | 9,595 | - | 27,651 | 215,396 |
| Total Revenues | \$ 7,357,928 | \$ 1,666,411 | \$ 41,664 | \$ 2,076,223 | \$ 11,142,226 |
| Expenditures | | | | | |
| Current Operating | | | | | |
| General Government | \$ 2,348,755 | \$ 105,601 | \$ - | \$ - | \$ 2,454,355 |
| Public Safety | 2,833,192 | - | - | 59,813 | 2,893,005 |
| Public Works | 1,950,062 | - | - | - | 1,950,062 |
| Culture and Recreation | 610,529 | - | - | 261,764 | 872,293 |
| Equipment Services | 247,971 | - | - | - | 247,971 |
| Urban Redevelopment | - | - | - | 8,773 | 8,773 |
| Other | 158,013 | - | - | - | 158,013 |
| Debt Service | | | | | |
| Principal | 42,646 | - | - | 982,676 | 1,025,322 |
| Interest | 1,632 | - | - | 353,742 | 355,374 |
| Fees | - | - | - | 1,013 | 1,013 |
| Capital Outlay | - | - | 2,046,097 | 484,867 | 2,530,964 |
| Intergovernmental | - | - | - | 297,380 | 297,380 |

continued

CITY OF CLEMSON

GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 Fiscal Year Ended June 30, 2010

continued

| | <u>General</u> | <u>Tax Increment Fund</u> | <u>City Hall Expansion Fund</u> | <u>Other Governmental Funds</u> | <u>Total</u> |
|---------------------------------------------------------|---------------------|-------------------------------|-----------------------------------------|-----------------------------------------|-----------------------|
| Total Expenditures | \$ 8,192,799 | \$ 105,601 | \$ 2,046,097 | \$ 2,450,028 | \$ 12,794,525 |
| Excess of Revenues Over (Under) Expenditures | \$ (834,871) | \$ 1,560,810 | \$ (2,004,433) | \$ (373,805) | \$ (1,652,299) |
| Other Financing Sources (Uses) | | | | | |
| Proceeds Long Term Debt | \$ 455,000 | \$ - | \$ - | \$ - | \$ 455,000 |
| Transfers In | 452,188 | - | 155,000 | 883,107 | 1,490,295 |
| Transfers Out | - | (971,107) | - | (217,000) | (1,188,107) |
| Total Other Financing Sources (Uses) | \$ 907,188 | \$ (971,107) | \$ 155,000 | \$ 666,107 | \$ 757,188 |
| Net Change in Fund Balances | \$ 72,317 | \$ 589,703 | \$ (1,849,433) | \$ 292,302 | \$ (895,111) |
| Fund Balances, Beginning | \$ 2,817,699 | \$ 719,440 | \$ 2,491,457 | \$ 2,210,049 | \$ 8,238,645 |
| Fund Balances, Ending | \$ 2,890,016 | \$ 1,309,143 | \$ 642,024 | \$ 2,502,351 | \$ 7,343,534 |

See Notes to Financial Statements

CITY OF CLEMSON

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2010**

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

| | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|--------------------------------|
| <i>Net change in fund balances - total governmental funds</i> | \$ | (895,111) |
| <i>Governmental funds report capital outlays as expenditures (\$3,306,070). However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense (\$1,648,094). This is the amount by which capital outlays exceeded depreciation in the current period.</i> | | 1,657,976 |
| <i>The net effect of various miscellaneous transactions involving capital assets (sales and trade-ins).</i> | | (133,080) |
| <i>Revenues in the statement of activities that do not represent current financial resources are not reported as revenues in the funds.</i> | | 33,898 |
| <i>The issuance of long-term debt (\$455,000) provides current financial resources to governmental funds, while the repayment of long-term debt (\$1,025,322) consumes the current financial resources of governmental funds. This transaction, however, has no effect on net assets.</i> | | 570,322 |
| <i>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities however interest expense is recognized as it accrues, regardless of when it is due.</i> | | 2,926 |
| <i>Compensated absence expense reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.</i> | | <u>(16,398)</u> |
| <i>Change in net assets of governmental activities</i> | \$ | <u><u>1,220,533</u></u> |

CITY OF CLEMSON

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
Fiscal Year Ended June 30, 2010

| | Budgeted | | Actual | Variance |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|
| | Original | Final | | |
| Revenues | | | | |
| Property Taxes | \$ 2,580,097 | \$ 2,580,097 | \$ 2,893,979 | \$ 313,882 |
| Local Option Sales Tax | 994,400 | 994,400 | 940,134 | (54,266) |
| Licenses and Permits | 1,640,500 | 1,640,500 | 1,676,777 | 36,277 |
| Intergovernmental | 696,421 | 696,421 | 664,793 | (31,628) |
| Charges for Services | 590,050 | 590,050 | 613,528 | 23,478 |
| Fines and Forfeitures | 297,751 | 297,751 | 333,274 | 35,523 |
| Investment Earnings | 85,000 | 85,000 | 57,293 | (27,707) |
| Other | 137,000 | 137,000 | 178,150 | 41,150 |
| Total Revenues | \$ 7,021,219 | \$ 7,021,219 | \$ 7,357,928 | \$ 336,709 |
| Expenditures | | | | |
| Current Operating | | | | |
| General Government | | | | |
| Council | \$ 162,315 | \$ 162,315 | \$ 118,904 | \$ 43,411 |
| Municipal Court | 274,220 | 274,220 | 276,311 | (2,091) |
| Administration | 485,717 | 485,717 | 476,446 | 9,271 |
| Finance | 182,719 | 182,719 | 182,093 | 626 |
| Information Tech Services | 143,244 | 143,244 | 153,616 | (10,372) |
| Planning and Codes | 579,122 | 579,122 | 606,335 | (27,213) |
| Public Buildings | 418,172 | 418,172 | 535,050 | (116,878) |
| Total | \$ 2,245,509 | \$ 2,245,509 | \$ 2,348,755 | \$ (103,246) |
| Public Safety | | | | |
| Police | \$ 2,260,206 | \$ 2,260,206 | \$ 2,325,192 | \$ (64,986) |
| Fire | 508,000 | 508,000 | 508,000 | - |
| Total | \$ 2,768,206 | \$ 2,768,206 | \$ 2,833,192 | \$ (64,986) |
| Public Works | | | | |
| Streets | \$ 566,634 | \$ 628,634 | \$ 670,106 | \$ (41,472) |
| Residential Sanitation | 1,101,112 | 1,101,112 | 1,068,290 | 32,822 |
| Administration | 200,890 | 200,890 | 211,666 | (10,776) |
| Total | \$ 1,868,636 | \$ 1,930,636 | \$ 1,950,062 | \$ (19,426) |
| Culture and Recreation | \$ 617,637 | \$ 617,637 | \$ 610,529 | \$ 7,108 |
| Equipment Services | \$ 273,241 | \$ 273,241 | \$ 247,971 | \$ 25,270 |
| Debt Service | | | | |
| Principal | \$ 42,650 | \$ 42,650 | \$ 42,646 | \$ 4 |
| Interest | 1,500 | 1,500 | 1,632 | (132) |
| Total | \$ 44,150 | \$ 44,150 | \$ 44,278 | \$ (128) |

continued

CITY OF CLEMSON

continued

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
Fiscal Year Ended June 30, 2010

| | <u>Budgeted</u> | | <u>Actual</u> | <u>Variance</u> |
|----------------------------------------|-----------------|----------------|---------------|-----------------|
| | <u>Original</u> | <u>Final</u> | | |
| <i>Expenditures, continued</i> | | | | |
| <i>Other</i> | \$ 181,000 | \$ 181,000 | \$ 158,013 | \$ 22,987 |
| <i>Total Expenditures</i> | \$ 7,998,379 | \$ 8,060,379 | \$ 8,192,799 | \$ (132,420) |
| <i>Excess of Revenues Over (Under)</i> | | | | |
| <i>Expenditures</i> | \$ (977,160) | \$ (1,039,160) | \$ (834,871) | \$ 204,289 |
| <i>Other Financing Sources</i> | | | | |
| <i>Proceeds Long Term Debt</i> | \$ 505,000 | \$ 505,000 | \$ 455,000 | \$ (50,000) |
| <i>Transfers Out</i> | (4,350) | (4,350) | - | 4,350 |
| <i>Transfers In</i> | 463,708 | 463,708 | 452,188 | (11,520) |
| <i>Total</i> | \$ 964,358 | \$ 964,358 | \$ 907,188 | \$ (57,170) |
| <i>Net Change in Fund Balances</i> | \$ (12,802) | \$ (74,802) | \$ 72,317 | \$ 147,119 |
| <i>Fund Balance, Beginning</i> | 2,817,699 | 2,817,699 | 2,817,699 | - |
| <i>Fund Balance, Ending</i> | \$ 2,804,897 | \$ 2,742,897 | \$ 2,890,016 | \$ 147,119 |

See Notes to Financial Statements

CITY OF CLEMSON
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 June 30, 2010

| Assets | Water | Wastewater | Sanitation | Transit | Parking Deck | Total |
|------------------------------------------|---------------------|----------------------|-------------------|---------------------|---------------------|----------------------|
| Current Assets | | | | | | |
| Cash | \$ 300 | \$ 150 | \$ - | \$ 175 | \$ - | \$ 625 |
| Accounts Receivable | 108,751 | 111,770 | 25,431 | 777 | - | 246,729 |
| Unbilled Utility Receivables | 128,098 | 109,671 | 6,530 | - | - | 244,299 |
| Note Receivable-Current | 15,092 | - | - | - | - | 15,092 |
| Due from Other Governmental Units | - | 7,200 | - | 49,214 | - | 56,414 |
| Due from Other Funds | 907,060 | 1,817,227 | 350,762 | 1,246,141 | 212,327 | 4,533,517 |
| Inventory | 24,554 | - | - | - | - | 24,554 |
| Total Current Assets | \$ 1,183,855 | \$ 2,046,018 | \$ 382,723 | \$ 1,296,307 | \$ 212,327 | \$ 5,121,230 |
| Noncurrent Assets | | | | | | |
| Restricted Cash - Revenue Bond Covenants | \$ 238,653 | \$ 43,953 | \$ - | \$ - | \$ - | \$ 282,606 |
| Investment in Joint Venture | - | 327,606 | - | - | - | 327,606 |
| Deferred Charges | 71,910 | 12,396 | - | - | - | 84,306 |
| Note Receivable | 188,378 | - | - | - | - | 188,378 |
| Capital Assets | | | | | | |
| Land and Buildings | 167,149 | 260,171 | - | 95,573 | 2,683,179 | 3,206,072 |
| Other Improvements | 7,197,240 | 14,554,284 | - | 22,454 | - | 21,773,978 |
| Equipment | 455,139 | 1,129,874 | 396,722 | 5,382,202 | 22,803 | 7,386,740 |
| Accumulated Depreciation | (1,538,684) | (7,933,888) | (248,297) | (4,834,610) | (398,345) | (14,953,824) |
| Construction in Progress | 123,201 | 596,841 | - | - | - | 720,042 |
| Total Noncurrent Assets | \$ 6,902,986 | \$ 8,991,237 | \$ 148,425 | \$ 665,619 | \$ 2,307,637 | \$ 19,015,904 |
| Total Assets | \$ 8,086,841 | \$ 11,037,255 | \$ 531,148 | \$ 1,961,926 | \$ 2,519,964 | \$ 24,137,134 |

continued

CITY OF CLEMSON

continued

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
June 30, 2010

| | <u>Water</u> | <u>Wastewater</u> | <u>Sanitation</u> | <u>Transit</u> | <u>Parking Deck</u> | <u>Total</u> |
|-------------------------------------------------|---------------------|---------------------|-------------------|---------------------|---------------------|----------------------|
| Liabilities | | | | | | |
| Current Liabilities | | | | | | |
| Accounts Payable | \$ 52,937 | \$ 55,842 | \$ 3,361 | \$ 99,890 | \$ 907 | \$ 212,937 |
| Contracts Payable | 109,998 | 243,609 | - | - | - | 353,607 |
| Accrued Expenses | 46,807 | 35,882 | 6,259 | 47,677 | - | 136,625 |
| Compensated Absences | 16,092 | 33,928 | 3,980 | 24,742 | - | 78,742 |
| Revenue Bonds Payable - Current | 97,418 | 130,498 | - | - | - | 227,916 |
| Capital Leases Payable - Current | - | 29,250 | 20,733 | 65,367 | - | 115,350 |
| Total Current Liabilities | \$ 323,252 | \$ 529,009 | \$ 34,333 | \$ 237,676 | \$ 907 | \$ 1,125,177 |
| Noncurrent Liabilities | | | | | | |
| Compensated Absences | \$ 18,656 | \$ 39,335 | \$ 4,615 | \$ 28,686 | \$ - | \$ 91,292 |
| Customer Deposits Payable | 239,875 | - | 6,416 | - | - | 246,291 |
| Revenue Bonds Payable | 3,550,159 | 551,442 | - | - | - | 4,101,601 |
| Capital Leases Payable | - | 115,750 | 66,161 | 67,923 | - | 249,834 |
| Total Noncurrent Liabilities | \$ 3,808,690 | \$ 706,527 | \$ 77,192 | \$ 96,609 | \$ - | \$ 4,689,018 |
| Total Liabilities | \$ 4,131,942 | \$ 1,235,536 | \$ 111,525 | \$ 334,285 | \$ 907 | \$ 5,814,195 |
| Net Assets | | | | | | |
| Invested in Capital Assets, Net of Related Debt | \$ 2,756,468 | \$ 7,925,342 | \$ 61,530 | \$ 532,330 | \$ 2,307,637 | \$ 13,583,307 |
| Restricted for Debt Service | 257,110 | 463,750 | - | - | - | 720,860 |
| Unrestricted | 941,321 | 1,412,627 | 358,093 | 1,095,311 | 211,420 | 4,018,772 |
| Total Net Assets | \$ 3,954,899 | \$ 9,801,719 | \$ 419,623 | \$ 1,627,641 | \$ 2,519,057 | \$ 18,322,939 |

See Notes to Financial Statements

CITY OF CLEMSON
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 Fiscal Year Ended June 30, 2010

| | <u>Water</u> | <u>Wastewater</u> | <u>Sanitation</u> | <u>Transit</u> | <u>Parking Deck</u> | <u>Totals</u> |
|---------------------------------|---------------------|---------------------|-------------------|-----------------------|-------------------------|-----------------------|
| Operating Revenues | | | | | | |
| Charges for Services | \$ 2,056,776 | \$ 1,971,493 | \$ 290,327 | \$ 1,680 | \$ 73,043 | \$ 4,393,319 |
| Impact Fees | 23,789 | 83,759 | - | - | - | 107,548 |
| Late Charges | 28,142 | 30,646 | 4,154 | - | - | 62,942 |
| Other | 51,409 | 417,285 | 3,299 | 56,153 | 1,745 | 529,891 |
| Total Operating Revenues | \$ 2,160,116 | \$ 2,503,183 | \$ 297,780 | \$ 57,833 | \$ 74,788 | \$ 5,093,700 |
| Operating Expenses | | | | | | |
| Water Department | \$ 1,656,787 | \$ - | \$ - | \$ - | \$ - | \$ 1,656,787 |
| Wastewater Collection | - | 709,710 | - | - | - | 709,710 |
| Wastewater Treatment | - | 996,329 | - | - | - | 996,329 |
| Billing Administration | 264,552 | - | - | - | - | 264,552 |
| Engineering | - | 69,238 | - | - | - | 69,238 |
| Commercial Sanitation | - | - | 231,012 | - | - | 231,012 |
| Transit Operations | - | - | - | 3,113,133 | - | 3,113,133 |
| Parking Deck Operations | - | - | - | - | 35,629 | 35,629 |
| Depreciation | 226,768 | 402,848 | 48,661 | 565,561 | 61,806 | 1,305,644 |
| Other | 18,620 | 14,092 | 3,310 | - | - | 36,022 |
| Total Operating Expenses | \$ 2,166,727 | \$ 2,192,216 | \$ 282,983 | \$ 3,678,694 | \$ 97,435 | \$ 8,418,055 |
| Operating Income (Loss) | \$ (6,611) | \$ 310,967 | \$ 14,797 | \$ (3,620,861) | \$ (22,647) | \$ (3,324,355) |

continued

CITY OF CLEMSON

continued

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Fiscal Year Ended June 30, 2010

| | Water | Wastewater | Sanitation | Transit | Parking Deck | Totals |
|---------------------------------------------------------|---------------------|---------------------|-------------------|---------------------|---------------------|----------------------|
| Non-Operating Revenues (Expenses) | | | | | | |
| Investment Earnings | \$ 29,116 | \$ 33,322 | \$ 7,002 | \$ 26,051 | \$ 3,951 | \$ 99,442 |
| Operating Grants | - | - | - | 1,123,248 | - | 1,123,248 |
| Intergovernmental | 16,618 | - | - | 2,160,465 | - | 2,177,083 |
| Debt Service - Interest | (94,701) | (16,182) | (2,842) | (8,240) | - | (121,965) |
| Total Non-Operating Revenues (Expenses) | \$ (48,967) | \$ 17,140 | \$ 4,160 | \$ 3,301,524 | \$ 3,951 | \$ 3,277,808 |
| Income (Loss) Before Contributions and Transfers | \$ (55,578) | \$ 328,107 | \$ 18,957 | \$ (319,337) | \$ (18,696) | \$ (46,547) |
| Capital Contributions | 21,614 | - | - | - | - | 21,614 |
| Transfers In | 15,000 | 5,075 | - | - | - | 20,075 |
| Transfers Out | (111,910) | (176,529) | (14,924) | (8,900) | (10,000) | (322,263) |
| Change in Net Assets | \$ (130,874) | \$ 156,653 | \$ 4,033 | \$ (328,237) | \$ (28,696) | \$ (327,121) |
| Toal Net Assets, Beginning | 4,085,773 | 9,645,066 | 415,590 | 1,955,878 | 2,547,753 | 18,650,060 |
| Total Net Assets, Ending | \$ 3,954,899 | \$ 9,801,719 | \$ 419,623 | \$ 1,627,641 | \$ 2,519,057 | \$ 18,322,939 |

See Notes to Financial Statements

CITY OF CLEMSON

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
Fiscal Year Ended June 30, 2010

