



CITY OF CLEMSON
SOUTH CAROLINA



Comprehensive Annual
Financial Report



For the Fiscal Year Ended June 30, 2008

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SOUTH CAROLINA



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Financial Report



For the Fiscal Year Ended June 30, 2008



Prepared by the Office of Finance

CITY OF CLEMSON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2008

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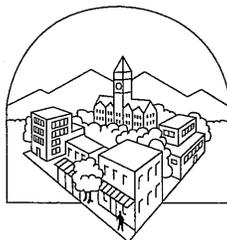
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INTRODUCTORY SECTION





LETTER OF TRANSMITTAL

December 29, 2008

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, 2008. 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 12,000 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 12,000 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.
- **Fire Suppression** – Public safety is a key focus for the City of Clemson, so through the collaborative efforts of the City and Clemson University, a new fire suppression truck was acquired. The new fire suppression asset represents a \$550,000 investment in enhancing public safety, and was a welcome addition to the existing fleet of equipment. The Seagrave Aerial Ladder Truck holds 500 gallons of water and 20 gallons of Class A foam. The truck has a 25 year warranty and its enclosed cab can accommodate up to six individuals.
- **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, 2008 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 **\$520,939** on all investments for the year ended June 30, 2008.

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, 2008, \$9,566,016 of the City's bank balance of \$10,720,016 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, 2008 amounted to \$2,383,437 of Mortgage Notes and Certificates, \$130,000 of Bank Bonds, \$100,000 of South Carolina Public Service Authority Revenue Refunding Bonds, and \$1,001,759 in the South Carolina Pooled Investment Fund. The City recognized a valuation gain on its investments of \$9,906 at June 30, 2008.

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) awards a Certificate of Achievement for Excellence in Financial Reporting for publication of a Comprehensive Annual Financial Report (CAFR). In order to be awarded a Certificate of Achievement, an entity must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. The report must satisfy 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 meets the Certificate of Achievement Program requirements. Therefore, we are submitting the report to the GFOA to determine its eligibility for a Certificate of Achievement.

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

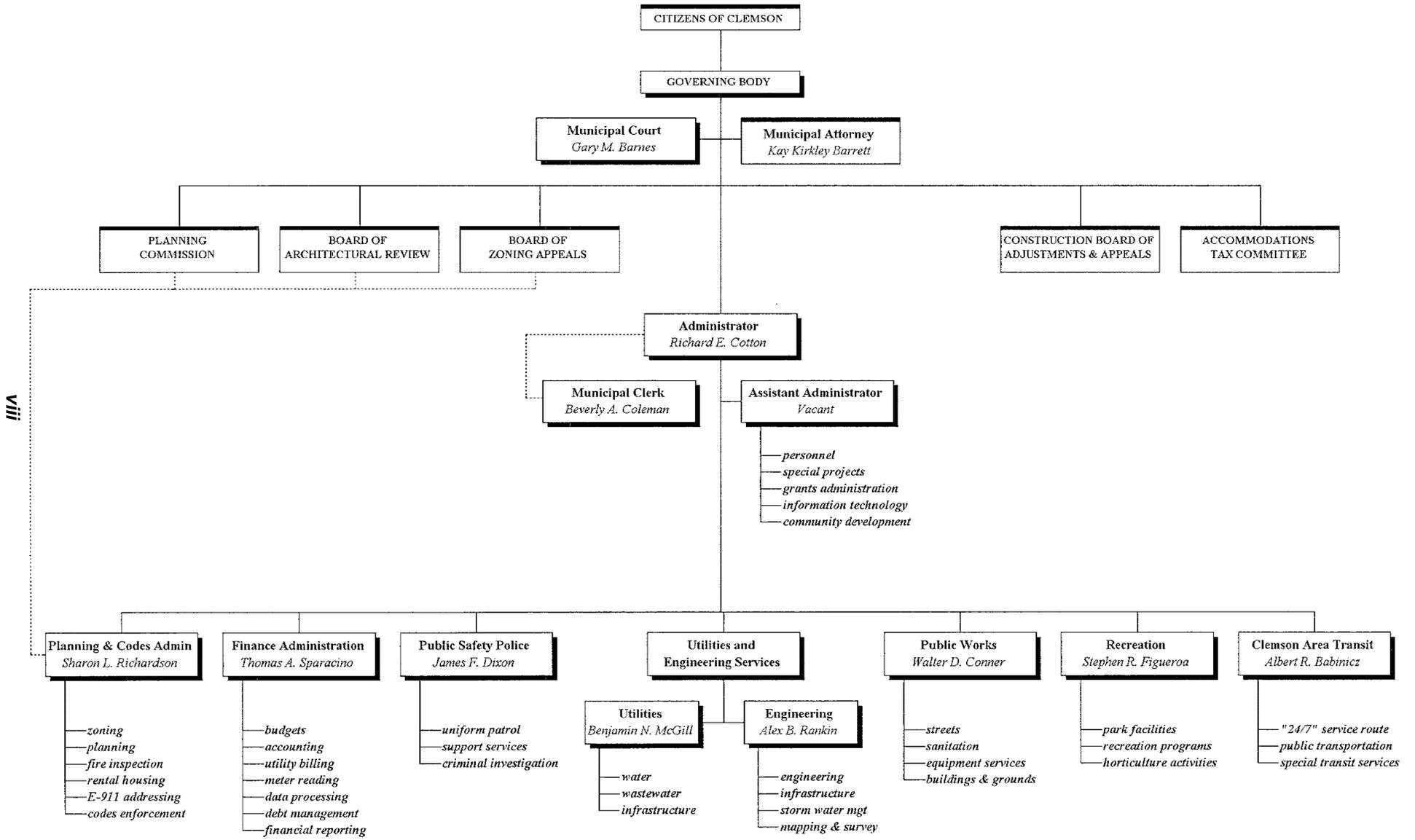
Thomas A. Sparacino

Thomas A. Sparacino
Director of Finance

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**CITY OF CLEMSON
ORGANIZATION CHART**



III

**CITY OF CLEMSON
PRINCIPAL OFFICIALS
JUNE 30, 2008**

GOVERNING BODY

Larry W. Abernathy, Mayor
Buford E. Trent, Mayor Pro-Tempore
Nancy M. Bennett
James C. Cook III
Michael T. Fowler
Elouise M. James
Margaret J. Thompson

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 - Alex B. Rankin, B.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





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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements 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, South Carolina, as of and for the year ended June 30, 2008, 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, 2008, 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 also issued our report dated December 29, 2008, 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, 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 important for assessing the results of our audit.

The **management's discussion and analysis** and **budgetary comparison** schedules on **pages 3 through 10** and **60 through 77**, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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 the 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
December 29, 2008

**CITY OF CLEMSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008**

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, 2008. 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 **\$32,867,974 (net assets)**. Of this amount, **\$9,550,204 (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 **\$1,916,425** during fiscal year 2007-08. Revenues increased \$1.7 million, while expenses increased approximately \$2.4 million.
- At the close of the current fiscal year, unreserved fund balance for the General Fund was **\$2,606,828** or 33% of total expenditures of the General Fund.
- The **Tax Increment Fund** was reported as a major governmental fund at fiscal year end. Ad valorem taxes are the main source of revenue, while expenses consist of transfers to the Debt Service Fund for repayment of two tax increment bond issues. Ad valorem taxes increased 27% to \$1.4 million from the prior year, and debt service increased 11% to \$900,000. Exceptional growth in the tax increment district accounted for the increase in tax revenues.