Business-type Activities - Enterprise Funds

| | <u>Water</u> | <u>Wastewater</u> | <u>Sanitation</u> | <u>Transit</u> | <u>Parking Deck</u> | <u>Totals</u> |
|----------------------------------------------------------------------|---------------------|---------------------|--------------------|-----------------------|---------------------|-----------------------|
| Cash Flows from Operating Activities | | | | | | |
| Receipts from Customers and Users | \$ 2,139,259 | \$ 2,463,526 | \$ 297,930 | \$ 59,358 | \$ 74,788 | \$ 5,034,861 |
| Payments to Suppliers | (1,207,528) | (727,316) | (102,084) | (1,624,298) | (35,822) | (3,697,048) |
| Payments to Employees | (671,790) | (865,633) | (130,003) | (1,468,217) | - | (3,135,643) |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 259,941</u> | <u>\$ 870,577</u> | <u>\$ 65,843</u> | <u>\$ (3,033,157)</u> | <u>\$ 38,966</u> | <u>\$ (1,797,830)</u> |
| Cash Flows from Noncapital Financing Activities | | | | | | |
| Transfer from (to) Other Funds | \$ 55,518 | \$ (320,484) | \$ (49,400) | \$ (217,082) | \$ (42,917) | \$ (574,365) |
| Grants Available for Operating Purposes | - | - | - | 1,139,580 | - | 1,139,580 |
| Subsidies from Other Governmental Agencies | 16,618 | - | - | 2,250,909 | - | 2,267,527 |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>\$ 72,136</u> | <u>\$ (320,484)</u> | <u>\$ (49,400)</u> | <u>\$ 3,173,407</u> | <u>\$ (42,917)</u> | <u>\$ 2,832,742</u> |
| Cash Flows from Capital and Related Financing Activities | | | | | | |
| Proceeds from Capital Debt | \$ - | \$ 363,190 | \$ - | \$ - | \$ - | \$ 363,190 |
| Capital Contributions | 21,614 | - | - | - | - | 21,614 |
| Purchases of Capital Assets | (198,193) | (786,039) | - | (3,729) | - | (987,961) |
| Acquisition and Construction of Capital Assets | (8,967) | - | - | - | - | (8,967) |
| Principal Paid on Capital Debt | (71,445) | (105,000) | (20,106) | (151,927) | - | (348,478) |
| Interest Paid on Capital Debt | (71,255) | (11,613) | (3,339) | (10,645) | - | (96,852) |
| Proceeds from Sale of Capital Asset | 14,720 | - | - | - | - | 14,720 |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>\$ (313,526)</u> | <u>\$ (539,462)</u> | <u>\$ (23,445)</u> | <u>\$ (166,301)</u> | <u>\$ -</u> | <u>\$ (1,042,734)</u> |
| Cash Flows from Investing Activities | | | | | | |
| Investment Income Received | \$ 29,116 | \$ 33,322 | \$ 7,002 | \$ 26,051 | \$ 3,951 | \$ 99,442 |
| Net Increase (Decrease) in Cash and Cash Equivalents | \$ 47,667 | \$ 43,953 | \$ - | \$ - | \$ - | \$ 91,620 |
| Cash and Cash Equivalents, Beginning | 191,286 | 150 | - | 175 | - | 191,611 |
| Cash and Cash Equivalents, Ending | <u>\$ 238,953</u> | <u>\$ 44,103</u> | <u>\$ -</u> | <u>\$ 175</u> | <u>\$ -</u> | <u>\$ 283,231</u> |

continued

CITY OF CLEMSON

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
Fiscal Year Ended June 30, 2010

continued

Business-type Activities - Enterprise Funds

| | <u>Water</u> | <u>Wastewater</u> | <u>Sanitation</u> | <u>Transit</u> | <u>Parking Deck</u> | <u>Totals</u> |
|------------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|-----------------------|---------------------|-----------------------|
| Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities | | | | | | |
| Operating Income (Loss) | \$ (6,611) | \$ 310,967 | \$ 14,797 | \$ (3,620,861) | \$ (22,647) | \$ (3,324,355) |
| Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities | | | | | | |
| Depreciation Expense | \$ 226,768 | \$ 402,848 | \$ 48,661 | \$ 565,561 | \$ 61,806 | \$ 1,305,644 |
| (Increase) Decrease in Accounts Receivable | (22,919) | (32,457) | 350 | 1,525 | - | (53,501) |
| (Increase) Decrease in Inventory | (4,187) | - | - | - | - | (4,187) |
| (Increase) Decrease in Investment in Joint Venture | - | (51,001) | - | - | - | (51,001) |
| (Increase) Decrease in Deferred Charges | 2,862 | (11,009) | - | - | - | (8,147) |
| Increase (Decrease) in Accounts Payable | 42,891 | 12,942 | 2,060 | 42,661 | (193) | 100,361 |
| Increase (Decrease) in Contracts Payable | 20,712 | 227,443 | - | (34,485) | - | 213,670 |
| Increase (Decrease) in Accrued Wages | 3,477 | 3,681 | 225 | 1,808 | - | 9,191 |
| Increase (Decrease) in Deferred Revenue | (9,164) | (7,200) | - | - | - | (16,364) |
| Increase (Decrease) in Compensated Absences | (5,113) | 14,363 | (50) | 10,634 | - | 19,834 |
| Increase (Decrease) in Customer Deposits | 11,225 | - | (200) | - | - | 11,025 |
| Total Adjustments | <u>\$ 266,552</u> | <u>\$ 559,610</u> | <u>\$ 51,046</u> | <u>\$ 587,704</u> | <u>\$ 61,613</u> | <u>\$ 1,526,525</u> |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 259,941</u> | <u>\$ 870,577</u> | <u>\$ 65,843</u> | <u>\$ (3,033,157)</u> | <u>\$ 38,966</u> | <u>\$ (1,797,830)</u> |

See Notes To Financial Statements

CITY OF CLEMSON

TAX INCREMENT FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET TO ACTUAL
 Fiscal Year Ended June 30, 2010

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--------------------------------------------------|-----------------------|---------------------|-------------------|
| <i>Revenues</i> | | | |
| Property Taxes | \$ 1,590,000 | \$ 1,631,575 | \$ 41,575 |
| Other Revenues | - | 9,595 | 9,595 |
| Investment Earnings | <u>45,000</u> | <u>25,241</u> | <u>(19,759)</u> |
| | | | |
| Total Revenues | <u>\$ 1,635,000</u> | <u>\$ 1,666,411</u> | <u>\$ 31,411</u> |
| | | | |
| <i>Expenditures</i> | | | |
| Current Operating | | | |
| General Government | <u>\$ 185,000</u> | <u>\$ 105,601</u> | <u>\$ 79,399</u> |
| | | | |
| Excess of Revenues Over (Under) Expenditures | <u>\$ 1,450,000</u> | <u>\$ 1,560,810</u> | <u>\$ 110,810</u> |
| | | | |
| Other Financing Sources (Uses) | | | |
| Transfer Out | <u>\$ (1,366,107)</u> | <u>\$ (971,107)</u> | <u>\$ 395,000</u> |
| | | | |
| Net Change in Fund Balance | \$ 83,893 | \$ 589,703 | \$ 505,810 |
| | | | |
| Fund Balance, Beginning | <u>719,440</u> | <u>719,440</u> | <u>-</u> |
| | | | |
| Fund Balance, Ending | <u>\$ 803,333</u> | <u>\$ 1,309,143</u> | <u>\$ 505,810</u> |

See Notes To Financial Statements

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CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

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

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

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if collected within 60 days of the fiscal year end. Expenditures are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The government reports the following major governmental funds:

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

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

The *City Hall Expansion Fund* was established to account for construction of the City Hall Expansion project. The majority of the funding for this project will come from tax increment funds.

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

The government reports the following major proprietary funds:

The **water fund** accounts for charges to users for water services and the cost of operations of the system.

The **wastewater fund** accounts for charges to users for sewer services and the cost of operations of the system.

The **sanitation fund** leases commercial trash receptacles to businesses and apartment complexes and sells trashcan liners to the citizens of Clemson.

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

The **parking deck fund** accounts for charges to users on a daily basis and for special events.

Additionally, the government reports the following fund types:

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

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

The **debt service fund** accounts for the resources accumulated, and payments made, for principal and interest on long-term general obligation debt of governmental funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. However, interfund services provided and used are not eliminated in the process of consolidation.

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

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

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

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

ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

Cash and Cash Equivalents

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

Investments

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

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

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

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

Inventories

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

Receivables and Payables

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

Restricted Assets

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

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The City qualifies as a phase 3 government for reporting major general infrastructure assets and, therefore, elects to record such assets prospectively. However, with the exception of several subdivisions, the City has been tracking the cost and depreciation of its infrastructure since 1973 and such assets are reflected in the accompanying financial statements.

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

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

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

Compensated Absences

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

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Long-Term Obligations

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

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

Fund Equity

In the *fund financial statements*, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

2. BUDGETARY PRACTICES

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

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

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

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

2. BUDGETARY PRACTICES, continued

Departmental budget variances greater than 10% or \$10,000, whichever is smaller, must be approved by City Council. The **Community Development Fund** receives block grant entitlements, which are mandated by project budgets that extend over several accounting periods. Therefore, budget control is exercised by project. All other Special Revenue funds have annual budgets. During the current year none of the Special Revenue Fund budgets were revised, therefore, there are no separate columns for the original and final budgets for the individual fund statements.

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

3. CASH AND INVESTMENTS

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

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

In accordance with GASB # 31, investments are recorded at cost or fair value depending on the nature and term of the investment. Immaterial differences at the balance sheet date are not adjusted. The City presently holds both short-term and long-term investments. All investments are expected to be held until maturity. Any significant discount or premium on the purchase of long-term investments is amortized over the term of the investment by the straight-line method. The City recognized a valuation gain on its investments of \$87,231 as of the balance sheet date.

The following is an analysis of investments held at June 30, 2010: Amounts are recorded at cost or fair value depending on the nature and term of the investment. Adjustments are not made to adjust original cost unless significant in amount.

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

3. CASH AND INVESTMENTS, continued

| <u>Investment</u> | <u>Credit Rating</u> | <u>Carrying Amount</u> | <u>Fair Value</u> |
|-----------------------------------------|----------------------|------------------------|---------------------|
| <i>Federal Farm Credit Bank Bond</i> | | | |
| <i>Due 05/07/20</i> | AAA/Aaa/AAA | \$ 100,000 | \$ 109,094 |
| <i>Due 05/20/24</i> | AAA/Aaa/AAA | 100,000 | 100,063 |
| <i>Due 02/01/28</i> | AAA/Aaa/AAA | 145,000 | 156,691 |
| <i>Federal Home Loan Mortgage Notes</i> | | | |
| <i>Due 04/14/23</i> | AAA/Aaa/AAA | 100,000 | 103,251 |
| <i>Due 10/15/24</i> | AAA/Aaa/AAA | 150,000 | 152,358 |
| <i>Due 10/15/24</i> | AAA/Aaa/AAA | 100,000 | 100,511 |
| <i>Due 01/15/25</i> | AAA/Aaa/AAA | 130,000 | 129,709 |
| <i>Due 05/15/30</i> | AAA/Aaa/AAA | 100,000 | 100,575 |
| <i>Due 06/15/30</i> | AAA/Aaa | 100,000 | 100,231 |
| <i>Due 07/15/26</i> | AAA/Aaa/AAA | 100,000 | 100,232 |
| <i>Due 09/15/26</i> | AAA/Aaa/AAA | 100,000 | 100,979 |
| <i>Due 04/15/27</i> | AAA/Aaa/AAA | 100,000 | 102,610 |
| <i>Due 05/15/27</i> | AAA/Aaa/AAA | 100,000 | 102,814 |
| <i>Due 06/15/27</i> | AAA/Aaa/AAA | 100,000 | 103,291 |
| <i>Due 01/15/28</i> | AAA/Aaa/AAA | 150,000 | 154,527 |
| <i>Due 01/15/28</i> | AAA/Aaa/AAA | 100,000 | 104,207 |
| <i>Due 03/15/28</i> | AAA/Aaa/AAA | 50,000 | 50,621 |
| <i>Federal National Mortgage Notes</i> | | | |
| <i>Due 09/07/22</i> | AAA/Aaa/AAA | 150,000 | 151,313 |
| <i>Due 02/01/23</i> | AAA/Aaa/AAA | 100,000 | 101,219 |
| <i>Due 02/08/23</i> | Aaa/AAA | 100,000 | 101,750 |
| <i>Due 03/24/23</i> | AAA/Aaa/AAA | 50,000 | 51,078 |
| <i>Due 04/25/23</i> | AAA/Aaa/AAA | 150,000 | 151,875 |
| <i>Due 06/03/26</i> | AAA/Aaa/AAA | 100,000 | 100,063 |
| <i>Due 04/18/36</i> | AAA | 100,000 | 108,938 |
| <i>GNMA II Guaranteed Pass Thru</i> | | | |
| <i>Due 06/20/28</i> | N/A | 23,486 | 25,130 |
| <i>S.C. State Public Service Auth</i> | | | |
| <i>Due 01/01/32</i> | AA-/Aa2/AA | 100,000 | 100,003 |
| <i>Tennessee Valley Auth</i> | | | |
| <i>Due 01/15/28</i> | Aaa | 100,000 | 99,565 |
| <i>State Investment Pool</i> | | | |
| <i>Due 09/30/10</i> | AAA/Aaa | 1,019,045 | 1,019,045 |
| <i>Totals</i> | | <u>\$ 3,817,531</u> | <u>\$ 3,881,743</u> |

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

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

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

3. CASH AND INVESTMENTS, continued

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

Custodial credit risk, deposits - In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. As of June 30, 2010, \$6,690,223 of the City's bank balance of \$8,520,829 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name. The City minimizes its exposure to custodial credit risk for deposits by review of financial statements issued by the financial institutions holding municipal deposits.

Custodial credit risk, investments - For investments, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments of collateral securities that are in the possession of an outside party. The City does not have a formal investment policy for custodial credit risk. Of the investments of **\$3,881,743** the City has a custodial credit risk exposure of \$25,130 because the related securities are uninsured, unregistered and held by the City's brokerage firm which is also the counterparty for these particular securities. The City minimizes its exposure to custodial credit risk for investments by review of financial statements issued by the brokerage and financial institutions holding the municipal investments.

4. PROPERTY TAXES / RECEIVABLES

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

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

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

4. PROPERTY TAXES / RECEIVABLES, continued

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

| | <u>General</u> | <u>Tax Increment</u> | <u>Water</u> | <u>Wastewater</u> | <u>Sanitation</u> | <u>Transit</u> | <u>Nonmajor</u> | <u>Total</u> |
|------------------------------------|-------------------|----------------------|-------------------|-------------------|-------------------|------------------|-------------------|---------------------|
| Receivables: | | | | | | | | |
| Property Taxes | \$ 213,910 | \$ 18,552 | \$ - | \$ - | \$ - | \$ - | \$ 11,686 | \$ 244,148 |
| Accounts Interest | 50,882 | - | 236,849 | 221,441 | 31,961 | 777 | 473,380 | 1,015,290 |
| Inter-governmental | 51,178 | - | - | - | - | - | - | 51,178 |
| Other | 326,146 | - | - | 7,200 | - | 49,214 | 507,615 | 890,175 |
| | <u>78,781</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>78,781</u> |
| Gross Receivables | \$ 720,897 | \$ 18,552 | \$ 236,849 | \$ 228,641 | \$ 31,961 | \$ 49,991 | \$ 992,681 | \$ 2,279,572 |
| Less: Allowance for Uncollectibles | <u>(192,021)</u> | <u>(17,110)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(10,492)</u> | <u>(219,623)</u> |
| Net Total Receivables | <u>\$ 528,876</u> | <u>\$ 1,442</u> | <u>\$ 236,849</u> | <u>\$ 228,641</u> | <u>\$ 31,961</u> | <u>\$ 49,991</u> | <u>\$ 982,189</u> | <u>\$ 2,059,949</u> |

Included in accounts receivable in the Nonmajor funds are mortgages arising from loans to individuals qualifying for community development grant funds for constructing or renovating their personal residences. The balance at June 30, 2010 is \$380,251 of which \$357,279 is long-term.

5. NOTE RECEIVABLE – TOWN OF CENTRAL

The City sold its Highway 93 Water Tank to the Town of Central for \$250,000 in 2007. The terms of the sale call for the Town of Central to pay \$5,009 per quarter for 15 years at an interest rate of 2.5%. The balance of the note at June 30, 2010 is \$203,470 with \$15,092 due within the next year.

6. CAPITAL ASSETS

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

| Governmental activities: | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---------------------------------------|--------------------------|---------------------|----------------------|-----------------------|
| Capital assets, not depreciated: | | | | |
| Land | \$ 1,595,400 | \$ - | \$ - | \$ 1,595,400 |
| Construction in Progress | <u>2,123,605</u> | <u>2,543,738</u> | <u>(1,994,908)</u> | <u>2,672,435</u> |
| Total capital assets, not depreciated | <u>\$ 3,719,005</u> | <u>\$ 2,543,738</u> | <u>\$(1,994,908)</u> | <u>\$ 4,267,835</u> |

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

6. CAPITAL ASSETS, continued

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---------------------------------------------------------|------------------------------|-----------------------|----------------------|---------------------------|
| <i>Capital assets, depreciated:</i> | | | | |
| Other improvements | \$ 7,065,979 | \$ 141,143 | \$ - | \$ 7,207,122 |
| Buildings | 5,318,285 | 227,744 | - | 5,546,029 |
| Infrastructure | 5,795,935 | 1,853,764 | - | 7,649,699 |
| Furniture and equipment | 5,809,023 | 534,589 | (460,106) | 5,883,506 |
| <i>Total capital assets depreciated</i> | <u>\$ 23,989,222</u> | <u>\$ 2,757,240</u> | <u>\$ (460,106)</u> | <u>\$ 26,286,356</u> |
| <i>Less accumulated depreciation for:</i> | | | | |
| Other improvements | \$ (2,983,647) | \$ (555,729) | \$ - | \$ (3,539,376) |
| Buildings | (1,410,229) | (132,728) | - | (1,542,957) |
| Infrastructure | (4,023,973) | (384,603) | - | (4,408,576) |
| Furniture and equipment | (4,238,636) | (575,034) | 327,024 | (4,486,646) |
| <i>Total accumulated depreciation</i> | <u>\$ (12,656,485)</u> | <u>\$ (1,648,094)</u> | <u>\$ 327,024</u> | <u>\$ (13,977,555)</u> |
| <i>Total capital assets, depreciated, net</i> | <u>\$ 11,332,737</u> | <u>\$ 1,109,146</u> | <u>\$ (133,082)</u> | <u>\$ 12,308,801</u> |
| <i>Governmental activities capital assets, net</i> | <u>\$ 15,051,742</u> | <u>\$ 3,652,884</u> | <u>\$(2,127,990)</u> | <u>\$ 16,576,636</u> |
| Business-type activities: | | | | |
| <i>Capital assets, not depreciated:</i> | | | | |
| Land | \$ 462,083 | \$ - | \$ - | \$ 462,083 |
| Construction in Progress | 1,222,761 | 701,340 | (1,204,060) | 720,041 |
| <i>Total capital assets, not depreciated</i> | <u>\$ 1,684,844</u> | <u>\$ 701,340</u> | <u>\$(1,204,060)</u> | <u>\$ 1,182,124</u> |
| <i>Capital assets, depreciated:</i> | | | | |
| Other improvements | \$ 7,326,091 | \$ - | \$ - | \$ 7,326,091 |
| Buildings | 2,743,989 | - | - | 2,743,989 |
| Infrastructure | 13,207,961 | 1,239,927 | - | 14,447,888 |
| Furniture and equipment | 7,266,084 | 259,720 | (139,063) | 7,386,741 |
| <i>Total capital assets depreciated</i> | <u>\$ 30,544,125</u> | <u>\$ 1,499,647</u> | <u>\$ (139,063)</u> | <u>\$ 31,904,709</u> |
| <i>Less accumulated depreciation for:</i> | | | | |
| Other improvements | \$ (3,979,478) | \$ (155,640) | \$ - | \$ (4,135,118) |
| Buildings | (375,454) | (68,538) | - | (443,992) |
| Infrastructure | (3,734,859) | (346,683) | - | (4,081,542) |
| Furniture and equipment | (5,697,453) | (734,783) | 139,063 | (6,293,173) |
| <i>Total accumulated depreciation</i> | <u>\$ (13,787,244)</u> | <u>\$ (1,305,644)</u> | <u>\$ 139,063</u> | <u>\$(14,953,825)</u> |
| <i>Total capital assets, depreciated, net</i> | <u>\$ 16,756,881</u> | <u>\$ 194,003</u> | <u>\$ -</u> | <u>\$ 16,950,884</u> |
| <i>Business-type activities capital assets, net</i> | <u>\$ 18,441,725</u> | <u>\$ 895,343</u> | <u>\$(1,204,060)</u> | <u>\$ 18,133,008</u> |

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

6. CAPITAL ASSETS, continued

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

| | |
|-----------------------------------------------------|---------------------|
| <i>Government Activities:</i> | |
| General Government | \$ 164,950 |
| Public Safety | 192,676 |
| Public Works | 675,158 |
| Culture and Recreation | 601,053 |
| Equipment Services | 14,257 |
| Total Depreciation Expense-Governmental Activities | <u>\$1,648,094</u> |
| <i>Business-type Activities:</i> | |
| Water | \$ 226,768 |
| Wastewater | 402,848 |
| Sanitation | 48,661 |
| Transit | 565,561 |
| Parking Deck | 61,806 |
| Total Depreciation Expense-Business-Type Activities | <u>\$ 1,305,644</u> |

7. CAPITAL LEASES

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

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
|--------------------------------|------------------------------------|-------------------------------------|
| Equipment | \$ 1,355,691 | \$ 1,139,014 |
| Other Improvements | 2,309,124 | - |
| Less: Accumulated Depreciation | (1,125,970) | (641,094) |
| Carrying Value | <u>\$ 2,538,845</u> | <u>\$ 497,920</u> |

The following is a schedule of the future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2010:

| <u>Fiscal Year Ending</u> | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
|---------------------------------------------------|------------------------------------|-------------------------------------|
| 06/30/2011 | \$ 411,087 | \$ 127,495 |
| 06/30/2012 | 411,467 | 127,621 |
| 06/30/2013 | 331,494 | 56,898 |
| 06/30/2014 | 294,995 | 44,732 |
| 06/30/2015 | 294,752 | 21,207 |
| 06/30/2016 | 299,462 | 16,111 |
| Total minimum lease payments | \$ 2,043,257 | \$ 394,064 |
| Less interest portion | (214,099) | (28,880) |
| Present value of future minimum Lease payments | <u>\$ 1,829,158</u> | <u>\$ 365,184</u> |

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

8. LONG-TERM DEBT

The City issued revenue bonds in its business-type activities where the City pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding at June 30, 2010, are as follows:

| <u>Purpose</u> | <u>Interest Rate</u> | <u>Balance</u> | <u>Current Portion</u> |
|----------------------|----------------------|---------------------|------------------------|
| 2009 Wastewater Fund | 1.82 % | \$ 218,190 | \$ 25,497 |
| 2005 Water A | 2.5 % | 3,128,992 | 84,393 |
| 2005 Water B | 3.0 % | 518,585 | 13,026 |
| 1994 Wastewater Fund | 68 % of Prime* | <u>463,750</u> | <u>105,000</u> |
| Total | | <u>\$ 4,329,517</u> | <u>\$ 227,916</u> |

* Actual rate is 68% of the bank's prime rate with a ceiling of 7.5%.

Annual debt service requirements to maturity for revenue bonds including interest of \$1,472,780 are as follows: The schedule does not include the 2009 Wastewater Fund as the total balance is not known at year end.

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|---------------------|---------------------|---------------------|
| 2011 | \$ 202,419 | \$ 124,022 | \$ 326,441 |
| 2012 | 204,943 | 113,622 | 318,565 |
| 2013 | 207,534 | 103,157 | 310,691 |
| 2014 | 210,191 | 92,623 | 302,814 |
| 2015 | 151,669 | 83,169 | 234,838 |
| 2016-2020 | 583,057 | 368,283 | 951,340 |
| 2021-2025 | 662,721 | 288,615 | 951,336 |
| 2026-2030 | 753,327 | 198,013 | 951,340 |
| 2031-2035 | 856,384 | 94,955 | 951,339 |
| 2036-2037 | <u>279,082</u> | <u>6,321</u> | <u>285,403</u> |
| Totals | <u>\$ 4,111,327</u> | <u>\$ 1,472,780</u> | <u>\$ 5,584,107</u> |

Water and Wastewater System Revenue Bond Ordinances requires the following reserve on the Water and Wastewater Funds retained earnings at June 30, 2010:

| | <u>Water</u> | <u>Wastewater</u> |
|--------------------------------------------------------|-------------------|-------------------|
| Reserve for future principal and interest payments (1) | \$ 41,621 | \$ 151,287 |
| Reserve for operations and maintenance | 169,848 | 260,618 |
| Reserve for depreciation | 44,641 | 576,194 |
| Reserve for contingency | 1,000 | 500 |
| Less adjustment to bond balance | - | <u>(524,849)</u> |
| Total | <u>\$ 257,110</u> | <u>\$ 463,750</u> |

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

8. LONG-TERM DEBT, continued

(1) The reserve for future principal and interest payments in the **Water and Wastewater Funds** is reflected in restricted cash in those Funds.

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

General obligation bonds are issued in the governmental activities to provide funding for the acquisition and construction of major capital facilities. Bonds issued and the amounts outstanding at June 30, 2010 are as follows:

| <u>Purpose</u> | <u>Bond Proceeds</u> | <u>Interest Rate</u> | <u>Balance 6/30/10</u> |
|-----------------------------|--------------------------|--------------------------|----------------------------|
| Law Enforcement Facility | \$ 750,000 | 6.104% Avg. | \$ 350,000 |
| Central Recreation Facility | 700,000 | 5.330 % | 160,000 |
| Capital Projects / Land | 455,000 | 4.970 % | 270,000 |
| Various Capital Projects | 5,000,000 | 4.810 % | 2,955,000 |
| Various Capital Projects | 3,000,000 | 3.790 % | 2,047,851 |
| | <hr/> | | <hr/> |
| Totals | <u>\$ 9,905,000</u> | | <u>\$ 5,782,851</u> |

Annual debt service requirements to maturity for general obligation bonds including interest of \$1,080,910 are as follows:

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|---------------------|---------------------|---------------------|
| 2011 | \$ 740,959 | \$ 260,298 | \$ 1,001,257 |
| 2012 | 815,849 | 225,251 | 1,041,100 |
| 2013 | 751,115 | 190,304 | 941,419 |
| 2014 | 786,769 | 156,395 | 943,164 |
| 2015 | 822,827 | 120,702 | 943,529 |
| 2016-2017 | 1,865,520 | 127,960 | 1,993,480 |
| | <hr/> | <hr/> | <hr/> |
| Totals | <u>\$ 5,783,039</u> | <u>\$ 1,080,910</u> | <u>\$ 6,863,949</u> |

Individual bonds are in issues of \$5,000 each. Interest is due on December 1 and June 1 of each fiscal year. Principal payments are due on December 1 each year. Property taxes will be used to pay debt service principal and interest as it becomes due. The City has pledged its full faith and credit as collateral for the general obligation bonds. The City is not obligated for any special assessment debt.

Long-term liability activity for the year ended June 30, 2010, was as follows:

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

8. LONG-TERM DEBT, continued

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|--------------------------------------------------------|------------------------------|-------------------|-----------------------|---------------------------|--------------------------------|
| <i>Governmental Activities:</i> | | | | | |
| General Obligation Bonds | \$ 6,489,391 | \$ - | \$ (706,540) | \$ 5,782,851 | \$ 740,959 |
| Capital Leases | 1,692,940 | 455,000 | (318,782) | 1,829,158 | 329,635 |
| Compensated Absences | 403,804 | 226,716 | (210,318) | 420,202 | 185,725 |
| Governmental Activity Long-Term Liabilities | \$ 8,586,135 | \$ 681,716 | \$ (1,235,640) | \$ 8,032,211 | \$ 1,256,319 |

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|---------------------------------------------------------|------------------------------|-------------------|---------------------|---------------------------|--------------------------------|
| <i>Business-Type Activities:</i> | | | | | |
| Revenue Bonds | \$ 4,287,772 | \$ 218,190 | \$ (176,445) | \$ 4,329,517 | \$ 227,916 |
| Capital Leases | 392,217 | 145,000 | (172,033) | 365,184 | 115,350 |
| Compensated Absences | 150,200 | 101,243 | (81,409) | 170,034 | 78,742 |
| Business-Type Activity Long-Term Liabilities | \$ 4,830,189 | \$ 464,433 | \$ (429,887) | \$ 4,864,735 | \$ 422,008 |

9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2010 is as follows:

Due to/from funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|-----------------------------|-----------------------------|---------------------|
| Water | General | \$ 907,060 |
| Wastewater | General | 1,817,227 |
| Sanitation | General | 350,762 |
| Transit | General | 1,246,141 |
| Parking Deck | General | 212,327 |
| Tax Increment Fund | General | 1,307,701 |
| City Hall Expansion | General | 934,332 |
| General | Nonmajor Governmental Funds | 281,910 |
| Nonmajor Governmental Funds | General | 1,984,785 |
| Total | | \$ 9,042,245 |

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

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS, continued

Interfund transfers are as follows:

| <u>Governmental Funds</u> | <u>Transfers In</u> | <u>Transfers Out</u> | <u>Net Transfers</u> |
|-----------------------------------|-------------------------|--------------------------|--------------------------|
| <i>General Fund:</i> | | | |
| Nonmajor Governmental | \$ 135,000 | \$ - | |
| Water | 106,835 | - | |
| Wastewater | 176,528 | - | |
| Sanitation | 14,924 | - | |
| Transit | 8,900 | - | |
| Parking Deck | 10,000 | - | |
| Total General Fund | <u>\$ 452,187</u> | <u>\$ -</u> | |
| <i>Tax Increment Fund:</i> | | | |
| Nonmajor Governmental | \$ - | \$ 816,107 | |
| City Hall Expansion | - | 155,000 | |
| Total Tax Increment Fund | <u>\$ -</u> | <u>\$ 971,107</u> | |
| <i>City Hall Expansion:</i> | | | |
| Tax Increment Fund | <u>\$ 155,000</u> | <u>\$ -</u> | |
| <i>Nonmajor Governmental:</i> | | | |
| General Fund | \$ - | \$ 135,000 | |
| Tax Increment Fund | 816,107 | - | |
| Water | - | 15,000 | |
| Nonmajor Governmental | 67,000 | 67,000 | |
| Total Nonmajor Governmental | <u>\$ 883,107</u> | <u>\$ 217,000</u> | |
| Total Governmental Fund Transfers | <u>\$ 1,490,294</u> | <u>\$ 1,188,107</u> | <u>\$ 302,187</u> |
| <u>Proprietary Funds</u> | | | |
| <i>Water:</i> | | | |
| General Fund | \$ - | \$ 106,835 | |
| Wastewater Fund | - | 5,075 | |
| Nonmajor Governmental | 15,000 | - | |
| Total Water | <u>\$ 15,000</u> | <u>\$ 111,910</u> | |
| <i>Wastewater:</i> | | | |
| General Fund | \$ - | \$ 176,528 | |
| Water Fund | 5,075 | - | |
| Total Wastewater | <u>\$ 5,075</u> | <u>\$ 176,528</u> | |
| <i>Sanitation:</i> | | | |
| General Fund | <u>\$ -</u> | <u>\$ 14,924</u> | |
| <i>Transit:</i> | | | |
| General Fund | <u>\$ -</u> | <u>\$ 8,900</u> | |
| <i>Parking Deck:</i> | | | |
| General Fund | <u>\$ -</u> | <u>\$ 10,000</u> | |
| Total Proprietary Fund Transfers | <u>\$ 20,075</u> | <u>\$ 322,262</u> | <u>\$ (302,187)</u> |

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS, *continued*

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

10. CONSTRUCTION COMMITMENTS

The City has two major and several smaller ongoing construction projects as of June 30, 2010. The major projects are the City Hall Expansion Engineering and Design and Clemson Area Transit Multi-Modal Facility Engineering and Design. The City's commitments with contractors at year-end are as follows:

| | <u>Spent to Date</u> | <u>Commitments at 6-30-10</u> |
|-----------------------------------------------------|--------------------------|-----------------------------------|
| Project: | | |
| City Hall Expansion | \$ 1,878,759 | \$ 489,831 |
| Clemson Area Transit Multi-Modal Facility | 413,181 | 2,078,968 |
| Cochran Road Wastewater Treatment Plant Digester | 462,416 | 167,099 |
| Water Improvements | 110,880 | 23,343 |
| Wastewater Collection Improvements | 106,574 | 26,563 |
| Total | <u>\$ 2,971,810</u> | <u>\$ 2,785,804</u> |

11. FIRE SERVICES AGREEMENT

On July 1, 2003 the City of Clemson renewed its contract with Clemson University for the University to provide fire protection services to the City. The original arrangement became effective July 1, 2003, and remained in effect until June 30, 2008. The contract was extended year ended June 30, 2009 and on April 20, 2009 for the year ended June 30, 2010. The contract was also extended for an additional year on June 21, 2010 for the year beginning July 1, 2010.

Under the terms of the contract the City is to pay the University an annual fee. The University shall own and maintain all fire suppression equipment and tools and shall assume responsibility for all full-time, paid firefighters. The City shall be responsible for providing a certified State Resident Fire Marshall. During the current period the City paid \$508,000 for fire suppression services.

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

| | | |
|-------------------------|-----------|------------|
| For the year beginning: | July 2010 | \$ 525,000 |
|-------------------------|-----------|------------|

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

12. EMPLOYEES RETIREMENT SYSTEMS

All permanent employees of the City participate in the SC Retirement System or the SC Police Officers' Retirement System. These systems are administered by the State Budget and Control Board of South Carolina, which appoints a director to exercise general supervision over the Retirement Systems. Both the South Carolina Retirement System and Police Officers Retirement System are cost-sharing multiple-employer PERS .

Both the South Carolina Retirement System and the Police Officers Retirement System offer retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits, and survivor benefits. Both employees and employers are required to contribute to the Plan. The Plan's provisions are established under Title 9 of the South Carolina Code of Laws.

Employee required contributions to the plan are as follows:

| | |
|-----------------------------------|-----------------|
| South Carolina Retirement System | 6.5 % of salary |
| Police Officers Retirement System | |
| Class II | 6.5 % of salary |
| Class I | \$ 21 per month |

Employers are required to contribute to the plan at the following actuarially determined rates:

| | |
|-----------------------------------|-------------------|
| South Carolina Retirement System | 9.24 % of salary |
| Police Officers Retirement System | |
| Class II | 10.65 % of salary |
| Class I | 7.8 % of salary |

In addition to the above rates, participating employers of the South Carolina Retirement System contribute .15% of payroll to provide a group life insurance benefit for their participants. Participating employers under the Police Officer's Retirement System also contribute .2% of payroll to provide a group life insurance benefit and .2% of payroll for accidental death benefits.

All employers contribute at the actuarially required contribution rates. Three-year trend information is as follows:

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

12. EMPLOYEES RETIREMENT SYSTEMS, continued

| Year Ending | South Carolina Retirement System | | Police Officers Retirement System | |
|----------------|-------------------------------------|---------------------------|--------------------------------------|---------------------------|
| | Required Contribution | Percentage Contributed | Required Contribution | Percentage Contributed |
| 06/30/10 | \$ 424,035 | 100 % | \$ 156,542 | 100 % |
| 06/30/09 | 431,617 | 100 % | 152,925 | 100 % |
| 06/30/08 | 395,491 | 100 % | 142,589 | 100 % |

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

13. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

| General Fund | Appropriations | Expenditures |
|-----------------------------|----------------|--------------|
| Current Operating | | |
| Municipal Court | \$ 274,220 | \$ 276,311 |
| Information Tech Services | 143,244 | 153,616 |
| Planning and Codes | 579,122 | 606,335 |
| Public Buildings | 418,172 | 535,050 |
| Public Safety | | |
| Police | 2,260,206 | 2,325,192 |
| Public Works | | |
| Streets | 628,634 | 670,106 |
| Administration | 200,890 | 211,666 |
| Debt Service | | |
| Interest | 1,500 | 1,632 |
| Nonmajor Governmental Funds | | |
| Culture and Recreation | \$ 211,242 | \$ 261,764 |

14. JOINT VENTURE

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

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

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

14. JOINT VENTURE, continued

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

A substantial portion of the costs of construction of the facility (75%) was funded through Environmental Protection Agency grants. The remainder of the construction costs (25%) and the cost of collector loans were funded through individual loans by the City of Clemson and the Town of Pendleton from the Farmers Home Administration.

The Town of Pendleton obtained a loan in the amount of \$948,300 repayable over a forty-year period at 5 percent. Both the proportionate assets of the system and the debt are included in the Town of Pendleton's financial statement.

The City of Clemson also financed its share of construction costs with a Farmer's Home Administration loan. Assets constructed both with EPA grants and the FmHA loan include plant facility and collector lines which are included in the financial statements of the Wastewater Fund. At June 30, 2010 the Wastewater Fund had total assets of \$11,037,255 and total liabilities of \$1,235,536.

The joint facility operated by the Town of Pendleton prepares and issues separate financial statements. The facility assets and the debt on those assets are excluded from the financial statement. The Pendleton/Clemson Facility is audited by other auditors. A copy of the Pendleton/Clemson Facility financial statement may be obtained from the Town of Pendleton.

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

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

14. JOINT VENTURE, continued

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

| | | |
|--------------------------|----|---------|
| Total Assets | \$ | 532,774 |
| Total Liabilities | | 13,385 |
| Total Equity | | 519,389 |
| Total Operating Revenues | | 599,738 |
| Total Operating Expenses | | 480,954 |
| Net Income (Loss) | | 118,784 |

The City records its investment in joint ventures under the equity method of accounting for investments. The current balance in investments in joint venture is \$327,606, which includes \$2,452 of amortization of the difference of the cost of the investment and the value of the underlying assets and \$53,453 of current year net income as follows:

| | | | |
|---------------------------------|----|------------|------------|
| Carrying Value, 6/30/09 | \$ | 276,605 | |
| Current year income (loss) | | 53,453 | |
| | | \$ 330,058 | \$ 330,058 |
| Net value of underlying assets | | (231,975) | |
| Difference | | \$ 98,083 | |
| Amortization - SL over 40 years | | | (2,452) |
| Carrying Value, 6/30/10 | | | \$ 327,606 |

The details of the original agreement and the operation of the facility are as follows:

| | <u>% Costs to Each Municipality</u> | |
|-----------------------------------------------------------|-------------------------------------|-------------------------|
| | <u>Clemson</u> | <u>Pendleton</u> |
| Design, Bidding, Grant Application, Study | 54% | 46% |
| Soil Test, Survey, Plan of Operation, Maintenance, Manual | 37% | 63% |
| Land & Right of Ways within City Limits | All Within Clemson | All Within Pendleton |
| Monthly Construction Cost Estimates on Project | 54.74% | 45.26% |

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

14. JOINT VENTURE, continued

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

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

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

15. RISK MANAGEMENT

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

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

16. LOCAL OPTION SALES TAX

Citizens and residents of the City of Clemson and Pickens County approved by referendum a 1% local option sales tax beginning May 1995. Property owners are given tax credits on property tax notices issued in September payable by January 15th. The total amount of the revenues collected is applied to a rollback of county and municipal taxes. The City received \$991,493 during the current year.