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 2008, the City of Clemson’s assets exceeded liabilities by **\$32,867,974**. The largest portion of the City’s net assets (68 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, 2008 and June 30, 2007. 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	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Current & Other Assets	\$ 10,427,098	\$ 11,946,017	\$ 5,726,972	\$ 5,633,626	\$ 16,154,070	\$ 17,579,643
Capital Assets	14,386,810	13,752,141	18,891,763	18,462,662	33,278,573	32,214,803
Total Assets	\$ 24,813,908	\$ 25,698,158	\$ 24,618,735	\$ 24,096,288	\$ 49,432,643	\$ 49,794,446
Long-term Liabilities	\$ 8,386,231	\$ 9,320,113	\$ 4,669,487	\$ 4,817,730	\$ 13,055,718	\$ 14,137,843
Other Liabilities	2,358,445	3,484,456	1,150,506	1,220,598	3,508,951	4,705,054
Total Liabilities	\$ 10,744,676	\$ 12,804,569	\$ 5,819,993	\$ 6,038,328	\$ 16,564,669	\$ 18,842,897
Net Assets						
Investment Capital Assets (<i>Net of Related Debt</i>)	\$ 8,291,242	\$ 6,219,941	\$ 13,973,938	\$ 13,222,737	\$ 22,265,180	\$ 19,442,678
Restricted	214,128	176,906	838,462	925,932	1,052,590	1,102,838
Unrestricted	5,563,862	6,496,742	3,986,342	3,909,291	9,550,204	10,406,033
Total Net Assets	\$ 14,069,232	\$ 12,893,589	\$ 18,798,742	\$ 18,057,960	\$ 32,867,974	\$ 30,951,549

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 \$1,175,643. Governmental activities transferred \$399,223 to business-type activities, which actually resulted in a reduction of governmental net assets. Without the transfers, governmental activities would have realized an increase in net assets of \$1,574,866. Other areas of change are as follows:

- Total revenues increased by approximately 8%, which resulted in additional revenue of \$806,000. Various revenue items contributed to the increase in governmental activities resources.
- Even though *net* program revenues increased \$345,000 as a result of additional revenues derived from charges for services and capital grants, operating grants decreased 21% to \$477,000.
- Due to increased construction within the City’s corporate limits, the City realized an increase in ad valorem taxes of \$452,000. Positive economic conditions, and the imposition of a 2% local accommodations tax, contributed to the increase of \$61,000 in sales and use taxes.
- An increase in South Carolina aid to municipalities resulted in an increase in intergovernmental revenues of \$37,000. Advanced public safety enforcement efforts provided a 12% 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, 2008 and June 30, 2007. 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	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
REVENUES						
Program Revenues						
Charges for Services	\$ 1,470,057	\$ 1,422,486	\$ 4,790,713	\$ 4,637,089	\$ 6,260,770	\$ 6,059,575
Operating Grants	476,736	601,931	3,311,138	2,891,904	3,787,874	3,493,835
Capital Grants	440,350	17,759	721,636	155,620	1,161,986	173,379
General Revenues						
Property Taxes	4,044,877	3,592,878	-	-	4,044,877	3,592,878
Sales & Use Taxes	1,206,014	1,145,051	-	-	1,206,014	1,145,051
Licenses & Permits	1,565,539	1,566,309	-	-	1,565,539	1,566,309
Intergovernmental	679,677	642,409	-	-	679,677	642,409
Fines & Forfeitures	290,255	258,122	-	-	290,255	258,122
Investment Earnings	333,429	523,332	187,510	213,814	520,939	737,146
Other	337,791	268,377	-	250,000	337,791	518,377
Total Revenues	\$ 10,844,725	\$ 10,038,654	\$ 9,010,997	\$ 8,148,427	\$ 19,855,722	\$ 18,187,081

(continued)

Summary of Changes in Net Assets *(continued)*

	Governmental Activities		Business-Type Activities		Total	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
EXPENSES						
General Government	\$ 2,216,726	\$ 2,240,616	\$ -	\$ -	\$ 2,216,726	\$ 2,240,616
Public Safety	2,857,097	2,540,899	-	-	2,857,097	2,540,899
Public Works	2,022,930	1,883,390	-	-	2,022,930	1,883,390
Culture & Recreation	1,249,955	867,994	-	-	1,249,955	867,994
Urban Redevelopment	31,082	34,016	-	-	31,082	34,016
Equipment Services	135,554	164,500	-	-	135,554	164,500
Intergovernmental	175,473	140,897	-	-	175,473	140,897
Interest	438,945	452,246	-	-	438,945	452,246
Other	142,097	153,481	-	-	142,097	153,481
Water	-	-	2,252,466	1,749,773	2,252,466	1,749,773
Wastewater	-	-	2,310,876	1,991,209	2,310,876	1,991,209
Commercial Sanitation	-	-	229,168	192,632	229,168	192,632
Clemson Area Transit	-	-	3,779,376	3,038,536	3,779,376	3,038,536
Parking Deck	-	-	97,552	92,298	97,552	92,298
Total Expenses	\$ 9,269,859	\$ 8,478,039	\$ 8,669,438	\$ 7,064,448	\$ 17,939,297	\$ 15,542,487
Change in Net Assets Before Transfers	\$ 1,574,866	\$ 1,560,615	\$ 341,559	\$ 1,083,979	\$ 1,916,425	\$ 2,644,594
Transfers	(399,223)	894,538	399,223	(894,538)	-	-
Change in Net Assets After Transfers	\$ 1,175,643	\$ 2,455,153	\$ 740,782	\$ 189,441	\$ 1,916,425	\$ 2,644,594
Net Assets, Beginning	12,893,589	10,438,436	18,057,960	17,868,519	30,951,549	28,306,955
Net Assets, Ending	<u>\$ 14,069,232</u>	<u>\$ 12,893,589</u>	<u>\$ 18,798,742</u>	<u>\$ 18,057,960</u>	<u>\$ 32,867,974</u>	<u>\$ 30,951,549</u>

Business-type Activities

The City's business-type net assets increased by **\$740,782**, or approximately 4%. The majority of the increase was attributable to a 7.5% increase in charges for services and operating grants, amounting to approximately \$573,000. Before transfers of \$399,223, business-type activities realized an increase in net assets of \$341,559. Other elements of net asset changes are as follows:

- Charges for utility and transportation services increased approximately 3.5%, to \$4,790,713.
- Unrestricted investment earnings decreased \$26,000 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 in the amount of **\$949,765**, and realized **\$2,361,373** 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 **\$9,012,316**. Approximately 77% of this total amount (\$6,951,275) 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 (\$1,441,947), (2) as a reserve for long-term receivables (\$404,966), and (3) to pay debt service (\$214,128). 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 \$2,606,828, while total fund balance reached \$2,809,873. 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 33% of total General Fund expenditures, while total fund balance represents approximately 36% of that same amount. The unreserved and undesignated fund balance decreased \$80,691 from June 30, 2007.