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

17. HOSPITALITY ORDINANCE

Beginning on January 1, 1997, the City adopted a 1% hospitality fee to be charged on gross proceeds derived from the sale of all food and beverages served by a restaurant, hotel, motel, or other food service facility within the City (including prepared foods of grocery and convenience stores). Beginning on September 1, 2003, the City adopted an additional 1% hospitality tax under the same guidelines as the hospitality fee. The funds are to be used for the preservation, maintenance, and development of the City of Clemson; acquisition of lands and construction of passive and active parks; enhancement of existing infrastructures; acquisition of capital equipment for law enforcement and public safety, and costs to preserve the general health, safety and welfare of the citizens of, and visitors to, the City of Clemson. During the year the City received \$484,155 of hospitality fees and \$484,154 of hospitality taxes.

18. CENTRAL / CLEMSON RECREATION FACILITY

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

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

19. CLEMSON REDEVELOPMENT PLAN / CAPITAL PROJECTS

On December 21, 1998, the City passed an ordinance establishing and approving a plan for the redevelopment of portions of the City of Clemson pursuant to the "City of Clemson Redevelopment Plan", dated October 16, 1998. The plan provides for a comprehensive program for redevelopment of identified areas of the City. The planned expenditures for public improvements totaling approximately \$9,402,000 will be funded with proceeds from Tax Increment Bonds of the City to be issued from time to time as permitted by the Act (Tax Increment Financing Plan. Sections 31-6-10 to 31-6-120 of the South Carolina Code of Laws 1976, as amended). The amount of indebtedness to be supported by tax increment financing will include up to \$8,000,000 of Tax Increment Bonds of the City. The Tax Increment Fund (TIF) was established to record property taxes received under the redevelopment plan. During the year, the City received \$1,631,575 in TIF designated property taxes. Also during the current year \$971,107 was transferred to various capital projects.

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

19. CLEMSON REDEVELOPMENT PLAN / CAPITAL PROJECTS, continued

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

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

20. JOINT MUNICIPAL WATER SYSTEM

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

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

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

21. DESIGNATED FUND BALANCE

City Council adopted a new Municipal Service Agreement with Duke Energy Carolinas, LLC on June 8, 2009. The franchise fee rate in that agreement was set at 4.5 %, with one-half of one percent being designated for future costs of converting overhead power lines to underground power delivery. The amount designated during the year ended June 30, 2010 was \$38,128.

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COMBINING AND
INDIVIDUAL FUND
STATEMENTS AND SCHEDULES



NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

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

CITY OF CLEMSON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2010

| | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Debt Service</u> | <u>Total</u> |
|--------------------------------------------|----------------------------|-----------------------------|-------------------------|---------------------|
| Assets | | | | |
| Receivables (Net of Allowance) | | | | |
| Property Taxes | \$ 139 | \$ - | \$ 1,055 | \$ 1,194 |
| Accounts | 473,380 | - | - | 473,380 |
| Due from Other Governmental Units | 47,415 | 455,162 | 5,038 | 507,615 |
| Due from Other Funds | 1,725,531 | - | 259,254 | 1,984,785 |
| Total Assets | \$ 2,246,465 | \$ 455,162 | \$ 265,347 | \$ 2,966,974 |
| Liabilities and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts Payable | \$ 9,461 | \$ 173,252 | \$ - | \$ 182,713 |
| Due to Other Funds | - | 281,910 | - | 281,910 |
| Total Liabilities | \$ 9,461 | \$ 455,162 | \$ - | \$ 464,623 |
| Fund Balances | | | | |
| Reserved for Debt Service | \$ - | \$ - | \$ 265,347 | \$ 265,347 |
| Reserved for Long - Term Receivables | 357,279 | - | - | 357,279 |
| Unreserved | 1,879,725 | - | - | 1,879,725 |
| Total Fund Balances | \$ 2,237,004 | \$ - | \$ 265,347 | \$ 2,502,351 |
| Total Liabilities and Fund Balances | \$ 2,246,465 | \$ 455,162 | \$ 265,347 | \$ 2,966,974 |

CITY OF CLEMSON

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Fiscal Year Ended June 30, 2010**

| | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Debt Service</u> | <u>Total</u> |
|-----------------------------------------------------|----------------------------|-----------------------------|-------------------------|---------------------|
| Revenues | | | | |
| Property Taxes | \$ 18,312 | \$ - | \$ 139,782 | \$ 158,094 |
| Local Option Sales Tax | 5,949 | - | 45,410 | 51,359 |
| Local Accomodations Tax | 173,057 | - | - | 173,057 |
| Hospitality Fees/Tax | 968,309 | - | - | 968,309 |
| Intergovernmental | 109,511 | - | - | 109,511 |
| Federal Aid | 11,855 | 455,162 | - | 467,017 |
| State Aid | 10,000 | - | - | 10,000 |
| Charges for Services | 66,885 | - | - | 66,885 |
| Investment Earnings | 39,827 | - | 4,513 | 44,340 |
| Other | 25,366 | - | 2,285 | 27,651 |
| Total Revenues | \$ 1,429,071 | \$ 455,162 | \$ 191,990 | \$ 2,076,223 |
| Expenditures | | | | |
| Current Operating | | | | |
| Public Safety | \$ 59,813 | \$ - | \$ - | \$ 59,813 |
| Urban Redevelopment | 8,773 | - | - | 8,773 |
| Culture and Recreation | 261,764 | - | - | 261,764 |
| Debt Service | | | | |
| Principal | 276,137 | - | 706,539 | 982,676 |
| Interest | 61,191 | - | 292,551 | 353,742 |
| Fees | - | - | 1,013 | 1,013 |
| Capital Outlay | 29,705 | 455,162 | - | 484,867 |
| Intergovernmental | | | | |
| Tourism - Promotion | 36,000 | - | - | 36,000 |
| Tourism - Tourism Related | 261,380 | - | - | 261,380 |
| Total Expenditures | \$ 994,763 | \$ 455,162 | \$ 1,000,103 | \$ 2,450,028 |
| Excess of Revenues Over (Under) Expenditures | \$ 434,308 | \$ - | \$ (808,113) | \$ (373,805) |
| Other Financing Sources (Uses) | | | | |
| Transfers In | \$ 47,000 | \$ - | \$ 836,107 | \$ 883,107 |
| Transfers Out | (217,000) | - | - | (217,000) |
| Total Other Financing Sources (Uses) | \$ (170,000) | \$ - | \$ 836,107 | \$ 666,107 |
| Net Change in Fund Balances | \$ 264,308 | \$ - | \$ 27,994 | \$ 292,302 |
| Fund Balances, Beginning | \$ 1,972,696 | \$ - | \$ 237,353 | \$ 2,210,049 |
| Fund Balances, Ending | \$ 2,237,004 | \$ - | \$ 265,347 | \$ 2,502,351 |

CITY OF CLEMSON

NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 June 30, 2010

| | <u>Community Development Funds</u> | <u>Emergency Phone System</u> | <u>Tourism Fund</u> | <u>Park Land Fund</u> | <u>Hospitality Fee Fund</u> | <u>Hospitality Tax Fund</u> | <u>Local Accom Tax Fund</u> | <u>Total 6/30/10</u> |
|--------------------------------------------|--------------------------------------------|---------------------------------------|-------------------------|---------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--------------------------|
| Assets | | | | | | | | |
| <i>Receivables (Net of Allowance)</i> | | | | | | | | |
| Property Taxes | \$ - | \$ - | \$ - | \$ 139 | \$ - | \$ - | \$ - | \$ 139 |
| Accounts | 380,251 | 4,108 | - | - | 35,982 | 35,984 | 17,055 | 473,380 |
| Due from Other Governmental Units | - | 2,474 | 44,282 | 659 | - | - | - | 47,415 |
| Due from Other Funds | 203,875 | 154,128 | 27,047 | 23,275 | 390,050 | 689,003 | 238,153 | 1,725,531 |
| Total Assets | \$ 584,126 | \$ 160,710 | \$ 71,329 | \$ 24,073 | \$ 426,032 | \$ 724,987 | \$ 255,208 | \$ 2,246,465 |
| Liabilities and Fund Balances | | | | | | | | |
| <i>Liabilities</i> | | | | | | | | |
| Accounts and Vouchers Payable | \$ 16 | \$ 2,299 | \$ - | \$ - | \$ 7,146 | \$ - | \$ - | \$ 9,461 |
| <i>Fund Balances</i> | | | | | | | | |
| Reserved for Long-Term Receivables | \$ 357,279 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 357,279 |
| Unreserved | 226,831 | 158,411 | 71,329 | 24,073 | 418,886 | 724,987 | 255,208 | 1,879,725 |
| Total Fund Balances | \$ 584,110 | \$ 158,411 | \$ 71,329 | \$ 24,073 | \$ 418,886 | \$ 724,987 | \$ 255,208 | \$ 2,237,004 |
| Total Liabilities and Fund Balances | \$ 584,126 | \$ 160,710 | \$ 71,329 | \$ 24,073 | \$ 426,032 | \$ 724,987 | \$ 255,208 | \$ 2,246,465 |

CITY OF CLEMSON

NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES
 Fiscal Year Ended June 30, 2010

| | Community Development Funds | Emergency Phone System | Tourism Fund | Park Land Fund | Hospitality Fee Fund | Hospitality Tax Fund | Local Accom Tax Fund | Total 6/30/10 |
|---------------------------------------------------------|-----------------------------------|------------------------------|-------------------|--------------------|----------------------------|----------------------------|----------------------------|---------------------|
| Revenues | | | | | | | | |
| Property Taxes | \$ - | \$ - | \$ - | \$ 18,312 | \$ - | \$ - | \$ - | \$ 18,312 |
| Local Option Sales Tax | - | - | - | 5,949 | - | - | - | 5,949 |
| Local Accommodations Tax | - | - | - | - | - | - | 173,057 | 173,057 |
| Hospitality Fees/Tax | - | - | - | - | 484,155 | 484,154 | - | 968,309 |
| Intergovernmental | - | - | 109,511 | - | - | - | - | 109,511 |
| Other Revenues | 15,439 | 872 | 113 | 218 | 2,617 | 4,362 | 1,745 | 25,366 |
| Charges for Services | - | 66,885 | - | - | - | - | - | 66,885 |
| Federal Aid | - | 11,855 | - | - | - | - | - | 11,855 |
| State Aid | - | 10,000 | - | - | - | - | - | 10,000 |
| Investment Earnings | 12,795 | 2,509 | 278 | 546 | 7,488 | 11,721 | 4,490 | 39,827 |
| Total Revenues | \$ 28,234 | \$ 92,121 | \$ 109,902 | \$ 25,025 | \$ 494,260 | \$ 500,237 | \$ 179,292 | \$ 1,429,071 |
| Expenditures | | | | | | | | |
| Current Operating | | | | | | | | |
| Public Safety | \$ - | \$ 59,813 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 59,813 |
| Urban Redevelopment | 8,773 | - | - | - | - | - | - | 8,773 |
| Culture and Recreation | - | - | - | - | 172,078 | 89,686 | - | 261,764 |
| Capital Outlay | - | - | - | - | 29,705 | - | - | 29,705 |
| Intergovernmental | | | | | | | | |
| Tourism - Promotion | - | - | 36,000 | - | - | - | - | 36,000 |
| Tourism - Tourism Related | - | - | 55,000 | - | 1,037 | 90,842 | 114,501 | 261,380 |
| Debt Service | | | | | | | | |
| Principal | - | - | - | - | 96,788 | 179,349 | - | 276,137 |
| Interest | - | - | - | - | 9,410 | 51,781 | - | 61,191 |
| Total Expenditures | \$ 8,773 | \$ 59,813 | \$ 91,000 | \$ - | \$ 309,018 | \$ 411,658 | \$ 114,501 | \$ 994,763 |
| Excess of Revenues Over (Under) Expenditures | \$ 19,461 | \$ 32,308 | \$ 18,902 | \$ 25,025 | \$ 185,242 | \$ 88,579 | \$ 64,791 | \$ 434,308 |
| Other Financing Sources (Uses) | | | | | | | | |
| Transfers In | \$ - | \$ - | \$ - | \$ - | \$ 15,000 | \$ 32,000 | \$ - | \$ 47,000 |
| Transfers Out | - | - | - | (20,000) | (135,000) | (15,000) | (47,000) | (217,000) |
| Total Other Financing Sources (Uses) | \$ - | \$ - | \$ - | \$ (20,000) | \$ (120,000) | \$ 17,000 | \$ (47,000) | \$ (170,000) |
| Net Change in Fund Balances | \$ 19,461 | \$ 32,308 | \$ 18,902 | \$ 5,025 | \$ 65,242 | \$ 105,579 | \$ 17,791 | \$ 264,308 |
| Fund Balances, Beginning | 564,649 | 126,103 | 52,427 | 19,048 | 353,644 | 619,408 | 237,417 | 1,972,696 |
| Fund Balances, Ending | \$ 584,110 | \$ 158,411 | \$ 71,329 | \$ 24,073 | \$ 418,886 | \$ 724,987 | \$ 255,208 | \$ 2,237,004 |

CITY OF CLEMSON
COMMUNITY DEVELOPMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
Fiscal Year Ended June 30, 2010

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---------------------------------------------------------|-------------------|-------------------|------------------|
| Revenues | | | |
| <i>Other Revenues</i> | \$ 1,000 | \$ 15,439 | \$ 14,439 |
| <i>Investment Earnings</i> | 14,000 | 12,795 | (1,205) |
| | <u>15,000</u> | <u>28,234</u> | <u>13,234</u> |
| Total Revenues | <u>\$ 15,000</u> | <u>\$ 28,234</u> | <u>\$ 13,234</u> |
| Expenditures | | | |
| <i>Current Operating</i> | | | |
| <i>Urban Redevelopment</i> | | | |
| <i>Rehabilitation</i> | \$ 52,900 | \$ 8,773 | \$ 44,127 |
| | <u>52,900</u> | <u>8,773</u> | <u>44,127</u> |
| Excess of Revenues Over (Under) Expenditures | \$ (37,900) | \$ 19,461 | \$ 57,361 |
| Fund Balance, Beginning | <u>564,649</u> | <u>564,649</u> | <u>-</u> |
| Fund Balance, Ending | <u>\$ 526,749</u> | <u>\$ 584,110</u> | <u>\$ 57,361</u> |

CITY OF CLEMSON

**EMERGENCY PHONE SYSTEM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
Fiscal Year Ended June 30, 2010**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|----------------------------------------------------------|--------------------------|--------------------------|-------------------------|
| Revenues | | | |
| <i>Charges for Services</i> | \$ 44,400 | \$ 66,885 | \$ 22,485 |
| <i>Federal Aid</i> | 11,855 | 11,855 | - |
| <i>State Aid</i> | 10,000 | 10,000 | - |
| <i>Other Revenues</i> | - | 872 | 872 |
| <i>Investment Earnings</i> | 2,000 | 2,509 | 509 |
| | <u>68,255</u> | <u>92,121</u> | <u>23,866</u> |
| Total Revenues | | | |
| Expenditures | | | |
| <i>Current Operating</i> | | | |
| <i>Public Safety</i> | \$ 83,800 | \$ 59,813 | \$ 23,987 |
| | <u>83,800</u> | <u>59,813</u> | <u>23,987</u> |
| Excess of Revenues Over (Under) Expenditures | | | |
| | \$ (15,545) | \$ 32,308 | \$ (121) |
| Fund Balance, Beginning | | | |
| | <u>126,103</u> | <u>126,103</u> | <u>-</u> |
| Fund Balance, Ending | | | |
| | <u><u>\$ 110,558</u></u> | <u><u>\$ 158,411</u></u> | <u><u>\$ 47,853</u></u> |

CITY OF CLEMSON

TOURISM FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET TO ACTUAL
 Fiscal Year Ended June 30, 2010

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|----------------------------------------------------------|-------------------------|-------------------------|-------------------------|
| Revenues | | | |
| <i>Intergovernmental</i> | \$ 90,000 | \$ 109,511 | \$ 19,511 |
| <i>Other Revenues</i> | - | 113 | 113 |
| <i>Investment Earnings</i> | 600 | 278 | (322) |
| | <u>90,600</u> | <u>109,902</u> | <u>19,302</u> |
| Total Revenues | \$ 90,600 | \$ 109,902 | \$ 19,302 |
| Expenditures | | | |
| <i>Intergovernmental</i> | | | |
| <i>Tourism - Promotion</i> | \$ 36,000 | \$ 36,000 | \$ - |
| <i>Tourism - Tourism Related</i> | 55,000 | 55,000 | - |
| | <u>91,000</u> | <u>91,000</u> | <u>-</u> |
| Total Expenditures | \$ 91,000 | \$ 91,000 | \$ - |
| Excess of Revenues Over (Under) Expenditures | \$ (400) | \$ 18,902 | \$ 19,302 |
| Fund Balance, Beginning | <u>52,427</u> | <u>52,427</u> | <u>-</u> |
| Fund Balance, Ending | <u><u>\$ 52,027</u></u> | <u><u>\$ 71,329</u></u> | <u><u>\$ 19,302</u></u> |

CITY OF CLEMSON

PARK LAND FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET TO ACTUAL

Fiscal Year Ended June 30, 2010

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|----------------------------------------------------------|-------------------------|-------------------------|------------------------|
| Revenues | | | |
| Property Taxes | \$ 16,462 | \$ 18,312 | \$ 1,850 |
| Local Option Sales Tax | 6,344 | 5,949 | (395) |
| Other Revenues | - | 218 | 218 |
| Investment Earnings | 450 | 546 | 96 |
| | <u>23,256</u> | <u>25,025</u> | <u>1,769</u> |
| Total Revenues | \$ 23,256 | \$ 25,025 | \$ 1,769 |
| Excess of Revenues Over (Under) Expenditures | \$ 23,256 | \$ 25,025 | \$ 1,769 |
| Other Financing Uses | | | |
| Transfer Out | <u>(20,000)</u> | <u>(20,000)</u> | <u>-</u> |
| Net Change in Fund Balance | \$ 3,256 | \$ 5,025 | \$ 1,769 |
| Fund Balance, Beginning | <u>19,048</u> | <u>19,048</u> | <u>-</u> |
| Fund Balance, Ending | <u><u>\$ 22,304</u></u> | <u><u>\$ 24,073</u></u> | <u><u>\$ 1,769</u></u> |

CITY OF CLEMSON

HOSPITALITY FEE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET TO ACTUAL
 Fiscal Year Ended June 30, 2010

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|----------------------------------------------------------|---------------------|---------------------|------------------|
| Revenues | | | |
| Hospitality Fees | \$ 445,000 | \$ 484,155 | \$ 39,155 |
| Other Revenues | - | 2,617 | 2,617 |
| Investment Earnings | 9,000 | 7,488 | (1,512) |
| Total Revenues | \$ 454,000 | \$ 494,260 | \$ 40,260 |
| Expenditures | | | |
| Current Operating | | | |
| Culture and Recreation | \$ 161,242 | \$ 172,078 | \$ (10,836) |
| Capital Outlay | 30,000 | 29,705 | 295 |
| Tourism - Tourism Related | 30,000 | 1,037 | 28,963 |
| Debt Service | | | |
| Principal | 96,800 | 96,788 | 12 |
| Interest | 9,600 | 9,410 | 190 |
| Total Expenditures | \$ 327,642 | \$ 309,018 | \$ 18,624 |
| Excess of Revenues Over (Under) Expenditures | \$ 126,358 | \$ 185,242 | \$ 58,884 |
| Other Financing Sources (Uses) | | | |
| Transfer In | \$ 15,000 | \$ 15,000 | \$ - |
| Transfer Out | (135,000) | (135,000) | - |
| Total Other Financing Sources (Uses) | \$ (120,000) | \$ (120,000) | \$ - |
| Net Change in Fund Balance | \$ 6,358 | \$ 65,242 | \$ 58,884 |
| Fund Balance, Beginning | 353,644 | 353,644 | - |
| Fund Balance, Ending | \$ 360,002 | \$ 418,886 | \$ 58,884 |

CITY OF CLEMSON

HOSPITALITY TAX FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET TO ACTUAL
 Fiscal Year Ended June 30, 2010

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|----------------------------------------------------------|--------------------|-------------------|-------------------|
| Revenues | | | |
| Hospitality Tax | \$ 445,000 | \$ 484,154 | \$ 39,154 |
| Other Revenues | - | 4,362 | 4,362 |
| Investment Earnings | 17,000 | 11,721 | (5,279) |
| Total Revenues | \$ 462,000 | \$ 500,237 | \$ 38,237 |
| Expenditures | | | |
| Current Operating | | | |
| Culture and Recreation | \$ 50,000 | \$ 89,686 | \$ (39,686) |
| Capital Outlay | 50,000 | - | 50,000 |
| Tourism - Tourism Related | 185,500 | 90,842 | 94,658 |
| Debt Service | | | |
| Principal | 180,000 | 179,349 | 651 |
| Interest | 52,000 | 51,781 | 219 |
| Total Expenditures | \$ 517,500 | \$ 411,658 | \$ 105,842 |
| Excess of Revenues Over (Under) Expenditures | \$ (55,500) | \$ 88,579 | \$ 144,079 |
| Other Financing Sources (Uses) | | | |
| Transfers In | \$ 32,000 | \$ 32,000 | \$ - |
| Transfers Out | (15,000) | (15,000) | - |
| Total Other Financing Sources (Uses) | \$ 17,000 | \$ 17,000 | \$ - |
| Net Change in Fund Balance | \$ (38,500) | \$ 105,579 | \$ 144,079 |
| Fund Balance, Beginning | 619,408 | 619,408 | - |
| Fund Balance, Ending | \$ 580,908 | \$ 724,987 | \$ 144,079 |

CITY OF CLEMSON

LOCAL ACCOMMODATIONS TAX FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET TO ACTUAL
 Fiscal Year Ended June 30, 2010

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|----------------------------------------------------------|--------------------------|--------------------------|-------------------------|
| Revenues | | | |
| Local Accommodations Tax | \$ 150,000 | \$ 173,057 | \$ 23,057 |
| Other Revenues | - | 1,745 | 1,745 |
| Investment Earnings | <u>6,000</u> | <u>4,490</u> | <u>(1,510)</u> |
| Total Revenues | <u>\$ 156,000</u> | <u>\$ 179,292</u> | <u>\$ 23,292</u> |
| Expenditures | | | |
| Intergovernmental | | | |
| Tourism - Tourism Related | <u>\$ 174,800</u> | <u>\$ 114,501</u> | <u>\$ 60,299</u> |
| Excess of Revenues Over (Under) Expenditures | <u>\$ (18,800)</u> | <u>\$ 64,791</u> | <u>\$ 83,591</u> |
| Other Financing Uses | | | |
| Transfer Out | <u>(47,000)</u> | <u>(47,000)</u> | <u>-</u> |
| Net Change in Fund Balance | <u>\$ (65,800)</u> | <u>\$ 17,791</u> | <u>\$ 83,591</u> |
| Fund Balance, Beginning | <u>237,417</u> | <u>237,417</u> | <u>-</u> |
| Fund Balance, Ending | <u><u>\$ 171,617</u></u> | <u><u>\$ 255,208</u></u> | <u><u>\$ 83,591</u></u> |

CITY OF CLEMSON

**CAPITAL PROJECTS FUND
TRANSIT MULTI-MODAL FACILITY
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET TO ACTUAL**

From Inception and for the Fiscal Year Ended June 30, 2010

| | <u>Budget</u> | <u>Current Year</u> | <u>Variance</u> |
|---------------------------------------------------------|--------------------------|-------------------------|--------------------------|
| Revenues | | | |
| <i>Federal Aid</i> | \$ 3,728,960 | \$ 455,162 | \$ 3,273,798 |
| Expenditures | | | |
| <i>General Government</i> | | | |
| <i>Public Buildings</i> | \$ 30,000 | \$ - | \$ 30,000 |
| <i>Capital Outlay</i> | | | |
| <i>Other Improvements</i> | <u>3,538,300</u> | <u>455,162</u> | <u>3,083,138</u> |
| Total Expenditures | <u>\$ 3,568,300</u> | <u>\$ 455,162</u> | <u>\$ 3,113,138</u> |
| Excess of Revenues Over (Under) Expenditures | <u>\$ 160,660</u> | <u>\$ -</u> | <u>\$ 160,660</u> |
| Net Change in Fund Balance | \$ 160,660 | \$ - | \$ 160,660 |
| Fund Balance, Beginning | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balance, Ending | <u><u>\$ 160,660</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 160,660</u></u> |

Note:

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

CITY OF CLEMSON
CAPITAL PROJECTS FUND
CITY HALL EXPANSION
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2010

| | <u>Budget</u> | <u>Prior Years</u> | <u>Actual Current Year</u> | <u>Total</u> | <u>Variance</u> |
|---------------------------------------------------------|-----------------------|------------------------|------------------------------------|-----------------------|-------------------|
| Revenues | | | | | |
| <i>Investment Earnings</i> | \$ 77,500 | \$ 30,767 | \$ 41,664 | \$ 72,431 | \$ (5,069) |
| Expenditures | | | | | |
| <i>General Government</i> | | | | | |
| <i>Public Buildings</i> | \$ 10,000 | \$ - | \$ - | \$ - | \$ 10,000 |
| <i>Capital Outlay</i> | | | | | |
| <i>Public Buildings</i> | 2,761,500 | 128,697 | 2,046,097 | 2,174,794 | 586,706 |
| Total Expenditures | \$ 2,771,500 | \$ 128,697 | \$ 2,046,097 | \$ 2,174,794 | \$ 596,706 |
| Excess of Revenues Over (Under) Expenditures | \$ (2,694,000) | \$ (97,930) | \$ (2,004,433) | \$ (2,102,363) | \$ 591,637 |
| Other Financing Sources (Uses) | | | | | |
| <i>Proceeds TIF Bonds</i> | \$ 650,000 | \$ - | \$ - | \$ - | \$ (650,000) |
| <i>Transfers In</i> | 2,090,000 | 2,589,387 | 155,000 | 2,744,387 | 654,387 |
| Total Other Financing Sources (Uses) | \$ 2,740,000 | \$ 2,589,387 | \$ 155,000 | \$ 2,744,387 | \$ 4,387 |
| Net Change in Fund Balance | \$ 46,000 | \$ 2,491,457 | \$ (1,849,433) | \$ 642,024 | \$ 596,024 |
| Fund Balance, Beginning | - | - | 2,491,457 | - | - |
| Fund Balance, Ending | \$ 46,000 | \$ 2,491,457 | \$ 642,024 | \$ 642,024 | \$ 596,024 |

Note:

1. *The project is budgeted on a project duration basis and is treated as a legal nonappropriated budget .*
2. *This schedule is presented solely for the budget to actual comparison. This fund is a major fund and the current year activity is reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance on pages 16 & 17.*

CITY OF CLEMSON

DEBT SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET TO ACTUAL
 Fiscal Year Ended June 30, 2010

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|----------------------------------------------------------|---------------------|---------------------|-------------------|
| Revenues | | | |
| Property Taxes | \$ 143,255 | \$ 139,782 | \$ (3,473) |
| Local Option Sales Tax | 48,037 | 45,410 | (2,627) |
| Other Revenues | - | 2,285 | 2,285 |
| Investment Earnings | 5,000 | 4,513 | (487) |
| Total Revenues | <u>\$ 196,292</u> | <u>\$ 191,990</u> | <u>\$ (4,302)</u> |
| Expenditures | | | |
| Debt Service | | | |
| Principal | \$ 706,500 | \$ 706,539 | \$ (39) |
| Interest | 292,900 | 292,551 | 349 |
| Fees | 2,000 | 1,013 | 987 |
| Total Expenditures | <u>\$ 1,001,400</u> | <u>\$ 1,000,103</u> | <u>\$ 1,297</u> |
| Excess of Revenues Over (Under) Expenditures | <u>\$ (805,108)</u> | <u>\$ (808,113)</u> | <u>\$ (3,005)</u> |
| Other Financing Sources | | | |
| Transfers In | 836,107 | 836,107 | - |
| Net Change in Fund Balance | <u>\$ 30,999</u> | <u>\$ 27,994</u> | <u>\$ (3,005)</u> |
| Fund Balance, Beginning | <u>237,353</u> | <u>237,353</u> | <u>-</u> |
| Fund Balance, Ending | <u>\$ 268,352</u> | <u>\$ 265,347</u> | <u>\$ (3,005)</u> |

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**CAPITAL ASSETS
USED IN THE OPERATION OF
GOVERNMENTAL FUNDS**



CITY OF CLEMSON

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE
June 30, 2010 and 2009**

| | <u>2010</u> | <u>2009</u> |
|--------------------------------------------|-----------------------------|-----------------------------|
| Capital Assets | | |
| <i>Land</i> | \$ 1,595,400 | \$ 1,595,400 |
| <i>Buildings</i> | 5,546,029 | 5,318,286 |
| <i>Other Improvements</i> | 14,856,820 | 12,861,914 |
| <i>Equipment</i> | 5,883,506 | 5,809,023 |
| <i>Construction in Progress</i> | <u>2,217,273</u> | <u>2,123,604</u> |
| Total Capital Assets | <u><u>\$ 30,099,028</u></u> | <u><u>\$ 27,708,227</u></u> |
| | | |
| Investments In Capital Assets | | |
| <i>General Fund</i> | \$ 8,034,034 | \$ 8,154,033 |
| <i>Proprietary Funds</i> | 183,071 | 183,071 |
| <i>Special Revenue Funds</i> | 3,704,770 | 3,675,065 |
| <i>Capital Projects Fund</i> | 16,347,906 | 14,301,810 |
| <i>Debt Service Fund</i> | 5,670 | 5,670 |
| <i>Donations</i> | 1,193,276 | 743,277 |
| <i>Prior, Unidentified</i> | <u>630,301</u> | <u>645,301</u> |
| Total Investments In Capital Assets | <u><u>\$ 30,099,028</u></u> | <u><u>\$ 27,708,227</u></u> |

CITY OF CLEMSON

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
 Fiscal Year Ended June 30, 2010

| Asset Type | Balance 6/30/09 | Additions | Retirements | Reclassifications & Transfers | Balance 6/30/10 |
|---------------------------------|----------------------|---------------------|---------------------|----------------------------------|----------------------|
| Land | | | | | |
| Public Buildings | \$ 764,125 | \$ - | \$ - | \$ - | \$ 764,125 |
| Recreation | 827,775 | - | - | - | 827,775 |
| Community Development | 3,500 | - | - | - | 3,500 |
| Total | \$ 1,595,400 | \$ - | \$ - | \$ - | \$ 1,595,400 |
| Buildings | | | | | |
| Public Buildings | \$ 4,592,777 | \$ 227,743 | \$ - | \$ - | \$ 4,820,520 |
| Recreation | 304,564 | - | - | - | 304,564 |
| Community Development | 420,945 | - | - | - | 420,945 |
| Total | \$ 5,318,286 | \$ 227,743 | \$ - | \$ - | \$ 5,546,029 |
| Other Improvements | | | | | |
| Municipal Court | \$ 2,126 | \$ - | \$ - | \$ - | \$ 2,126 |
| Planning | 580,227 | - | - | - | 580,227 |
| Public Buildings | 560,199 | - | - | - | 560,199 |
| Streets | 5,095,584 | - | - | 1,853,764 | 6,949,348 |
| Recreation | 6,468,465 | - | - | 141,142 | 6,609,607 |
| Equipment Services | 26,493 | - | - | - | 26,493 |
| Community Development | 128,820 | - | - | - | 128,820 |
| Total | \$ 12,861,914 | \$ - | \$ - | \$ 1,994,906 | \$ 14,856,820 |
| Equipment | | | | | |
| Municipal Court | \$ 28,712 | \$ - | \$ - | \$ - | \$ 28,712 |
| Administration | 40,568 | - | - | - | 40,568 |
| Finance | 115,498 | - | - | - | 115,498 |
| Information Technology | 40,530 | 2,369 | - | - | 42,899 |
| Planning | 140,528 | - | - | - | 140,528 |
| Public Buildings | 61,588 | - | - | - | 61,588 |
| Police | 1,332,808 | 26,923 | - | - | 1,359,731 |
| Fire | 570,838 | - | 15,000 | - | 555,838 |
| Streets | 723,318 | 23,228 | 20,796 | - | 725,750 |
| Residential Sanitation | 1,998,205 | 310,769 | 386,722 | - | 1,922,252 |
| Public Works Administration | 25,438 | - | - | - | 25,438 |
| Recreation | 369,769 | 23,901 | 37,587 | - | 356,083 |
| Horticulture | 197,452 | 29,706 | - | - | 227,158 |
| Equipment Services | 159,160 | 117,692 | - | - | 276,852 |
| Community Development | 4,611 | - | - | - | 4,611 |
| Total | \$ 5,809,023 | \$ 534,588 | \$ 460,105 | \$ - | \$ 5,883,506 |
| Construction In Progress | | | | | |
| Public Buildings | \$ 128,697 | \$ 2,046,097 | \$ - | \$ - | \$ 2,174,794 |
| Streets | 1,853,764 | 42,479 | 1,853,764 | - | 42,479 |
| Recreation | 141,143 | - | 141,143 | - | - |
| Total | \$ 2,123,604 | \$ 2,088,576 | \$ 1,994,907 | \$ - | \$ 2,217,273 |
| Total Capital Assets | \$ 27,708,227 | \$ 2,850,907 | \$ 2,455,012 | \$ 1,994,906 | \$ 30,099,028 |

CITY OF CLEMSON

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 June 30, 2010

| <u>Function & Activity</u> | <u>Land</u> | <u>Buildings</u> | <u>Other Improvements</u> | <u>Equipment</u> | <u>Construction in Progress</u> | <u>Total</u> |
|---------------------------------|---------------------|---------------------|-------------------------------|---------------------|-------------------------------------|----------------------|
| General Government | | | | | | |
| Municipal Court | \$ - | \$ - | \$ 2,126 | \$ 28,712 | \$ - | \$ 30,838 |
| Administration | - | - | - | 40,568 | - | 40,568 |
| Finance | - | - | - | 115,498 | - | 115,498 |
| Information Technology | - | - | - | 42,899 | - | 42,899 |
| Planning | - | - | 580,227 | 140,528 | - | 720,755 |
| Public Buildings | 764,125 | 4,820,520 | 560,199 | 61,588 | 2,174,794 | 8,381,226 |
| Total General Government | \$ 764,125 | \$ 4,820,520 | \$ 1,142,552 | \$ 429,793 | \$ 2,174,794 | \$ 9,331,784 |
| Public Safety | | | | | | |
| Police | \$ - | \$ - | \$ - | \$ 1,359,731 | \$ - | \$ 1,359,731 |
| Fire | - | - | - | 555,838 | - | 555,838 |
| Total Public Safety | \$ - | \$ - | \$ - | \$ 1,915,569 | \$ - | \$ 1,915,569 |
| Public Works | | | | | | |
| Streets | \$ - | \$ - | \$ 6,949,348 | \$ 725,750 | \$ 42,479 | \$ 7,717,577 |
| Residential Sanitation | - | - | - | 1,922,252 | - | 1,922,252 |
| Public Works Administration | - | - | - | 25,438 | - | 25,438 |
| Total Public Works | \$ - | \$ - | \$ 6,949,348 | \$ 2,673,440 | \$ 42,479 | \$ 9,665,267 |
| Culture & Recreation | | | | | | |
| Recreation | \$ 827,775 | \$ 304,564 | \$ 6,609,607 | \$ 356,083 | \$ - | \$ 8,098,029 |
| Horticulture | - | - | - | 227,158 | - | 227,158 |
| Culture & Recreation | \$ 827,775 | \$ 304,564 | \$ 6,609,607 | \$ 583,241 | \$ - | \$ 8,325,187 |
| Equipment Services | \$ - | \$ - | \$ 26,493 | \$ 276,852 | \$ - | \$ 303,345 |
| Community Development | \$ 3,500 | \$ 420,945 | \$ 128,820 | \$ 4,611 | \$ - | \$ 557,876 |
| Total Capital Assets | \$ 1,595,400 | \$ 5,546,029 | \$ 14,856,820 | \$ 5,883,506 | \$ 2,217,273 | \$ 30,099,028 |

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OTHER REQUIRED
INFORMATION



CITY OF CLEMSON

**VICTIM SERVICES
SUPPLEMENTARY SCHEDULE OF FINES AND ASSESSMENTS
Fiscal Year Ended June 30, 2010**

Collections: (Municipal Court)

| | | | |
|--------------------------|----|----------------|----------------------------|
| <i>Fines</i> | \$ | 681,897 | |
| <i>Assessments</i> | | 272,572 | |
| <i>Surcharges</i> | | <u>159,994</u> | |
| Total Collections | | | \$ <u>1,114,463</u> |

Retainage: (Municipal Treasurer)

| | | | |
|------------------------|----|--------------|--------------------------|
| <i>Fines</i> | \$ | 681,897 | |
| <i>Assessments</i> | | 29,855 | |
| <i>Surcharges</i> | | <u>8,654</u> | |
| Total Retainage | | | \$ <u>720,406</u> |

Amounts Remitted:

| | | | |
|--------------------------------------|--|--|--------------------------|
| <i>State Treasurer - Assessments</i> | | | \$ <u>394,057</u> |
|--------------------------------------|--|--|--------------------------|