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 \$1,289,175 and \$1,205,880 respectively. Commercial sanitation operations ended the year with \$268,923 of unrestricted net assets, while transit operations reported \$1,088,456 of net assets that were unrestricted. Also, the City's investment in the downtown parking deck provided this proprietary fund with \$133,908 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 (\$90,500 in appropriations), compared to the total General Fund expenditures budget of \$7.6 million, and can be briefly summarized as follows:

- No additional appropriations for General Government activities.
- \$90,500 increase in funds allocated to the Streets Department in Public Works. The additional resources were used to finance a portion of the City's Sidewalks Master Plan.

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 **\$294,685** and actual expenditures were **\$193,659** 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, 2008, amounts to \$33,278,573. This investment in capital assets includes land, buildings, other improvements, equipment, and construction in progress.

Of the \$33,278,573 investment, \$14,386,810 pertained to governmental activities and \$18,891,763 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 \$135,000 of two year Lease Purchase debt to partially defray the cost of acquiring public safety capital equipment. General Fund and hospitality fee revenues are pledged to retire the debt.
- Approximately \$580,000 was expended by various departments for acquisition of capital equipment.
- Minor improvements to City buildings amounted to only \$15,600.
- Street construction and improvement costs amounted to \$671,000 in the current fiscal year.
- Approximately \$661,000 was expended for construction improvements to City parks.

Capital Assets
(net of accumulated depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Land and Buildings	\$ 5,635,545	\$ 5,751,990	\$ 2,825,579	\$ 2,872,307	\$ 8,461,124	\$ 8,624,297
Other Improvements	6,251,059	3,782,014	13,110,220	12,506,898	19,361,279	16,288,912
Equipment	1,931,730	1,923,700	2,167,403	2,962,955	4,099,133	4,886,655
Construction in Progress	568,476	2,294,437	788,561	120,502	1,357,037	2,414,939
Total Capital Assets	<u>\$ 14,386,810</u>	<u>\$ 13,752,141</u>	<u>\$ 18,891,763</u>	<u>\$ 18,462,662</u>	<u>\$ 33,278,573</u>	<u>\$ 32,214,803</u>

Debt Administration

At June 30, 2008, the City of Clemson had total bonded debt outstanding of \$1,040,000 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 \$1.5 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, 2008 is as follows:

- General Obligation Bonds \$1,040,000
- Tax Increment Bonds \$6,116,718
- Capital Lease Purchase Agreements \$2,075,430

Outstanding business-type debt at June 30, 2008 is as follows:

- Water Revenue Bonds (South Carolina Revolving Fund Loan) \$3,812,175
- Wastewater Revenue Bonds \$673,750
- Clemson Area Transit Capital Lease Purchase Agreements \$431,899

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 \$3,325,550, which is in excess of the City's outstanding general obligation debt of \$1,040,000. 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 79.50 mills actually translates to a "net ad valorem tax rate" of 58.66 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.

Request 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.

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BASIC FINANCIAL STATEMENTS



CITY OF CLEMSON
STATEMENT OF NET ASSETS
June 30, 2008

Assets	Governmental Activities	Business-type Activities	Total
Cash	\$ 9,769,476	\$ 625	\$ 9,770,101
Investments	3,534,420	-	3,534,420
Receivables (Net of Allowance):			
Property Taxes	19,912	-	19,912
Accounts	549,118	496,581	1,045,699
Interest	33,011	-	33,011
Other	67,620	232,548	300,168
Due from Other Governmental Units	663,022	124,416	787,438
Internal Balances	(4,291,481)	4,291,481	-
Inventory	82,000	43,580	125,580
Investment in Joint Venture	-	259,421	259,421
Deferred Charges	-	79,280	79,280
Restricted Cash - Revenue Bond Covenants	-	199,040	199,040
Capital Assets not Being Depreciated			
Land	1,595,400	388,507	1,983,907
Construction in Progress	568,476	788,561	1,357,037
Capital Assets net of Accumulated Depreciation			
Buildings	4,040,145	2,437,072	6,477,217
Other Improvements	6,251,059	13,110,220	19,361,279
Equipment	1,931,730	2,167,403	4,099,133
Total Assets	\$ 24,813,908	\$ 24,618,735	\$ 49,432,643
Liabilities			
Accounts Payable and Other Current Liabilities	\$ 592,840	\$ 488,946	\$ 1,081,786
Contracts Payable	114,112	25,419	139,531
Accrued Interest Payable	95,032	-	95,032
Deferred Support	1,936	-	1,936
Revenue Received in Advance	331,118	-	331,118
Liabilities Payable From Restricted Assets	-	231,647	231,647
Noncurrent Liabilities:			
Due Within One Year	1,223,407	404,494	1,627,901
Due in More Than One Year	8,386,231	4,669,487	13,055,718
Total Liabilities	\$ 10,744,676	\$ 5,819,993	\$ 16,564,669
Net Assets			
Invested in Capital Assets, Net of Related Debt	\$ 8,291,242	\$ 13,973,938	\$ 22,265,180
Restricted For:			
Debt Service	214,128	838,462	1,052,590
Unrestricted	5,563,862	3,986,342	9,550,204
Total Net Assets	\$ 14,069,232	\$ 18,798,742	\$ 32,867,974

See Notes to Financial Statements

CITY OF CLEMSON

STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2008

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	\$ 2,669,850	\$ 2,444,469	\$ -	\$ -	\$ (225,381)	\$ -	\$ (225,381)
Public Safety	2,857,097	370,450	-	-	(2,486,647)	-	(2,486,647)
Public Works	2,022,930	429,580	324,670	440,350	(828,330)	-	(828,330)
Culture and Recreation	1,249,955	81,352	152,066	-	(1,016,537)	-	(1,016,537)
Urban Redevelopment	31,082	-	-	-	(31,082)	-	(31,082)
Interest on Long-term Debt	438,945	-	-	-	(438,945)	-	(438,945)
Total Governmental Activities	\$ 9,269,859	\$ 3,325,851	\$ 476,736	\$ 440,350	\$ (5,026,922)	\$ -	\$ (5,026,922)
Business-type Activities							
Water	\$ 2,252,466	\$ 2,181,428	\$ -	\$ 591,436	\$ -	\$ 520,398	\$ 520,398
Wastewater	2,310,876	2,180,063	-	130,200	-	(613)	(613)
Sanitation	229,168	224,671	-	-	-	(4,497)	(4,497)
Transit	3,779,376	116,079	3,311,138	-	-	(352,159)	(352,159)
Parking Deck	97,552	88,472	-	-	-	(9,080)	(9,080)
Total Business-type Activities	\$ 8,669,438	\$ 4,790,713	\$ 3,311,138	\$ 721,636	\$ -	\$ 154,049	\$ 154,049
Total Primary Government	\$ 17,939,297	\$ 8,116,564	\$ 3,787,874	\$ 1,161,986	\$ (5,026,922)	\$ 154,049	\$ (4,872,873)

continued

CITY OF CLEMSON

STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2008

continued

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
General Revenues:							
	Property Taxes				\$ 4,044,877	\$ -	\$ 4,044,877
	Local Option Sales Tax				1,057,525	-	1,057,525
	Local Accommodations Tax				148,489	-	148,489
	Intergovernmental - Unrestricted				679,677	-	679,677
	Unrestricted Investment Earnings				333,429	187,510	520,939
	Other				337,791	-	337,791
	Transfers				(399,223)	399,223	-
	Total General Revenues and Transfers				\$ 6,202,565	\$ 586,733	\$ 6,789,298
	Change in Net Assets				\$ 1,175,643	\$ 740,782	\$ 1,916,425
	Net Assets, Beginning				12,893,589	18,057,960	30,951,549
	Net Assets, Ending				\$ 14,069,232	\$ 18,798,742	\$ 32,867,974

CITY OF CLEMSON
GOVERNMENTAL FUNDS
BALANCE SHEET
6/30/08

Assets	General	Tax Increment Fund	Other Governmental Funds	Total
Cash	\$ 9,769,476	\$ -	\$ -	\$ 9,769,476
Investments	3,534,420	-	-	3,534,420
Receivables (Net of Allowance)				
Property Taxes	437	19,448	27	19,912
Accounts	44,229	-	504,889	549,118
Interest	33,011	-	-	33,011
Other	67,620	-	-	67,620
Due from Other Governmental Units	605,147	4,113	53,762	663,022
Due from Other Funds	9,514	1,861,584	3,868,792	5,739,890
Inventory	-	-	82,000	82,000
Total Assets	\$ 14,063,854	\$ 1,885,145	\$ 4,509,470	\$ 20,458,469
 Liabilities and Fund Balances				
Liabilities:				
Vouchers Payable	\$ 227,595	\$ -	\$ -	\$ 227,595
Accounts Payable	296,818	-	68,546	365,364
Contracts Payable	-	-	114,112	114,112
Due to Other Funds	10,021,856	-	9,514	10,031,370
Deferred Support	376,594	-	-	376,594
Revenue Received in Advance	331,118	-	-	331,118
Total Liabilities	\$ 11,253,981	\$ -	\$ 192,172	\$ 11,446,153
 Fund Balances:				
Reserved for:				
Encumbrances	\$ 203,045	\$ 13,821	\$ 1,225,081	\$ 1,441,947
Long-Term Receivables	-	-	404,966	404,966
Debt Service	-	-	214,128	214,128
Unreserved, Designated for, Reported in:				
Tax Increment Fund	-	1,060,786	-	1,060,786
Unreserved, Undesignated, Reported in:				
General Fund	2,606,828	-	-	2,606,828
Tax Increment Fund	-	810,538	-	810,538
Special Revenue Funds	-	-	1,482,096	1,482,096
Capital Projects Funds	-	-	991,027	991,027
Total Fund Balances	\$ 2,809,873	\$ 1,885,145	\$ 4,317,298	\$ 9,012,316
Total Liabilities and Fund Balances	\$ 14,063,854	\$ 1,885,145	\$ 4,509,470	\$ 20,458,469

See Notes to Financial Statements

CITY OF CLEMSON

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
June 30, 2008**

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

<i>Total fund balances - governmental funds</i>		\$ 9,012,316
<i>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$25,657,334 and the accumulated depreciation is \$11,270,524.</i>		14,386,810
<i>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.</i>		(95,032)
<i>Certain deferred revenues in the governmental funds are reportable for governmental activities and, therefore are not included on the statement of net assets.</i>		374,776
<i>Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.</i>		
<i>Long-term liabilities at year-end consist of:</i>		
<i>Capital Leases</i>	\$ 2,075,430	
<i>Bonds Payable</i>	7,156,718	
<i>Compensated Absences</i>	377,490	
		<u>(9,609,638)</u>
<i>Net assets of governmental activities</i>		\$ <u><u>14,069,232</u></u>

See Notes to Financial Statements

CITY OF CLEMSON

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Fiscal Year Ended June 30, 2008

	General	Tax Incremental Fund	Other Governmental Funds	Total
Revenues				
Property Taxes	\$ 2,424,879	\$ 1,465,702	\$ 154,296	\$ 4,044,877
Local Option Sales Tax	996,294	-	61,231	1,057,525
Local Accomodations Tax	-	-	148,489	148,489
Hospitality Fees/Tax	-	-	878,930	878,930
License and Permits	1,565,539	-	-	1,565,539
Intergovernmental	931,324	-	149,886	1,081,210
Federal Aid	-	-	73,023	73,023
State Aid	-	-	264,000	264,000
Charges for Services	544,532	-	46,595	591,127
Fines and Forfeitures	290,255	-	-	290,255
Investment Earnings	136,472	55,712	141,245	333,429
Contributions & Donations	176,350	-	2,180	178,530
Other	279,678	1,288	47,275	328,241
Total Revenues	\$ 7,345,323	\$ 1,522,702	\$ 1,967,150	\$ 10,835,175
Expenditures				
Current Operating				
General Government	\$ 2,103,269	\$ 28,498	\$ 73,023	\$ 2,204,790
Public Safety	2,745,271	-	19,482	2,764,753
Public Works	2,007,694	-	-	2,007,694
Culture and Recreation	580,265	-	165,589	745,854
Equipment Services	140,489	-	-	140,489
Urban Redevelopment	-	-	31,082	31,082
Other	142,097	-	-	142,097
Debt Service				
Principal	97,927	-	875,993	973,920
Interest	5,789	-	430,522	436,311
Fees	-	-	1,013	1,013
Capital Outlay	-	-	1,958,847	1,958,847
Intergovernmental	-	-	175,473	175,473
Total Expenditures	\$ 7,822,801	\$ 28,498	\$ 3,731,024	\$ 11,582,323
Excess of Revenues Over (Under) Expenditures	\$ (477,478)	\$ 1,494,204	\$ (1,763,874)	\$ (747,148)
Other Financing Sources (Uses)				
Proceeds Lease Purchase	\$ 84,000	\$ -	\$ 51,000	\$ 135,000
Transfers In	425,332	89,613	1,044,646	1,559,591
Transfers Out	-	(899,253)	(336,900)	(1,236,153)
Total Other Financing Sources (Uses)	\$ 509,332	\$ (809,640)	\$ 758,746	\$ 458,438
Net Change in Fund Balances	\$ 31,854	\$ 684,564	\$ (1,005,128)	\$ (288,710)
Fund Balances, Beginning	\$ 2,778,019	\$ 1,200,581	\$ 5,322,426	\$ 9,301,026
Fund Balances, Ending	\$ 2,809,873	\$ 1,885,145	\$ 4,317,298	\$ 9,012,316

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, 2008**

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

Net change in fund balances - total governmental funds	\$	(288,710)
<i>Governmental funds report capital outlays as expenditures (\$2,666,827). However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense (\$1,294,004). This is the amount by which capital outlays exceeded depreciation in the current period.</i>		1,372,823
<i>The net effect of various miscellaneous transactions involving capital assets (sales and trade-ins).</i>		(15,496)
<i>Transfers of capital assets to proprietary funds not recorded in governmental funds</i>		(722,660)
<i>Revenues in the statement of activities that do not represent current financial resources are not reported as revenues in the funds.</i>		9,550
<i>The issuance of long-term debt (\$135,000) provides current financial resources to government funds, while the repayment of long-term debt (\$973,920) consumes the current financial resources of governmental funds. This transaction, however, has no effect on net assets.</i>		838,920
<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>		(2,634)
<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>		(16,150)
Change in net assets of governmental activities	\$	<u>1,175,643</u>