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

| | | | |
|-----------------------------------------------------------------------|--|--|-------------------------|
| <i>From Assessments and Surcharges (Paid prior to 06/30/2010)</i> | | | \$ <u>38,509</u> |
|-----------------------------------------------------------------------|--|--|-------------------------|

**Funds Carried Forward to FY 2010
Designated as Victim Right's Funds**

| | | | |
|--|----|---|--|
| | \$ | - | |
|--|----|---|--|

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STATISTICAL SECTION



STATISTICAL SECTION

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

| <u>Contents</u> | <u>Pages</u> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i> | 78-84 |
| Revenue Capacity <i>These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.</i> | 85-88 |
| Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the city's ability to issue additional debt in the future.</i> | 89-93 |
| Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.</i> | 94-95 |
| Operating Information <i>These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.</i> | 96-98 |

Sources: *Unless otherwise noted, the information in these schedules is derived from The Comprehensive Annual Financial Reports for the relevant year. The City implemented Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.*

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

| | <i>Fiscal Year</i> | | | | | | |
|--------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
| <i>Governmental Activities</i> | | | | | | | |
| <i>Invested in capital assets, net of related debt</i> | \$ 6,091,113 | \$ 7,169,768 | \$ 6,693,640 | \$ 6,219,941 | \$ 8,291,242 | \$ 8,978,544 | \$ 10,785,335 |
| <i>Restricted</i> | 783,820 | 743,483 | 197,031 | 176,906 | 214,128 | 237,353 | 265,347 |
| <i>Unrestricted</i> | <u>1,179,592</u> | <u>810,128</u> | <u>3,547,765</u> | <u>6,496,742</u> | <u>5,563,862</u> | <u>5,782,454</u> | <u>5,168,202</u> |
| <i>Total Governmental Activities Net Assets</i> | <u>\$ 8,054,525</u> | <u>\$ 8,723,379</u> | <u>\$ 10,438,436</u> | <u>\$ 12,893,589</u> | <u>\$ 14,069,232</u> | <u>\$ 14,998,351</u> | <u>\$ 16,218,884</u> |
| <i>Business-type Activities</i> | | | | | | | |
| <i>Invested in capital assets, net of related debt</i> | \$ 13,231,079 | \$ 14,417,580 | \$ 14,334,572 | \$ 13,222,737 | \$ 13,973,938 | \$ 13,761,737 | \$ 13,583,307 |
| <i>Restricted</i> | 758,665 | 765,375 | 797,255 | 925,932 | 838,462 | 803,817 | 720,860 |
| <i>Unrestricted</i> | <u>1,517,716</u> | <u>2,105,454</u> | <u>2,736,692</u> | <u>3,909,291</u> | <u>3,986,342</u> | <u>4,084,506</u> | <u>4,018,772</u> |
| <i>Total Business-type Activities Net Assets</i> | <u>\$ 15,507,460</u> | <u>\$ 17,288,409</u> | <u>\$ 17,868,519</u> | <u>\$ 18,057,960</u> | <u>\$ 18,798,742</u> | <u>\$ 18,650,060</u> | <u>\$ 18,322,939</u> |
| <i>Primary Government</i> | | | | | | | |
| <i>Invested in capital assets, net of related debt</i> | \$ 19,322,192 | \$ 21,587,348 | \$ 21,028,212 | \$ 19,442,678 | \$ 22,265,180 | \$ 22,740,281 | \$ 24,368,642 |
| <i>Restricted</i> | 1,542,485 | 1,508,858 | 994,286 | 1,102,838 | 1,052,590 | 1,041,170 | 986,207 |
| <i>Unrestricted</i> | <u>2,697,308</u> | <u>2,915,582</u> | <u>6,284,457</u> | <u>10,406,033</u> | <u>9,550,204</u> | <u>9,866,960</u> | <u>9,186,974</u> |
| <i>Total Primary Government Net Assets</i> | <u>\$ 23,561,985</u> | <u>\$ 26,011,788</u> | <u>\$ 28,306,955</u> | <u>\$ 30,951,549</u> | <u>\$ 32,867,974</u> | <u>\$ 33,648,411</u> | <u>\$ 34,541,823</u> |

Note: The City began to report accrual information when it implemented GASB Statement 34 in the fiscal year 2004.

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

| | <i>Fiscal Year</i> | | | | | | |
|-------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
| Expenses | | | | | | | |
| <i>Governmental Activities:</i> | | | | | | | |
| General Government | \$ 1,849,222 | \$ 1,904,745 | \$ 2,339,510 | \$ 2,558,597 | \$ 2,669,850 | \$ 2,836,335 | \$ 2,692,818 |
| Public Safety | 2,064,135 | 2,191,053 | 2,377,965 | 2,540,899 | 2,857,097 | 2,960,726 | 3,061,726 |
| Public Works | 1,671,737 | 1,776,676 | 1,996,915 | 1,883,390 | 2,022,930 | 2,086,131 | 2,260,906 |
| Culture and Recreation | 747,196 | 936,997 | 1,238,200 | 1,008,891 | 1,249,955 | 1,778,272 | 1,748,027 |
| Equipment Services | 110,340 | 115,716 | - | - | - | - | - |
| Urban Redevelopment | 60,128 | 73,816 | 12,748 | 34,016 | 31,082 | 13,611 | 8,773 |
| Other | 33,478 | 43,381 | - | - | - | - | - |
| Interest on Long-term Debt | 330,718 | 313,638 | 386,742 | 452,246 | 438,945 | 387,754 | 352,448 |
| Intergovernmental | 725,180 | 1,545,283 | - | - | - | - | - |
| Total Governmental Activities Expenses | <u>7,592,134</u> | <u>8,901,305</u> | <u>8,352,080</u> | <u>8,478,039</u> | <u>9,269,859</u> | <u>10,062,829</u> | <u>10,124,698</u> |
| <i>Business-type Activities:</i> | | | | | | | |
| Water | 1,493,115 | 1,516,779 | 1,706,688 | 1,749,773 | 2,252,466 | 2,215,120 | 2,261,429 |
| Wastewater | 1,761,566 | 1,843,171 | 1,968,864 | 1,991,209 | 2,310,876 | 2,257,442 | 2,208,398 |
| Sanitation | 158,774 | 171,340 | 199,796 | 192,632 | 229,168 | 252,576 | 285,825 |
| Transit | 1,695,608 | 2,228,119 | 2,366,298 | 3,038,536 | 3,779,376 | 3,690,818 | 3,686,934 |
| Parking Deck | 14,006 | 79,614 | 104,854 | 92,298 | 97,552 | 102,568 | 97,435 |
| Total Business-type Activities Expenses | <u>5,123,069</u> | <u>5,839,023</u> | <u>6,346,500</u> | <u>7,064,448</u> | <u>8,669,438</u> | <u>8,518,524</u> | <u>8,540,021</u> |
| Total Primary Government Expenses | <u>\$ 12,715,203</u> | <u>\$ 14,740,328</u> | <u>\$ 14,698,580</u> | <u>\$ 15,542,487</u> | <u>\$ 17,939,297</u> | <u>\$ 18,581,353</u> | <u>\$ 18,664,719</u> |
| Program Revenues | | | | | | | |
| <i>Governmental Activities:</i> | | | | | | | |
| <i>Charges for Services:</i> | | | | | | | |
| Refuse Collection | \$ 196,283 | \$ 225,275 | \$ 357,585 | \$ 425,071 | \$ 414,130 | \$ 419,044 | \$ 443,712 |
| Other Public Works | 95,984 | 414,027 | 388,035 | 443,250 | 429,580 | 434,494 | 459,162 |
| Parks and Recreation | 70,067 | 524,264 | 662,028 | 618,925 | 81,352 | 92,301 | 111,767 |
| Other Activities | 79,774 | 1,654,840 | 1,618,798 | 1,759,671 | 2,400,789 | 2,580,247 | 2,644,133 |
| Operating Grants and Contributions | 622,305 | 1,518,446 | 866,865 | 601,931 | 476,736 | 270,519 | 251,184 |
| Capital Grants and Contributions | 350,000 | 122,660 | 64,669 | 17,759 | 440,350 | 734,000 | 455,162 |
| Total Governmental Activities Program Revenues | <u>1,414,413</u> | <u>4,459,512</u> | <u>3,957,980</u> | <u>3,866,607</u> | <u>4,242,937</u> | <u>4,530,605</u> | <u>4,365,120</u> |

Continued

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

Continued

| | <i>Fiscal Year</i> | | | | | | |
|---------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
| <i>Business-type Activities:</i> | | | | | | | |
| <i>Charges for Services:</i> | | | | | | | |
| Water | \$ 1,465,748 | \$ 1,616,573 | \$ 1,919,062 | \$ 2,046,144 | \$ 2,181,428 | \$ 2,124,358 | \$ 2,176,734 |
| Wastewater | 2,151,679 | 2,205,649 | 2,059,271 | 2,202,635 | 2,180,063 | 2,190,405 | 2,503,183 |
| Sanitation | 143,059 | 135,642 | 134,931 | 157,695 | 224,671 | 316,247 | 297,780 |
| Transit | 114,410 | 169,873 | 156,395 | 150,467 | 116,079 | 37,868 | 57,833 |
| Parking Deck | 3,512 | 23,721 | 77,987 | 80,148 | 88,472 | 93,546 | 74,788 |
| Operating Grants and Contributions | 687,456 | 1,840,856 | 1,852,063 | 2,891,904 | 3,311,138 | 3,096,441 | 3,283,713 |
| Capital Grants and Contributions | 740,000 | 1,737,605 | 842,528 | 155,620 | 721,636 | 145,000 | 21,614 |
| Total Business-type Activities Program Revenues | <u>5,305,864</u> | <u>7,729,919</u> | <u>7,042,237</u> | <u>7,684,613</u> | <u>8,823,487</u> | <u>8,003,865</u> | <u>8,415,645</u> |
| Total Primary Government Program Revenues | <u>\$ 6,720,277</u> | <u>\$ 12,189,431</u> | <u>\$ 11,000,217</u> | <u>\$ 11,551,220</u> | <u>\$ 13,066,424</u> | <u>\$ 12,534,470</u> | <u>\$ 12,780,765</u> |
| Net (Expense)/Revenue | | | | | | | |
| Governmental Activities | \$ (6,177,721) | \$ (4,441,793) | \$ (4,394,100) | \$ (4,611,432) | \$ (5,026,922) | \$ (5,532,224) | \$ (5,759,578) |
| Business-type Activities | 182,795 | 1,890,896 | 695,737 | 620,165 | 154,049 | (514,659) | (124,376) |
| Total Primary Government Net Expense | <u>\$ (5,994,926)</u> | <u>\$ (2,550,897)</u> | <u>\$ (3,698,363)</u> | <u>\$ (3,991,267)</u> | <u>\$ (4,872,873)</u> | <u>\$ (6,046,883)</u> | <u>\$ (5,883,954)</u> |
| General Revenues and Other Changes in Net Assets | | | | | | | |
| <i>Governmental Activities:</i> | | | | | | | |
| <i>General Revenues</i> | | | | | | | |
| Property Taxes | \$ 2,664,653 | \$ 2,558,706 | \$ 3,316,692 | \$ 3,592,878 | \$ 4,044,877 | \$ 4,422,204 | \$ 4,683,648 |
| Local Option Sales Tax | 811,222 | 878,318 | 980,250 | 1,005,458 | 1,057,525 | 1,014,343 | 991,493 |
| Local Accommodations Tax | - | - | 126,535 | 139,593 | 148,489 | 138,533 | 173,057 |
| Hospitality Fees | 616,806 | - | - | - | - | - | - |
| Licenses and Permits | 1,277,546 | - | - | - | - | - | - |
| Intergovernmental | 881,582 | 713,355 | 650,137 | 642,409 | 679,677 | 654,347 | 544,975 |
| Fines and Forfeitures | 181,838 | - | - | - | - | - | - |
| Unrestricted Investment Earnings | 88,405 | 129,730 | 293,493 | 523,332 | 333,429 | 195,704 | 168,538 |
| Other | 327,525 | 612,900 | 455,721 | 268,377 | 337,791 | 291,376 | 249,294 |
| Loss on Disposal of Assets | - | - | - | - | - | - | (133,081) |
| Transfers | (2,128,176) | 217,638 | 286,329 | 894,538 | (399,223) | (255,164) | 302,187 |
| Total Governmental Activities | <u>4,721,401</u> | <u>5,110,647</u> | <u>6,109,157</u> | <u>7,066,585</u> | <u>6,202,565</u> | <u>6,461,343</u> | <u>6,980,111</u> |

Continued

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

Continued

| | <i>Fiscal Year</i> | | | | | | |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
| <i>Business-type Activities:</i> | | | | | | | |
| Intergovernmental | \$ 662,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Investment Earnings | 50,952 | 107,691 | 170,702 | 213,814 | 187,510 | 110,813 | 99,442 |
| Gain on Sale of Capital Assets | - | - | - | 250,000 | - | - | - |
| Transfers | 2,128,176 | (217,638) | (286,329) | (894,538) | 399,223 | 255,164 | (302,187) |
| <i>Total Business-type Activities</i> | <u>2,841,128</u> | <u>(109,947)</u> | <u>(115,627)</u> | <u>(430,724)</u> | <u>586,733</u> | <u>365,977</u> | <u>(202,745)</u> |
| <i>Total Primary Government</i> | <u>\$ 7,562,529</u> | <u>\$ 5,000,700</u> | <u>\$ 5,993,530</u> | <u>\$ 6,635,861</u> | <u>\$ 6,789,298</u> | <u>\$ 6,827,320</u> | <u>\$ 6,777,366</u> |
| Changes in Net Assets | | | | | | | |
| Governmental Activities | \$ (1,456,320) | \$ 668,854 | \$ 1,715,057 | \$ 2,455,153 | \$ 1,175,643 | \$ 929,119 | \$ 1,220,533 |
| Business-type Activities | <u>3,023,923</u> | <u>1,780,949</u> | <u>580,110</u> | <u>189,441</u> | <u>740,782</u> | <u>(148,682)</u> | <u>(327,121)</u> |
| <i>Total Primary Government</i> | <u>\$ 1,567,603</u> | <u>\$ 2,449,803</u> | <u>\$ 2,295,167</u> | <u>\$ 2,644,594</u> | <u>\$ 1,916,425</u> | <u>\$ 780,437</u> | <u>\$ 893,412</u> |

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004.

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

| | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|-------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <i>General Fund</i> | | | | | | | | | | |
| Reserved | \$ 9,237 | \$ 61,276 | \$ - | \$ 144,989 | \$ 18,259 | \$ 188,910 | \$ 90,500 | \$ 203,045 | \$ 3,000 | \$ 105,645 |
| Unreserved | <u>1,658,377</u> | <u>2,026,762</u> | <u>2,002,582</u> | <u>2,208,561</u> | <u>2,244,457</u> | <u>2,462,084</u> | <u>2,687,519</u> | <u>2,606,828</u> | <u>2,814,699</u> | <u>2,784,371</u> |
| <i>Total General Fund</i> | <u>\$ 1,667,614</u> | <u>\$ 2,088,038</u> | <u>\$ 2,002,582</u> | <u>\$ 2,353,550</u> | <u>\$ 2,262,716</u> | <u>\$ 2,650,994</u> | <u>\$ 2,778,019</u> | <u>\$ 2,809,873</u> | <u>\$ 2,817,699</u> | <u>\$ 2,890,016</u> |
| <i>All Other Governmental Funds</i> | | | | | | | | | | |
| Reserved | \$ 590,961 | \$ 1,000,382 | \$ 2,531,435 | \$ 903,061 | \$ 688,587 | \$ 2,866,690 | \$ 1,096,905 | \$ 1,643,868 | \$ 423,945 | \$ 702,766 |
| Unreserved, Reported In: | | | | | | | | | | |
| Tax Increment Fund | - | - | - | - | - | - | - | 1,871,324 | 719,440 | 1,309,143 |
| Parking Deck Fund | - | - | - | 135,980 | - | - | - | - | - | - |
| Special Revenue Funds | 1,080,792 | 969,042 | 589,696 | 733,070 | 996,309 | 1,978,460 | 2,361,549 | 1,482,096 | 1,591,060 | 1,879,725 |
| Capital Projects Funds | 57,270 | 4,668,342 | 2,892,253 | 903,754 | 437,526 | 2,878,597 | 2,887,647 | 991,027 | 2,449,148 | 296,537 |
| Debt Service Fund | <u>291,686</u> | <u>276,031</u> | <u>254,150</u> | <u>229,724</u> | <u>207,391</u> | <u>197,031</u> | <u>176,906</u> | <u>214,128</u> | <u>237,353</u> | <u>265,347</u> |
| <i>Total All Other Governmental Funds</i> | <u>\$ 2,020,709</u> | <u>\$ 6,913,797</u> | <u>\$ 6,267,534</u> | <u>\$ 2,905,589</u> | <u>\$ 2,329,813</u> | <u>\$ 7,920,778</u> | <u>\$ 6,523,007</u> | <u>\$ 6,202,443</u> | <u>\$ 5,420,946</u> | <u>\$ 4,453,518</u> |