See Notes to Financial Statements

CITY OF CLEMSON

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL**

Fiscal Year Ended June 30, 2008

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$ 2,640,031	\$ 2,640,031	\$ 2,424,879	\$ (215,152)
Local Option Sales Tax	950,269	950,269	996,294	46,025
Licenses and Permits	1,481,000	1,481,000	1,565,539	84,539
Intergovernmental	963,700	963,700	931,324	(32,376)
Charges for Services	522,450	522,450	544,532	22,082
Fines and Forfeitures	285,000	285,000	290,255	5,255
Investment Earnings	87,000	87,000	136,472	49,472
Contributions and Donations	-	-	176,350	176,350
Other	121,188	121,188	279,678	158,490
Total Revenues	\$ 7,050,638	\$ 7,050,638	\$ 7,345,323	\$ 294,685
Expenditures				
Current Operating				
General Government				
Council	\$ 305,564	\$ 305,564	\$ 217,348	\$ 88,216
Municipal Court	271,972	271,972	256,665	15,307
Administration	516,969	516,969	510,233	6,736
Finance	181,771	181,771	185,003	(3,232)
Information Tech Services	114,990	114,990	115,838	(848)
Planning and Codes	569,434	569,434	549,221	20,213
Public Buildings	252,922	252,922	268,961	(16,039)
Total	\$ 2,213,622	\$ 2,213,622	\$ 2,103,269	\$ 110,353
Public Safety				
Police	\$ 2,259,912	\$ 2,259,912	\$ 2,324,876	\$ (64,964)
Fire	420,395	420,395	420,395	-
Total	\$ 2,680,307	\$ 2,680,307	\$ 2,745,271	\$ (64,964)
Public Works				
Streets	\$ 700,418	\$ 790,918	\$ 924,817	\$ (133,899)
Residential Sanitation	900,843	900,843	887,361	13,482
Administration	189,447	189,447	195,516	(6,069)
Total	\$ 1,790,708	\$ 1,881,208	\$ 2,007,694	\$ (126,486)
Culture and Recreation	\$ 583,761	\$ 583,761	\$ 580,265	\$ 3,496
Equipment Services	\$ 136,244	\$ 136,244	\$ 140,489	\$ (4,245)
Debt Service				
Principal	\$ 98,100	\$ 98,100	\$ 97,927	\$ 173
Interest	5,900	5,900	5,789	111
Total	\$ 104,000	\$ 104,000	\$ 103,716	\$ 284

continued

See Notes to Financial Statements

CITY OF CLEMSON

continued

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
Fiscal Year Ended June 30, 2008

	<i>Budgeted</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<i>Expenditures, continued</i>				
<i>Other</i>	\$ 30,000	\$ 30,000	\$ 142,097	\$ (112,097)
<i>Total Expenditures</i>	<u>\$ 7,538,642</u>	<u>\$ 7,629,142</u>	<u>\$ 7,822,801</u>	<u>\$ (193,659)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	\$ (488,004)	\$ (578,504)	\$ (477,478)	\$ 101,026
<i>Other Financing Sources</i>				
<i>Proceeds 2007 Lease Purchase</i>	\$ 78,900	\$ 78,900	\$ 84,000	\$ 5,100
<i>Transfers In</i>	374,520	374,520	425,332	50,812
<i>Total</i>	<u>\$ 453,420</u>	<u>\$ 453,420</u>	<u>\$ 509,332</u>	<u>\$ 55,912</u>
<i>Net Change in Fund Balances</i>	\$ (34,584)	\$ (125,084)	\$ 31,854	\$ 156,938
<i>Fund Balance, Beginning</i>	<u>2,778,019</u>	<u>2,778,019</u>	<u>2,778,019</u>	<u>-</u>
<i>Fund Balance, Ending</i>	<u><u>\$ 2,743,435</u></u>	<u><u>\$ 2,652,935</u></u>	<u><u>\$ 2,809,873</u></u>	<u><u>\$ 156,938</u></u>

See Notes to Financial Statements

CITY OF CLEMSON

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
June 30, 2008

Assets	<u>Water</u>	<u>Wastewater</u>	<u>Sanitation</u>	<u>Transit</u>	<u>Parking Deck</u>	<u>Total</u>
Current Assets						
Cash	\$ 300	\$ 150	\$ -	\$ 175	\$ -	\$ 625
Accounts Receivable	114,402	105,223	26,705	2,445	-	248,775
Unbilled Utility Receivables	139,964	106,037	1,806	-	-	247,807
Note Receivable-Current	14,358	-	-	-	-	14,358
Due from Other Governmental Units	-	-	-	124,416	-	124,416
Due from Other Funds	1,144,627	1,581,622	264,091	1,166,372	134,769	4,291,481
Inventory	43,580	-	-	-	-	43,580
Total Current Assets	\$ 1,457,231	\$ 1,793,032	\$ 292,602	\$ 1,293,408	\$ 134,769	\$ 4,971,042
Noncurrent Assets						
Restricted Cash - Revenue Bond Covenants	\$ 199,040	\$ -	\$ -	\$ -	\$ -	\$ 199,040
Investment in Joint Venture	-	259,421	-	-	-	259,421
Deferred Charges	77,634	1,646	-	-	-	79,280
Note Receivable	218,190	-	-	-	-	218,190
Capital Assets						
Land and Buildings	167,149	260,171	-	21,997	2,683,179	3,132,496
Other Improvements	7,088,873	13,241,003	-	22,454	-	20,352,330
Equipment	437,163	1,059,464	406,306	5,378,474	22,803	7,304,210
Accumulated Depreciation	(1,190,856)	(7,314,731)	(323,549)	(3,585,689)	(271,010)	(12,685,835)
Construction in Progress	-	788,561	-	-	-	788,561
Total Noncurrent Assets	\$ 6,997,193	\$ 8,295,535	\$ 82,757	\$ 1,837,236	\$ 2,434,972	\$ 19,647,693
Total Assets	\$ 8,454,424	\$ 10,088,567	\$ 375,359	\$ 3,130,644	\$ 2,569,741	\$ 24,618,735

continued

CITY OF CLEMSON

continued

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
June 30, 2008

	<u>Water</u>	<u>Wastewater</u>	<u>Sanitation</u>	<u>Transit</u>	<u>Parking Deck</u>	<u>Total</u>
Liabilities						
Current Liabilities						
Accounts Payable	\$ 210,550	\$ 64,187	\$ 4,793	\$ 109,293	\$ 861	\$ 389,684
Contracts Payable	6,458	18,961	-	-	-	25,419
Accrued Expenses	18,365	27,208	3,431	50,257	-	99,261
Compensated Absences	37,636	64,113	9,008	45,401	-	156,158
Revenue Bonds Payable - Current	69,641	105,000	-	-	-	174,641
Capital Leases Payable - Current	-	-	-	146,682	-	146,682
Total Current Liabilities	\$ 342,650	\$ 279,469	\$ 17,232	\$ 351,633	\$ 861	\$ 991,845
Noncurrent Liabilities						
Customer Deposits Payable	\$ 225,200	\$ -	\$ 6,447	\$ -	\$ -	\$ 231,647
Revenue Bonds Payable	3,742,534	568,750	-	-	-	4,311,284
Capital Leases Payable	-	-	-	285,217	-	285,217
Total Noncurrent Liabilities	\$ 3,967,734	\$ 568,750	\$ 6,447	\$ 285,217	\$ -	\$ 4,828,148
Total Liabilities	\$ 4,310,384	\$ 848,219	\$ 23,679	\$ 636,850	\$ 861	\$ 5,819,993
Net Assets						
Invested in Capital Assets, Net of Related Debt	\$ 2,690,153	\$ 7,360,718	\$ 82,757	\$ 1,405,338	\$ 2,434,972	\$ 13,973,938
Restricted for Debt Service	164,712	673,750	-	-	-	838,462
Unrestricted	1,289,175	1,205,880	268,923	1,088,456	133,908	3,986,342
Total Net Assets	\$ 4,144,040	\$ 9,240,348	\$ 351,680	\$ 2,493,794	\$ 2,568,880	\$ 18,798,742

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, 2008

	<u>Water</u>	<u>Wastewater</u>	<u>Sanitation</u>	<u>Transit</u>	<u>Parking Deck</u>	<u>Totals</u>
Operating Revenues						
Charges for Services	\$ 2,082,299	\$ 1,952,209	\$ 221,422	\$ 114,090	\$ 88,373	\$ 4,458,393
Impact Fees	10,119	51,613	-	-	-	61,732
Late Charges	32,800	32,972	2,606	-	-	68,378
Other	39,592	143,269	643	1,989	99	185,592
Total Operating Revenues	\$ 2,164,810	\$ 2,180,063	\$ 224,671	\$ 116,079	\$ 88,472	\$ 4,774,095
Operating Expenses						
Water Department	\$ 1,729,098	\$ -	\$ -	\$ -	\$ -	\$ 1,729,098
Wastewater Collection	-	751,428	-	-	-	751,428
Wastewater Treatment	-	1,061,536	-	-	-	1,061,536
Billing Administration	208,202	-	-	-	-	208,202
Engineering	-	95,484	-	-	-	95,484
Commercial Sanitation	-	-	191,769	-	-	191,769
Transit Operations	-	-	-	3,010,710	-	3,010,710
Parking Deck Operations	-	-	-	-	31,843	31,843
Depreciation	199,952	357,852	36,727	746,539	65,709	1,406,779
Other	15,970	11,030	672	-	-	27,672
Total Operating Expenses	\$ 2,153,222	\$ 2,277,330	\$ 229,168	\$ 3,757,249	\$ 97,552	\$ 8,514,521
Operating Income (Loss)	\$ 11,588	\$ (97,267)	\$ (4,497)	\$ (3,641,170)	\$ (9,080)	\$ (3,740,426)

continued

CITY OF CLEMSON

continued

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Fiscal Year Ended June 30, 2008

	<u>Water</u>	<u>Wastewater</u>	<u>Sanitation</u>	<u>Transit</u>	<u>Parking Deck</u>	<u>Totals</u>
Non-Operating Revenues (Expenses)						
Investment Earnings	\$ 56,093	\$ 66,748	\$ 8,892	\$ 51,615	\$ 4,162	\$ 187,510
Operating Grants	-	-	-	949,765	-	949,765
Intergovernmental	16,618	-	-	2,361,373	-	2,377,991
Debt Service - Interest	(99,244)	(33,546)	-	(22,127)	-	(154,917)
Total Non-Operating Revenues	\$ (26,533)	\$ 33,202	\$ 8,892	\$ 3,340,626	\$ 4,162	\$ 3,360,349
Income (Loss) Before Contributions and Transfers	\$ (14,945)	\$ (64,065)	\$ 4,395	\$ (300,544)	\$ (4,918)	\$ (380,077)
Capital Contributions	591,436	852,861	-	-	-	1,444,297
Transfers In	100,000	-	-	-	-	100,000
Transfers Out	(91,835)	(307,279)	(7,424)	(900)	(16,000)	(423,438)
Change in Net Assets	\$ 584,656	\$ 481,517	\$ (3,029)	\$ (301,444)	\$ (20,918)	\$ 740,782
Toal Net Assets, Beginning	3,559,384	8,758,831	354,709	2,795,238	2,589,798	18,057,960
Total Net Assets, Ending	\$ 4,144,040	\$ 9,240,348	\$ 351,680	\$ 2,493,794	\$ 2,568,880	\$ 18,798,742

CITY OF CLEMSON

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
Fiscal Year Ended June 30, 2008**

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	\$ 2,139,268	\$ 2,174,927	\$ 218,217	\$ 151,601	\$ 88,472	\$ 4,772,485
Payments to Suppliers	(1,244,595)	(1,077,859)	(65,297)	(1,530,442)	(31,728)	(3,949,921)
Payments to Employees	(597,020)	(840,601)	(123,144)	(1,446,007)	-	(3,006,772)
Net Cash Provided (Used) by Operating Activities	<u>\$ 297,653</u>	<u>\$ 256,467</u>	<u>\$ 29,776</u>	<u>\$ (2,824,848)</u>	<u>\$ 56,744</u>	<u>\$ (2,184,208)</u>
Cash Flows from Noncapital Financing Activities						
Transfer from (to) Other Funds	\$ (109,246)	\$ 33,091	\$ (38,668)	\$ (248,890)	\$ (60,906)	\$ (424,619)
Subsidies from Other Governmental Agencies	16,617	-	-	3,340,322	-	3,356,939
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ (92,629)</u>	<u>\$ 33,091</u>	<u>\$ (38,668)</u>	<u>\$ 3,091,432</u>	<u>\$ (60,906)</u>	<u>\$ 2,932,320</u>
Cash Flows from Capital and Related Financing Activities						
Proceeds from Capital Debt	\$ 144,208	\$ -	\$ -	\$ -	\$ -	\$ 144,208
Capital Contributions	591,436	852,861	-	-	-	1,444,297
Purchases of Capital Assets	(145,189)	(216,549)	-	(21,997)	-	(383,735)
Acquisition and Construction of Capital Assets	(668,965)	(852,861)	-	-	-	(1,521,826)
Principal Paid on Capital Debt	(90,602)	(105,000)	-	(270,707)	-	(466,309)
Interest Paid on Capital Debt	(99,244)	(34,757)	-	(25,495)	-	(159,496)
Proceeds from Sale of Capital Asset	14,005	-	-	-	-	14,005
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ (254,351)</u>	<u>\$ (356,306)</u>	<u>\$ -</u>	<u>\$ (318,199)</u>	<u>\$ -</u>	<u>\$ (928,856)</u>
Cash Flows from Investing Activities						
Investment Income Received	\$ 56,093	\$ 66,748	\$ 8,892	\$ 51,615	\$ 4,162	\$ 187,510
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 6,766	\$ -	\$ -	\$ -	\$ -	\$ 6,766
Cash and Cash Equivalents, Beginning	<u>192,574</u>	<u>150</u>	<u>-</u>	<u>175</u>	<u>-</u>	<u>192,899</u>
Cash and Cash Equivalents, Ending	<u>\$ 199,340</u>	<u>\$ 150</u>	<u>\$ -</u>	<u>\$ 175</u>	<u>\$ -</u>	<u>\$ 199,665</u>

continued

CITY OF CLEMSON

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
Fiscal Year Ended June 30, 2008