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

| | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|-------------------------------------------------------------|---------------------|---------------------|---------------------|-----------------------|----------------------|---------------------|-----------------------|----------------------|----------------------|-----------------------|
| Revenues | | | | | | | | | | |
| Property Taxes | \$ 2,310,932 | \$ 2,441,052 | \$ 2,502,082 | \$ 2,664,653 | \$ 2,558,706 | \$ 3,316,692 | \$ 3,592,878 | \$ 4,044,877 | \$ 4,422,204 | \$ 4,683,648 |
| Local Option Sales Tax | 808,295 | 808,295 | 811,221 | 811,222 | 878,318 | 980,250 | 1,005,458 | 1,057,525 | 1,014,343 | 991,493 |
| Local Accommodations Tax | - | - | - | - | - | 126,535 | 139,593 | 148,489 | 138,533 | 173,057 |
| Hospitality Fees | 269,006 | 326,019 | 338,162 | 616,806 | 715,752 | 776,428 | 823,234 | 878,930 | 911,540 | 968,309 |
| Licenses and Permits | 1,214,056 | 1,162,548 | 1,284,977 | 1,277,546 | 1,421,173 | 1,413,112 | 1,566,309 | 1,565,539 | 1,709,230 | 1,676,777 |
| Intergovernmental | 736,882 | 802,761 | 724,648 | 881,582 | 831,123 | 1,172,118 | 1,004,678 | 1,081,210 | 885,289 | 774,304 |
| Federal Aid | 763,488 | 269,570 | 87,696 | 374,534 | 9,668 | 385,485 | 117,181 | 73,023 | 323,577 | 467,017 |
| State Aid | 226,368 | 998,470 | 793,519 | 597,771 | 1,513,670 | 14,669 | 17,759 | 264,000 | - | 10,000 |
| Charges for Services | 359,268 | 422,958 | 437,362 | 442,108 | 463,530 | 537,153 | 599,252 | 591,127 | 613,206 | 680,413 |
| Fines and Forfeitures | 199,888 | 200,388 | 146,577 | 181,838 | 217,951 | 309,152 | 258,122 | 290,255 | 292,110 | 333,274 |
| Investment Earnings | 176,751 | 151,195 | 159,416 | 88,405 | 129,730 | 293,493 | 523,332 | 333,429 | 195,704 | 168,538 |
| Quasi-External Transactions | 214,162 | 253,041 | 253,041 | - | - | - | - | - | - | - |
| Contributions & Donations | - | - | - | - | - | - | 122,481 | 178,530 | 450,000 | - |
| Other Revenues | 402,543 | 439,211 | 479,780 | 335,329 | 559,392 | 214,103 | 261,352 | 328,241 | 289,010 | 215,396 |
| Total Revenues | \$ 7,681,439 | \$ 8,275,508 | \$ 8,018,481 | \$ 8,271,794 | \$ 9,299,013 | \$ 9,539,190 | \$ 10,031,629 | \$ 10,835,175 | \$ 11,244,746 | \$ 11,142,226 |
| Expenditures | | | | | | | | | | |
| General Government | \$ 2,224,983 | \$ 1,933,305 | \$ 1,677,771 | \$ 1,748,670 | \$ 1,807,368 | \$ 2,037,702 | \$ 2,127,550 | \$ 2,204,790 | \$ 2,376,389 | \$ 2,454,355 |
| Public Safety | 1,662,451 | 1,775,128 | 1,800,309 | 2,017,402 | 2,124,176 | 2,267,304 | 2,461,131 | 2,764,753 | 2,732,920 | 2,893,005 |
| Public Works | 1,244,205 | 1,307,892 | 1,234,085 | 1,442,850 | 1,734,580 | 1,828,740 | 1,781,507 | 2,007,694 | 2,098,513 | 1,950,062 |
| Culture and Recreation | 525,080 | 478,203 | 587,698 | 611,158 | 702,074 | 858,965 | 651,509 | 745,854 | 856,646 | 872,293 |
| Urban Redevelopment | 506,526 | 196,262 | 78,181 | 60,128 | 73,816 | 12,748 | 34,016 | 31,082 | 13,611 | 8,773 |
| Equipment Services | 90,069 | 92,642 | 96,137 | 102,747 | 110,636 | 116,558 | 163,516 | 140,489 | 128,521 | 247,971 |
| Capital Outlay | 685,026 | 1,433,686 | 1,628,500 | 4,567,445 | 1,249,093 | 466,962 | 4,297,994 | 1,958,847 | 2,015,519 | 2,530,964 |
| Debt Service | | | | | | | | | | |
| Interest | 94,307 | 100,383 | 319,240 | 333,083 | 317,409 | 325,568 | 464,602 | 436,311 | 399,863 | 355,374 |
| Principal | 215,150 | 214,622 | 387,384 | 377,737 | 475,444 | 489,805 | 924,149 | 973,920 | 1,049,817 | 1,025,322 |
| Fees | - | - | - | 1,567 | 1,565 | 1,563 | 1,561 | 1,013 | 1,013 | 1,013 |
| Intergovernmental | 330,240 | 1,105,555 | 908,503 | 725,180 | 1,545,283 | 120,399 | 140,897 | 175,473 | 329,162 | 297,380 |
| Other | 221,798 | 26,318 | 25,935 | 31,911 | 41,816 | 93,882 | 153,481 | 142,097 | 161,759 | 158,013 |
| Total Expenditures | \$ 7,799,835 | \$ 8,663,996 | \$ 8,743,743 | \$ 12,019,878 | \$ 10,183,260 | \$ 8,620,196 | \$ 13,201,913 | \$ 11,582,323 | \$ 12,163,733 | \$ 12,794,525 |
| Excess of Revenues Over (Under) Expenditures | \$ (118,396) | \$ (388,488) | \$ (725,262) | \$ (3,748,084) | \$ (884,247) | \$ 918,994 | \$ (3,170,284) | \$ (747,148) | \$ (918,987) | \$ (1,652,299) |

Continued

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

Continued

| | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|----------------------------------------------------------------|--------------------|---------------------|---------------------|-----------------------|---------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|
| Other Financing Sources (Uses) | | | | | | | | | | |
| General Obligation Bonds | \$ - | \$ 455,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Lease Purchase Agreements | 98,000 | 247,000 | - | 187,000 | - | 2,039,833 | 355,000 | 135,000 | - | 455,000 |
| Tax Increment Bonds | - | 5,000,000 | - | - | - | 2,350,000 | - | - | - | - |
| Transfers In | 10,000 | 10,000 | 10,000 | 1,554,071 | 1,204,192 | 1,500,103 | 2,046,491 | 1,559,591 | 3,972,567 | 1,490,295 |
| Transfers Out | (10,000) | (10,000) | (10,000) | (1,003,963) | (986,555) | (829,687) | (1,151,953) | (1,236,153) | (3,827,251) | (1,188,107) |
| Total Other Financing Sources (Uses) | <u>\$ 98,000</u> | <u>\$ 5,702,000</u> | <u>\$ -</u> | <u>\$ 737,108</u> | <u>\$ 217,637</u> | <u>\$ 5,060,249</u> | <u>\$ 1,249,538</u> | <u>\$ 458,438</u> | <u>\$ 145,316</u> | <u>\$ 757,188</u> |
| Net Change In Fund Balances | <u>\$ (20,396)</u> | <u>\$ 5,313,512</u> | <u>\$ (725,262)</u> | <u>\$ (3,010,976)</u> | <u>\$ (666,610)</u> | <u>\$ 5,979,243</u> | <u>\$ (1,920,746)</u> | <u>\$ (288,710)</u> | <u>\$ (773,671)</u> | <u>\$ (895,111)</u> |
| Debt Service As a Percentage of Noncapital Expenditures | 4.3% | 4.4% | 9.9% | 9.9% | 9.5% | 10.5% | 16.7% | 15.8% | 15.2% | 14.6% |

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

| <u>Fiscal Year</u> | <u>Real Property</u> | <u>Personal Property</u> | <u>Total Taxable Assessed Value</u> | <u>Total Direct Tax Rate ^(a)</u> | <u>Estimated Actual Taxable Value</u> | <u>Taxable Assessed Value as a Percentage of Actual Taxable Value</u> |
|--------------------|----------------------|--------------------------|-------------------------------------|---------------------------------------------|---------------------------------------|-----------------------------------------------------------------------|
| 2001 | \$ 29,576,823 | \$ 5,404,843 | \$ 34,981,666 | 79.10 | \$ 544,421,745 | 6.43% |
| 2002 | 28,561,785 | 5,583,467 | 34,145,252 | 81.60 | 529,205,626 | 6.45% |
| 2003 | 31,100,299 | 5,033,907 | 36,134,206 | 81.60 | 566,280,288 | 6.38% |
| 2004 | 30,463,882 | 4,796,716 | 35,260,598 | 81.60 | 553,414,376 | 6.37% |
| 2005 | 32,654,430 | 4,550,980 | 37,205,410 | 81.60 | 587,583,167 | 6.33% |
| 2006 | 37,945,629 | 4,063,665 | 42,009,294 | 76.90 | 700,154,900 | 6.00% |
| 2007 | 37,736,666 | 4,076,916 | 41,813,582 | 77.90 | 822,681,920 | 5.08% |
| 2008 | 37,527,471 | 4,041,902 | 41,569,373 | 79.50 | 817,914,453 | 5.08% |
| 2009 | 42,741,623 | 3,808,547 | 46,550,170 | 81.00 | 918,308,243 | 5.07% |
| 2010 | 43,858,444 | 3,319,726 | 47,178,170 | 81.00 | 932,497,647 | 5.06% |

Source: Pickens County Auditor's Office

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

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

| <i>Fiscal Year</i> | <i>City Direct Rates</i> | | | | <i>Overlapping Rates</i> | |
|--------------------|--------------------------|----------------------------------------|-----------------------------|--------------------------|---------------------------------------|-----------------------|
| | <i>Basic Rate</i> | <i>General Obligation Debt Service</i> | <i>Special Revenue Rate</i> | <i>Total Direct Rate</i> | <i>Pickens County School District</i> | <i>Pickens County</i> |
| 2001 | 74.22 | 4.33 | 0.55 | 79.10 | 129.20 | 60.90 |
| 2002 | 76.30 | 4.73 | 0.57 | 81.60 | 136.50 | 64.80 |
| 2003 | 76.30 | 4.73 | 0.57 | 81.60 | 142.90 | 62.00 |
| 2004 | 76.30 | 4.73 | 0.57 | 81.60 | 140.10 | 63.00 |
| 2005 | 76.30 | 4.73 | 0.57 | 81.60 | 147.10 | 67.50 |
| 2006 | 71.60 | 4.73 | 0.57 | 76.90 | 140.00 | 61.40 |
| 2007 | 73.30 | 4.11 | 0.49 | 77.90 | 137.10 | 60.50 |
| 2008 | 74.90 | 4.11 | 0.49 | 79.50 | 176.10 | 61.50 |
| 2009 | 76.80 | 3.71 | 0.49 | 81.00 | 174.10 | 61.50 |
| 2010 | 76.80 | 3.71 | 0.49 | 81.00 | 168.10 | 61.50 |

Source of Overlapping Rates: Pickens County

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

| <i>Taxpayer</i> | <u>2010</u> | | <i>Taxpayer</i> | <u>2001</u> | |
|-----------------------------------------------|-------------------------------|--------------------------------------------------------|---------------------------------------------|-------------------------------|--------------------------------------------------------|
| | <i>Taxable Assessed Value</i> | <i>Percentage of Total City Taxable Assessed Value</i> | | <i>Taxable Assessed Value</i> | <i>Percentage of Total City Taxable Assessed Value</i> |
| <i>Duke Energy Corporation</i> | \$ 936,000 | 1.98% | <i>Duke Energy Corporation</i> | \$ 1,329,540 | 3.80% |
| <i>Bellsouth Telecommunications</i> | 740,400 | 1.57% | <i>Bellsouth Telecommunications</i> | 878,940 | 2.51% |
| <i>Tiger Towne Village, LLC</i> | 514,320 | 1.09% | <i>Berkeley Place, LLC</i> | 450,600 | 1.29% |
| <i>Berkeley Place, LLC</i> | 510,810 | 1.08% | <i>Bi-Lo, Inc.</i> | 395,447 | 1.13% |
| <i>Clemson Area Retirement Center, Inc.</i> | 494,720 | 1.05% | <i>Clemson Area Retirement Center, Inc.</i> | 362,652 | 1.04% |
| <i>EDR Clemson Place, Limited Partnership</i> | 455,910 | 0.97% | <i>Clemson Place, LLC</i> | 345,351 | 0.99% |
| <i>Ingles Markets, Inc.</i> | 394,300 | 0.84% | <i>Clemson Inn Associates</i> | 300,880 | 0.87% |
| <i>JSI Clemson, LLC</i> | 344,570 | 0.73% | <i>Langston Place Partnership</i> | 300,294 | 0.86% |
| <i>Tristate SC One, Limited Partnership</i> | 343,120 | 0.72% | <i>Heritage Pointe, LLC</i> | 225,000 | 0.64% |
| <i>R A Clemson, LLC</i> | 297,300 | 0.63% | <i>Clemson Motel, Ltd.</i> | 198,000 | 0.57% |
| <i>Total</i> | <u>\$ 5,031,450</u> | <u>10.66%</u> | | <u>\$ 4,786,704</u> | <u>13.70%</u> |

Source: Pickens County Auditor's Office

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

| <i>Fiscal Year Ended June 30,</i> | <i>Taxes Levied For the Fiscal Year</i> | <i>Collected Within the Fiscal Year of the Levy (a)</i> | | <i>Receivable June 30, 2010</i> | <i>Estimated Tax Collections to Date (b)</i> | |
|-----------------------------------|-----------------------------------------|---------------------------------------------------------|---------------------------|---------------------------------|----------------------------------------------|---------------------------|
| | | <i>Amount</i> | <i>Percentage of Levy</i> | | <i>Estimated Amount</i> | <i>Percentage of Levy</i> |
| 2001 | \$ 1,922,211 | \$ 1,829,443 | 95.17% | \$ 2,023 | \$ 1,920,188 | 99.89% |
| 2002 | 1,955,972 | 1,942,979 | 99.34% | 4,988 | 1,950,984 | 99.74% |
| 2003 | 2,183,981 | 1,957,340 | 89.62% | 6,590 | 2,177,391 | 99.70% |
| 2004 | 2,068,971 | 2,031,750 | 98.20% | 9,719 | 2,059,252 | 99.53% |
| 2005 | 2,224,741 | 1,930,474 | 86.77% | 10,988 | 2,213,753 | 99.51% |
| 2006 | 2,355,234 | 2,264,062 | 96.13% | 13,451 | 2,341,783 | 99.43% |
| 2007 | 2,268,425 | 2,338,708 | 103.10% | 21,410 | 2,247,015 | 99.06% |
| 2008 | 2,296,135 | 2,487,570 | 108.34% | 54,731 | 2,241,404 | 97.62% |
| 2009 | 2,732,167 | 2,762,699 | 101.12% | 86,711 | 2,645,456 | 96.83% |
| 2010 | 2,772,651 | 2,901,164 | 104.64% | 207,044 | 2,565,607 | 92.53% |

Source: Pickens County Office of Finance

Note: (a) Does not include current year taxes collected as delinquent in the year of the levy.

Note: (b) Collections in subsequent years by year of levy were unavailable. Amounts receivable at June 30, 2010 were used to estimate the total collections to date.

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

| Fiscal Year | Governmental Activities | | | Business-type Activities | | Total Primary Government | Percentage of Personal Income ^(a) | Per Capita ^(a) |
|--------------------|---------------------------------|----------------------------------------|-----------------------|---------------------------------|-----------------------|---------------------------------|-----------------------------------------------------|----------------------------------|
| | General Obligation Bonds | Tax Incremental Financing Bonds | Capital Leases | Water Revenue Bonds | Capital Leases | | | |
| 2001 | \$ 1,490,000 | \$ - | \$ 99,258 | \$ 1,915,106 | \$ 28,421 | \$ 3,532,785 | 1.54% | 296 |
| 2002 | 1,830,000 | 5,000,000 | 279,636 | 1,659,568 | 199,482 | 8,968,686 | 3.90% | 751 |
| 2003 | 1,715,000 | 4,845,000 | 196,252 | 1,395,191 | 766,416 | 8,917,859 | 3.88% | 747 |
| 2004 | 1,590,000 | 4,645,000 | 330,513 | 1,156,432 | 616,118 | 8,338,063 | 3.62% | 698 |
| 2005 | 1,460,000 | 4,400,000 | 230,119 | 1,020,637 | 877,196 | 7,987,952 | 3.47% | 669 |
| 2006 | 1,320,000 | 7,140,000 | 2,180,097 | 3,628,317 | 636,877 | 14,905,291 | 6.48% | 1,248 |
| 2007 | 1,160,000 | 6,640,120 | 2,270,829 | 4,537,319 | 702,606 | 15,310,874 | 6.65% | 1,282 |
| 2008 | 1,040,000 | 6,116,718 | 2,075,430 | 4,485,925 | 431,899 | 14,149,972 | 6.15% | 1,185 |
| 2009 | 915,000 | 5,574,391 | 1,692,940 | 4,287,772 | 392,217 | 12,862,320 | 4.21% | 989 |
| 2010 | 780,000 | 5,002,851 | 1,829,158 | 4,329,517 | 365,184 | 12,306,710 | 4.02% | 947 |

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

^(a) See Schedule 14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

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

| <u>General Bonded Debt Outstanding</u> | | | |
|-----------------------------------------------|----------------------------------------|-----------------------------------------------------------------------------|-----------------------------------------|
| <u>Fiscal Year</u> | <u>General Obligation Bonds</u> | <u>Percentage of Actual Taxable Value of Property ^(a)</u> | <u>Per Capita ^(b)</u> |
| 2001 | \$ 1,490,000 | 0.27% | 124.80 |
| 2002 | 1,830,000 | 0.35% | 153.28 |
| 2003 | 1,715,000 | 0.30% | 143.65 |
| 2004 | 1,590,000 | 0.29% | 133.18 |
| 2005 | 1,460,000 | 0.25% | 122.29 |
| 2006 | 1,320,000 | 0.19% | 110.56 |
| 2007 | 1,160,000 | 0.14% | 97.16 |
| 2008 | 1,040,000 | 0.13% | 87.11 |
| 2009 | 915,000 | 0.10% | 70.37 |
| 2010 | 780,000 | 0.08% | 59.99 |

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

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

Schedule 11
City of Clemson
Direct and Overlapping Governmental Activities Debt As of June 30, 2010

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable</u> | <u>Estimated Share of Direct and Overlapping Debt</u> |
|------------------------------------------|-----------------------------|------------------------------------------------|-----------------------------------------------------------------------|
| Debt Repaid With Property Taxes | | | |
| Pickens County School District | \$ 348,372,087 | 12.14% | \$ 42,292,371 |
| Pickens County General Obligation Debt | 14,121,644 | 13.94% | 1,968,557 |
| Other Debt | | | |
| Pickens County Capital Leases | 1,291,643 | 13.94% | 180,055 |
| Pickens County Notes Payable | 5,714,593 | 13.94% | 796,614 |
| Pickens County - Other Debt | 2,953,638 | 13.94% | 411,737 |
| Subtotal, Overlapping Debt | | | 45,649,334 |
| City Direct Debt | | | 7,612,009 |
| Total Direct and Overlapping Debt | | | <u>\$ 53,261,343</u> |

Source: Pickens County and Pickens County School District

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

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

| | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|-------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Debt Limit | \$ 2,798,533 | \$ 2,731,620 | \$ 2,890,736 | \$ 2,820,848 | \$ 2,976,433 | \$ 3,360,744 | \$ 3,345,087 | \$ 3,325,550 | \$ 3,724,014 | \$ 3,774,254 |
| Total Net Debt Applicable to Limit | <u>1,198,314</u> | <u>1,553,969</u> | <u>1,460,850</u> | <u>1,360,276</u> | <u>1,252,609</u> | <u>1,122,968</u> | <u>983,094</u> | <u>825,872</u> | <u>677,647</u> | <u>514,653</u> |
| Legal Debt Margin | <u>\$ 1,600,219</u> | <u>\$ 1,177,651</u> | <u>\$ 1,429,886</u> | <u>\$ 1,460,572</u> | <u>\$ 1,723,824</u> | <u>\$ 2,237,776</u> | <u>\$ 2,361,993</u> | <u>\$ 2,499,678</u> | <u>\$ 3,046,367</u> | <u>\$ 3,259,601</u> |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 42.82% | 56.89% | 50.54% | 48.22% | 42.08% | 33.41% | 29.39% | 24.83% | 18.20% | 13.64% |

Legal Debt Margin Calculation for Fiscal Year 2010

| | |
|-----------------------------------------------------------------------|---------------------|
| Assessed Value | \$ 47,178,170 |
| Debt Limit (8% of assessed value) | 3,774,254 |
| Debt Applicable to Limit: | |
| General Obligation Bonds | 780,000 |
| Less: Amount Set Aside for Repayment of General Obligation Debt | <u>(265,347)</u> |
| Total Net Debt Applicable to Limit | <u>514,653</u> |
| Legal Debt Margin | <u>\$ 3,259,601</u> |