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)	\$ 11,588	\$ (97,267)	\$ (4,497)	\$ (3,641,170)	\$ (9,080)	\$ (3,740,426)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities						
Depreciation Expense	\$ 199,952	\$ 357,852	\$ 36,727	\$ 746,539	\$ 65,709	\$ 1,406,779
(Increase) Decrease in Accounts Receivable	(29,832)	(5,136)	(6,605)	35,521	-	(6,052)
(Increase) Decrease in Inventory	(9,430)	-	-	-	-	(9,430)
(Increase) Decrease in Investment in Joint Venture	-	(16,222)	-	-	-	(16,222)
(Increase) Decrease in Deferred Charges	2,862	259	-	-	-	3,121
Increase (Decrease) in Accounts Payable	122,748	(16,208)	2,954	7,231	115	116,840
Increase (Decrease) in Contracts Payable	(13,225)	18,961	-	(1,922)	-	3,814
Increase (Decrease) in Accrued Wages	1,840	3,202	342	12,205	-	17,589
Increase (Decrease) in Compensated Absences	6,860	11,026	704	16,748	-	35,338
Increase (Decrease) in Customer Deposits	4,290	-	151	-	-	4,441
Total Adjustments	\$ 286,065	\$ 353,734	\$ 34,273	\$ 816,322	\$ 65,824	\$ 1,556,218
Net Cash Provided (Used) by Operating Activities	\$ 297,653	\$ 256,467	\$ 29,776	\$ (2,824,848)	\$ 56,744	\$ (2,184,208)

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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 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.

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

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.

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.

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

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:

- 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.

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

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 the lower of average cost or market value and is recorded as an expense as consumed. The City purchased property for **\$82,000** to hold for resale in the Community Development Fund this year. The property is a single family residence located at 106 Red Hill Court, Clemson, South Carolina.

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.

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.

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

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.

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

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.

The City administrator is authorized to transfer budgeted amounts between departments within any fund. However, revisions that alter the total expenditures of any department or any fund must be approved by City Council. Internal budget amendment documents are prepared for budget transfers.

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

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

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

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 \$9,906 as of the balance sheet date.

The following is an analysis of investments held at June 30, 2008: Amounts are recorded at cost or fair value depending on the nature and term of the investment. Adjustments are not made to adjust original cost unless significant in amount.

<u>Investment</u>	<u>Credit Rating</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Federal Home Loan Mortgage Notes			
Due 04/15/19	AAA/Aaa	\$ 100,000	\$ 98,914
Due 04/14/23	AAA/Aaa	100,000	95,666
Due 09/24/24	Aaa	100,000	98,858
Due 02/15/25	AAA/Aaa	50,000	47,520
Due 08/15/25	Aaa	100,000	95,518
Due 05/15/26	AAA/Aaa	100,000	100,772
Due 06/15/26	AAA/Aaa	100,000	100,797
Due 07/15/26	AAA/Aaa	100,000	101,396
Due 09/15/26	AAA/Aaa	100,000	99,407
Due 04/15/27	AAA/Aaa	100,000	97,408
Due 05/15/27	AAA/Aaa	100,000	97,786
Due 06/15/27	AAA/Aaa	100,000	98,536
Due 01/15/28	AAA/Aaa	150,000	140,291
Due 01/15/28	AAA/Aaa	100,000	93,467
Due 03/15/28	AAA/Aaa	50,000	46,712

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 National Mortgage Notes</i>			
<i>Due 02/11/20</i>	<i>AAA/Aaa</i>	\$ 50,000	\$ 48,969
<i>Due 05/19/21</i>	<i>AAA/Aaa</i>	100,000	101,406
<i>Due 09/07/22</i>	<i>AAA/Aaa</i>	150,000	150,797
<i>Due 02/01/23</i>	<i>AAA/Aaa</i>	100,000	93,906
<i>Due 02/08/23</i>	<i>Aaa</i>	100,000	95,000
<i>Due 03/24/23</i>	<i>AAA/Aaa</i>	50,000	47,844
<i>Due 04/25/23</i>	<i>AAA/Aaa</i>	150,000	140,016
<i>Due 06/03/26</i>	<i>AAA/Aaa</i>	100,000	93,750
<i>Federal Home Loan Bank Bond</i>			
<i>Due 01/14/15</i>	<i>AAA/Aaa</i>	130,000	129,107
<i>GNMA II Guaranteed Pass Thru</i>			
<i>Due 06/20/28</i>	<i>N/A</i>	33,437	33,604
<i>S.C. State Public Service Auth</i>			
<i>Due 01/01/32</i>	<i>AAA/Aaa</i>	100,000	95,281
<i>Tennessee Valley Auth</i>			
<i>Due 01/15/28</i>	<i>Aaa</i>	100,000	89,933
<i>State Investment Pool</i>			
<i>Due 09/30/08</i>	<i>AAA/Aaa</i>	1,001,759	1,001,759
Totals		<u>\$ 3,615,196</u>	<u>\$ 3,534,420</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.

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, 2008, \$9,566,016 of the City’s bank balance of \$10,720,016 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.

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

3. CASH AND INVESTMENTS, continued

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 **\$3,534,420** the City has a custodial credit risk exposure of \$33,604 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

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	\$ 117,489	\$ 123,606	\$ -	\$ -	\$ -	\$ -	\$ 7,221	\$ 248,316
Accounts	44,229	-	254,366	211,260	28,511	2,445	504,889	1,045,700
Interest	33,011	-	-	-	-	-	-	33,011
Inter-governmental	605,147	4,113	-	-	-	124,416	53,762	787,438
Other	67,620	-	-	-	-	-	-	67,620
Gross Receivables	\$ 867,496	\$ 127,719	\$254,366	\$211,260	\$ 28,511	\$126,861	\$565,872	\$2,182,085
Less:								
Allowance for Uncollectibles	(117,052)	(104,158)	-	-	-	-	(7,194)	(228,404)
Net Total Receivables	<u>\$750,444</u>	<u>\$23,561</u>	<u>\$254,366</u>	<u>\$211,260</u>	<u>\$ 28,511</u>	<u>\$126,861</u>	<u>\$558,678</u>	<u>\$1,953,681</u>

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

4. PROPERTY TAXES / RECEIVABLES, continued

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, 2008 is \$419,316 of which \$404,966 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 during the prior fiscal year. 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, 2008 is \$232,548 with \$14,358 due within the next year.