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

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

| | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|---------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <i>Water Revenue Bonds</i> | | | | | | | | | | |
| <i>Utility Service Charges</i> | \$ 1,478,919 | \$ 1,462,485 | \$ 1,470,810 | \$ 1,455,712 | \$ 1,572,123 | \$ 1,938,992 | \$ 2,059,097 | \$ 2,210,784 | \$ 2,134,850 | \$ 2,165,443 |
| <i>Less: Operating Expenses</i> | 1,125,743 | 1,209,606 | 1,319,010 | 1,417,959 | 1,448,236 | 1,631,567 | 1,555,486 | 1,953,270 | 1,910,885 | 1,939,959 |
| <i>Net Available Revenue</i> | 353,176 | 252,879 | 151,800 | 37,753 | 123,887 | 307,425 | 503,611 | 257,514 | 223,965 | 225,484 |
| <i>Debt Service</i> | | | | | | | | | | |
| <i>Principal</i> | 18,667 | 18,237 | 17,686 | 18,408 | 19,162 | 19,823 | 66,791 | 90,602 | 93,153 | 71,445 |
| <i>Interest</i> | 6,158 | 3,242 | 2,675 | 1,953 | 1,198 | 413 | 76,332 | 99,244 | 97,115 | 94,701 |
| <i>Coverage</i> | 14.23 | 11.77 | 7.46 | 1.85 | 6.08 | 15.19 | 3.52 | 1.36 | 1.18 | 1.36 |
| <i>Wastewater Revenue Bonds</i> | | | | | | | | | | |
| <i>Utility Service Charges</i> | \$ 2,004,707 | \$ 2,102,885 | \$ 2,125,287 | \$ 2,128,078 | \$ 2,018,221 | \$ 2,124,192 | \$ 2,132,578 | \$ 2,195,198 | \$ 2,176,696 | \$ 2,452,746 |
| <i>Less: Operating Expenses</i> | 1,167,314 | 1,214,618 | 1,235,757 | 1,384,400 | 1,457,827 | 1,570,485 | 1,594,632 | 1,919,478 | 1,887,071 | 1,789,368 |
| <i>Net Available Revenue</i> | 837,393 | 888,267 | 889,530 | 743,678 | 560,394 | 553,707 | 537,946 | 275,720 | 289,625 | 663,378 |
| <i>Debt Service</i> | | | | | | | | | | |
| <i>Principal</i> | 255,435 | 265,721 | 246,690 | 220,150 | 116,634 | 117,035 | 105,000 | 105,000 | 105,000 | 105,000 |
| <i>Interest</i> | 125,085 | 74,189 | 50,403 | 34,852 | 37,152 | 45,704 | 46,504 | 33,546 | 16,572 | 16,182 |
| <i>Coverage</i> | 2.20 | 2.61 | 2.99 | 2.92 | 3.64 | 3.40 | 3.55 | 1.99 | 2.38 | 5.47 |
| <i>Commercial Sanitation Capital Leases</i> | | | | | | | | | | |
| <i>Utility Service Charges</i> | \$ 203,970 | \$ 175,947 | \$ 166,114 | \$ 150,332 | \$ 146,180 | \$ 144,392 | \$ 168,482 | \$ 233,563 | \$ 323,910 | \$ 304,782 |
| <i>Less: Operating Expenses</i> | 108,793 | 121,819 | 131,882 | 137,387 | 149,955 | 157,750 | 150,586 | 192,441 | 224,545 | 234,322 |
| <i>Net Available Revenue</i> | 95,177 | 54,128 | 34,232 | 12,945 | (3,775) | (13,358) | 17,896 | 41,122 | 99,365 | 70,460 |
| <i>Debt Service</i> | | | | | | | | | | |
| <i>Principal</i> | - | - | - | - | - | - | - | - | - | - |
| <i>Interest</i> | - | - | - | - | - | - | - | - | 2,643 | 2,842 |
| <i>Coverage</i> | - | - | - | - | - | - | - | - | 37.60 | 24.79 |
| <i>Transit Capital Leases</i> | | | | | | | | | | |
| <i>Contract Services</i> | \$ 849,874 | \$ 1,058,760 | \$ 1,515,108 | \$ 1,468,800 | \$ 2,025,502 | \$ 1,943,035 | \$ 3,082,395 | \$ 3,478,832 | \$ 3,161,802 | \$ 3,367,597 |
| <i>Less: Operating Expenses</i> | 823,763 | 922,436 | 1,224,478 | 1,284,997 | 1,541,107 | 1,634,800 | 2,279,350 | 3,010,710 | 2,993,888 | 3,113,133 |
| <i>Net Available Revenue</i> | 26,111 | 136,324 | 290,630 | 183,803 | 484,395 | 308,235 | 803,045 | 468,122 | 167,914 | 254,464 |
| <i>Debt Service</i> | | | | | | | | | | |
| <i>Principal</i> | - | 41,337 | 157,523 | 150,297 | 238,923 | 240,319 | 249,271 | 270,707 | 146,682 | 151,927 |
| <i>Interest</i> | - | 7,288 | 26,568 | 27,992 | 34,823 | 29,184 | 30,992 | 22,127 | 13,570 | 10,645 |
| <i>Coverage</i> | - | 2.80 | 1.58 | 1.03 | 1.77 | 1.14 | 2.87 | 1.60 | 1.05 | 1.57 |

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

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

| <i>Calendar Year</i> | <i>Population</i> | <i>Personal Income</i> | <i>Per Capita Personal Income</i> | <i>Unemployment Rate</i> |
|-----------------------------|--------------------------|-------------------------------|------------------------------------------|---------------------------------|
| 2001 | 11,939 | 230,088,408 | 19,272 | 5.0% |
| 2002 | 11,939 | 230,088,408 | 19,272 | 6.0% |
| 2003 | 11,939 | 230,088,408 | 19,272 | 6.8% |
| 2004 | 11,939 | 230,088,408 | 19,272 | 6.8% |
| 2005 | 11,939 | 230,088,408 | 19,272 | 6.9% |
| 2006 | 11,939 | 230,088,408 | 19,272 | 6.2% |
| 2007 | 11,939 | 230,088,408 | 19,272 | 5.5% |
| 2008 | 11,939 | 230,088,408 | 19,272 | 7.1% |
| 2009 | 13,002 | 305,859,048 | 23,524 | 9.8% |
| 2010 | 13,002 | 305,859,048 | 23,524 | 11.0% |

Source: *United States Bureau of the Census-provided in 10 year increments*

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

| <u>Employer</u> | <u>2010</u> | | <u>Employer</u> | <u>2001</u> | |
|-----------------------------------|------------------|----------------------------------------------------|-----------------------------------|---------------------------------|-------------------------------------------------------------------|
| | <u>Employees</u> | <u>Percentage of Total City Employment</u> | | <u>Employees ^(b)</u> | <u>Percentage of Total City Employment ^(b)</u> |
| Clemson University ^(a) | 4,428 | 44.28% | Clemson University ^(a) | 4,475 | 44.75% |
| City of Clemson | 296 | 2.96% | City of Clemson | 269 | 2.69% |
| Pixie & Bills Restaurant | 114 | 1.14% | | - | - |
| Clemson Elementary School | 100 | 1.00% | Pixie & Bills Restaurant | 105 | 1.05% |
| Bi-Lo | 97 | 0.97% | Bi-Lo | 158 | 1.58% |
| Ingles Markets | 95 | 0.95% | | - | - |
| Trehel Corporation | 66 | 0.66% | Ingles Markets | 62 | 0.63% |
| Tigertown Tavern | 57 | 0.57% | Trehel Corporation | 40 | 0.40% |
| Ruby Tuesday | 55 | 0.55% | Tigertown Tavern | 60 | 0.60% |
| Ramada Inn | 50 | 0.50% | | - | - |
| Total | 5,358 | 53.58% | Total | 5,169 | 51.70% |

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

^(b) Additional principal employers information regarding employment is not available.

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

| <u>Function/Program</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <i>General Government</i> | | | | | | | | | | |
| Council | - | - | - | 2 | 2 | 2 | 1 | 1 | 1 | 1 |
| Municipal Court | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 5 | 5 | 4 |
| Administration | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 8 | 9 | 7 |
| Finance | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Information Technology | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Planning & Codes Administration | 6 | 6 | 6 | 6 | 6 | 8 | 8 | 8 | 7 | 8 |
| Public Buildings | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| <i>Police</i> | | | | | | | | | | |
| Officers | 25 | 25 | 25 | 25 | 25 | 26 | 26 | 28 | 27 | 26 |
| Telecommunicators | 4 | 4 | 4 | 5 | 5 | 5 | 5 | 6 | 6 | 6 |
| Other | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| <i>Refuse Collection</i> | | | | | | | | | | |
| Residential Sanitation | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 13 | 13 | 12 |
| Commercial Sanitation | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| <i>Other Public Works</i> | | | | | | | | | | |
| Streets | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 5 |
| Public Works Administration | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 | 3 |
| Equipment Services | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Engineering | 2 | 2 | 2 | 3 | 3 | 3 | 3 | 2 | 2 | 2 |
| <i>Other</i> | | | | | | | | | | |
| Recreation | 5 | 6 | 6 | 6 | 6 | 6 | 6 | 7 | 7 | 8 |
| Water | 6 | 6 | 6 | 7 | 7 | 7 | 7 | 8 | 8 | 7 |
| Utility Billing Administration | 4 | 4 | 4 | 5 | 5 | 5 | 5 | 5 | 7 | 7 |
| Wastewater Collection | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Wastewater Treatment | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 6 | 4 |
| Transit Administration | 4 | 4 | 4 | 4 | 4 | 4 | 6 | 6 | 6 | 6 |
| Transit Operations | 5 | 5 | 5 | 7 | 9 | 9 | 12 | 13 | 11 | 11 |
| Horticulture | 1 | 1 | 1 | 1 | 2 | 2 | 3 | 3 | 3 | 3 |
| Total | 119 | 120 | 120 | 128 | 131 | 134 | 140 | 146 | 147 | 140 |

Source: The City's Office of Human Resources

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

| <u>Function/Program</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <i>General Government</i> | | | | | | | | | | |
| <i>Building Permits Issued</i> | 559 | 481 | 690 | 523 | 552 | 557 | 616 | 512 | 410 | 195 |
| <i>Building Inspections Conducted</i> | 3,105 | 2,976 | 3,523 | 3,074 | 3,166 | 3,232 | 2,084 | 1,246 | 786 | 967 |
| <i>Police</i> | | | | | | | | | | |
| <i>Parking Violations</i> | 2,474 | 2,913 | 2,742 | 2,856 | 2,800 | 2,932 | 2,201 | 4,207 | 3,113 | 3,970 |
| <i>Traffic Violations</i> | 3,440 | 3,115 | 3,400 | 3,579 | 3,620 | 3,800 | 4,833 | 5,430 | 4,687 | 8,173 |
| <i>Fire</i> | | | | | | | | | | |
| <i>Inspections</i> | 4,235 | 5,308 | 5,416 | 5,482 | 5,527 | 5,535 | 2,769 | 2,126 | 2,106 | 2,932 |
| <i>Refuse Collection</i> | | | | | | | | | | |
| <i>Refuse Collected (lbs)</i> | 12,194,438 | 15,534,440 | 12,916,900 | 11,821,440 | 11,860,800 | 11,331,260 | 10,983,442 | 11,599,320 | 11,348,554 | 58,494,982 |
| <i>Recyclables Collected (lbs)</i> | 1,041,200 | 1,050,620 | 1,103,760 | 1,235,440 | 1,111,240 | 1,002,000 | 1,369,296 | 1,427,760 | 1,521,644 | 1,662,024 |
| <i>Other Public Works</i> | | | | | | | | | | |
| <i>Street Resurfacing (miles)</i> | 1.42 | 2.38 | 2.89 | 4.11 | 3.22 | 4.43 | 4.62 | 4.45 | 0.00 | 2.10 |
| <i>Water</i> | | | | | | | | | | |
| <i>New Taps</i> | 62 | 82 | 65 | 31 | 39 | 78 | 79 | 97 | 49 | 79 |
| <i>Water Main Breaks</i> | 197 | 219 | 201 | 178 | 153 | 188 | 170 | 179 | 161 | 229 |
| <i>Average Daily Consumption</i> | 1,670,000 | 1,707,000 | 1,568,000 | 1,604,000 | 1,681,000 | 1,705,000 | 1,736,000 | 1,892,000 | 1,829,000 | 1,869,000 |
| <i>Peak Daily Consumption</i> | 2,129,000 | 1,980,000 | 2,193,000 | 2,133,000 | 2,024,000 | 2,197,000 | 2,880,000 | 2,581,000 | 2,480,000 | 2,480,000 |
| <i>Wastewater</i> | | | | | | | | | | |
| <i>Average Daily Sewage Treatment</i> | 1,090,000 | 1,080,000 | 1,080,000 | 1,060,000 | 1,090,000 | 1,110,000 | 1,140,000 | 1,440,000 | 1,450,000 | 1,450,000 |
| <i>Transit</i> | | | | | | | | | | |
| <i>Total Route Miles</i> | 287,192 | 398,946 | 442,769 | 480,253 | 506,591 | 623,562 | 831,996 | 852,930 | 727,946 | 725,487 |
| <i>Passengers</i> | 763,204 | 900,383 | 1,152,510 | 1,343,234 | 1,404,892 | 1,513,134 | 1,771,346 | 1,877,448 | 1,613,403 | 1,609,349 |

Source: Various City Departments

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

| <u>Function/Program</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|-------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <i>Police</i> | | | | | | | | | | |
| <i>Stations</i> | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| <i>Uniform Patrol Units</i> | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 |
| <i>Refuse Collection</i> | | | | | | | | | | |
| <i>Collection Trucks</i> | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 5 | 5 | 5 |
| <i>Other Public Works</i> | | | | | | | | | | |
| <i>Streets (miles)</i> | 64 | 64 | 64 | 64 | 64 | 64 | 64 | 64 | 64 | 64 |
| <i>Streetlights</i> | 685 | 685 | 695 | 695 | 696 | 696 | 696 | 696 | 696 | 696 |
| <i>Traffic Signals</i> | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| <i>Parks and Recreation</i> | | | | | | | | | | |
| <i>Acreage</i> | 85 | 85 | 85 | 85 | 85 | 85 | 100 | 100 | 100 | 100 |
| <i>Playgrounds</i> | 6 | 6 | 6 | 6 | 6 | 6 | 7 | 7 | 7 | 7 |
| <i>Soccer Fields</i> | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 6 | 6 | 6 |
| <i>Recreation Centers</i> | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| <i>Water</i> | | | | | | | | | | |
| <i>Water Mains (miles)</i> | 89 | 89 | 90 | 90 | 90 | 98.5 | 100 | 101.5 | 101.5 | 108 |
| <i>Fire Hydrants</i> | 353 | 369 | 370 | 371 | 372 | 392 | 412 | 439 | 439 | 479 |
| <i>Wastewater</i> | | | | | | | | | | |
| <i>Sewer Mains Gravity (miles)</i> | 60 | 60 | 60 | 60 | 60 | 60 | 64 | 64 | 65 | 65.3 |
| <i>Sewer Mains Force (miles)</i> | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| <i>Treatment Capacity (millions of gallons)</i> | 3.15 | 3.15 | 3.15 | 3.15 | 3.15 | 3.15 | 3.15 | 3.15 | 3.15 | 3.15 |
| <i>Stormwater</i> | | | | | | | | | | |
| <i>Stormwater Lines (miles)</i> | 3.5 | 5 | 5 | 6 | 7 | 7 | 7 | 7 | 7 | 7 |
| <i>Transit</i> | | | | | | | | | | |
| <i>Buses</i> | 9 | 14 | 17 | 19 | 20 | 20 | 26 | 26 | 26 | 26 |

Source: Various City Departments

FEDERAL FINANCIAL
ASSISTANCE



CITY OF CLEMSON

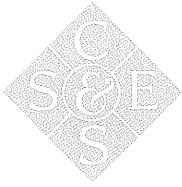
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Year Ended June 30, 2010

| <u>Federal Grantor/Pass-Through Grantor /Program Title</u> | <u>Federal CFDA Number</u> | <u>Pass Through Grantor's Number</u> | <u>Total Expenditures</u> |
|-----------------------------------------------------------------|------------------------------------|----------------------------------------------|-------------------------------|
| US Department of Transportation | | | |
| Passed Through SC Dept. of Transportation | | | |
| Public Transportation Assistance...Transit Fund | 20.509 | MT-0A111-17 | \$ 827,845 |
| Transit Multi-Modal Facility ARRA Funds | 20.509 | MT-0A1RR-A6 | 455,162 |
| Public Transportation Planning...Transit Fund | 20.515 | MT-0A104-01 | 61,136 |
| Total US Department of Transportation | | | \$ 1,344,143 |
| US Office of Water, Environmental Protection Agency | | | |
| Passed Through SC Water Quality Revolving Fund Authority | | | |
| 2009 SRF Loan Wastewater Treatment Plant Digester | 66.458 | S1-127-09-267-01 | \$ 197,190 |
| Total Federal Assistance Expended | | | \$ 1,541,333 |

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Clemson and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Nonprofit Organizations".

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

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

*We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Clemson, as of and for the year ended June 30, 2010, which collectively comprise the City of Clemson's basic financial statements and have issued our report thereon dated January 27, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States.*

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

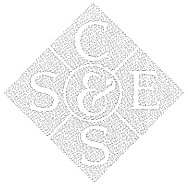
Compliance and Other Matters

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

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

Stancil Cooley Estep & Stamey, LLP

*Clemson, South Carolina
January 27, 2011*



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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

*We have audited the compliance of City of Clemson, with the types of compliance requirements described in the **U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement** that are applicable to each of its major federal programs for the year ended June 30, 2010. The City of Clemson's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Clemson's management. Our responsibility is to express an opinion on City of Clemson's compliance based on our audit.*

*We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States; and OMB Circular A-133, **Audits of States, Local Governments, and Non-Profit Organizations**. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Clemson's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of Clemson's compliance with those requirements.*

In our opinion, the City of Clemson complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of the City of Clemson is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to

federal programs. In planning and performing our audit, we considered the City of Clemson's internal control over compliance with the requirements that could have a direct and material effect on a major federal program as a basis for designing our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Clemson's internal control over compliance.

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

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

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

Stancil Cooley Estep & Stamey, LLP

Clemson, South Carolina
January 27, 2011

CITY OF CLEMSON

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2010**

A. SUMMARY OF AUDIT RESULTS

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

No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the "Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards".

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

No material weaknesses relating to the audit of the major federal award programs are reported in the "Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133".

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

Audit findings relative to the major federal award programs for the City of Clemson are reported in Part C of this schedule.

The following programs were tested as a major programs:

- *Transit Operating Grant, Grant # MT-0A111-17, CFDA # 20.509.*
- *Transit Multi-Modal Facility ARRA funds, Grant # MT-0A1RR-A6, CFDA # 20.509.*

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

The City of Clemson was determined to be a low-risk auditee.

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

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

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