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows:

<i>Governmental activities:</i>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Capital assets, not depreciated:</i>				
Land	\$ 1,595,400	\$ -	\$ -	\$ 1,595,400
Construction in Progress	<u>2,294,437</u>	<u>441,064</u>	<u>(2,167,025)</u>	<u>568,476</u>
<i>Total capital assets, not depreciated</i>	<u>\$ 3,889,837</u>	<u>\$ 441,064</u>	<u>\$ (2,167,025)</u>	<u>\$ 2,163,876</u>
<i>Capital assets, depreciated:</i>				
Other improvements	\$ 4,261,319	\$ 2,804,660	\$ -	\$ 7,065,979
Buildings	5,302,669	15,616	-	5,318,285
Infrastructure	5,078,178	267,757	-	5,345,935
Furniture and equipment	<u>5,719,637</u>	<u>582,095</u>	<u>(538,473)</u>	<u>5,763,259</u>
<i>Total capital assets depreciated</i>	<u>\$ 20,361,803</u>	<u>\$ 3,670,128</u>	<u>\$ (538,473)</u>	<u>\$ 23,493,458</u>
<i>Less accumulated depreciation for:</i>				
Other improvements	\$ (2,138,616)	\$ (300,605)	\$ -	\$ (2,439,221)
Buildings	(1,146,079)	(132,061)	-	(1,278,140)
Infrastructure	(3,418,868)	(302,766)	-	(3,721,634)
Furniture and equipment	<u>(3,795,936)</u>	<u>(558,571)</u>	<u>522,978</u>	<u>(3,831,529)</u>
<i>Total accumulated depreciation</i>	<u>\$ (10,499,499)</u>	<u>\$ (1,294,003)</u>	<u>\$ 522,978</u>	<u>\$ (11,270,524)</u>
<i>Total capital assets, depreciated, net</i>	<u>\$ 9,862,304</u>	<u>\$ 2,376,125</u>	<u>\$ (15,495)</u>	<u>\$ 12,222,934</u>
<i>Governmental activities capital assets, net</i>	<u>\$ 13,752,141</u>	<u>\$ 2,817,189</u>	<u>\$ (2,182,520)</u>	<u>\$ 14,386,810</u>

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

6. CAPITAL ASSETS, continued

<i>Business-type activities:</i>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Capital assets, not depreciated:</i>				
Land	\$ 366,510	\$ 21,997	\$ -	\$ 388,507
Construction in Progress	<u>120,502</u>	<u>734,757</u>	<u>(66,698)</u>	<u>788,561</u>
<i>Total capital assets, not depreciated</i>	<u>\$ 487,012</u>	<u>\$ 756,754</u>	<u>\$ (66,698)</u>	<u>\$ 1,177,068</u>
<i>Capital assets, depreciated:</i>				
Other improvements	\$ 7,289,370	\$ -	\$ -	\$ 7,289,370
Buildings	2,743,989	-	-	2,743,989
Infrastructure	12,002,047	1,060,914	-	13,062,961
Furniture and equipment	<u>7,236,102</u>	<u>84,914</u>	<u>(16,806)</u>	<u>7,304,210</u>
<i>Total capital assets depreciated</i>	<u>\$ 29,271,508</u>	<u>\$ 1,145,828</u>	<u>\$ (16,806)</u>	<u>\$ 30,400,530</u>
<i>Less accumulated depreciation for:</i>				
Other improvements	\$ (3,669,242)	\$ (155,331)	\$ -	\$ (3,824,573)
Buildings	(238,192)	(68,725)	-	(306,917)
Infrastructure	(3,115,278)	(302,260)	-	(3,417,538)
Furniture and equipment	<u>(4,273,146)</u>	<u>(880,463)</u>	<u>16,802</u>	<u>(5,136,807)</u>
<i>Total accumulated depreciation</i>	<u>\$ (11,295,858)</u>	<u>\$ (1,406,779)</u>	<u>\$ 16,802</u>	<u>\$(12,685,835)</u>
<i>Total capital assets, depreciated, net</i>	<u>\$ 17,975,650</u>	<u>\$ (260,951)</u>	<u>\$ (4)</u>	<u>\$ 17,714,695</u>
<i>Business-type activities capital assets, net</i>	<u>\$ 18,462,662</u>	<u>\$ 495,803</u>	<u>\$ (66,702)</u>	<u>\$ 18,891,763</u>

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

<i>Government Activities:</i>	
General Government	\$ 176,160
Public Safety	238,718
Public Works	523,148
Culture and Recreation	345,974
Equipment Services	10,003
Total Depreciation Expense-Governmental Activities	<u>\$ 1,294,003</u>
 <i>Business-type Activities:</i>	
Water	\$ 199,952
Wastewater	357,852
Sanitation	36,727
Transit	746,539
Parking Deck	65,709
Total Depreciation Expense-Business-Type Activities	<u>\$ 1,406,779</u>

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

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	\$ 1,044,922	\$ 816,308
Other Improvements	2,309,124	-
Less: Accumulated Depreciation	(257,486)	(347,877)
Carrying Value	<u>\$ 3,096,560</u>	<u>\$ 468,431</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, 2008:

<u>Fiscal Year Ending</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
06/30/2009	\$ 459,274	\$ 162,571
06/30/2010	381,526	162,571
06/30/2011	310,672	70,579
06/30/2012	310,672	70,579
06/30/2013	231,131	-
2014 – 2016	<u>693,390</u>	<u>-</u>
Total minimum lease payments	\$ 2,386,665	\$ 466,300
Less interest portion	<u>(311,235)</u>	<u>(34,401)</u>
Present value of future minimum Lease payments	<u>\$ 2,075,430</u>	<u>\$ 431,899</u>

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, 2008, are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Balance</u>	<u>Current Portion</u>
2005 Water A	2.5 %	\$ 3,271,712	\$ 60,404
2005 Water B	3.0 %	540,463	9,237
1994 Wastewater Fund	68 % of Prime*	<u>673,750</u>	<u>105,000</u>
Total		<u>\$ 4,485,925</u>	<u>\$ 174,641</u>

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

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

8. LONG-TERM DEBT, continued

Annual debt service requirements to maturity for revenue bonds including interest of \$1,727,122 are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 174,641	\$ 119,982	\$ 294,623
2010	199,957	134,357	334,314
2011	202,419	124,022	326,441
2012	204,943	113,622	318,565
2013	207,534	103,157	310,691
2014-2018	702,701	405,755	1,108,456
2019-2023	629,621	321,719	951,340
2024-2028	715,679	235,661	951,340
2029-2033	813,561	137,778	951,339
2034-2038	634,869	31,069	665,938
Totals	\$ 4,485,925	\$ 1,727,122	\$ 6,213,047

Water and Wastewater System Revenue Bond Ordinances requires the following reserve on the Water and Wastewater Funds retained earnings at June 30, 2008:

	<u>Water</u>	<u>Wastewater</u>
Reserve for future principal and interest payments (1)	\$ -	\$ 158,191
Reserve for operations and maintenance	151,946	191,303
Reserve for depreciation	11,766	516,586
Reserve for contingency	1,000	500
Less adjustment to bond balance	-	(192,830)
Total	\$ 164,712	\$ 673,750

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

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, 2008 are as follows:

<u>Purpose</u>	<u>Bond Proceeds</u>	<u>Interest Rate</u>	<u>Balance 6/30/08</u>
Law Enforcement Facility	\$ 750,000	6.104% Avg.	\$ 425,000
Central Recreation Facility	700,000	5.330 %	270,000
Capital Projects / Land	455,000	4.970 %	345,000
Various Capital Projects	5,000,000	4.810 %	3,575,000
Various Capital Projects	3,000,000	3.790 %	2,541,718
Totals	\$ 9,905,000		\$ 7,156,718

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

8. LONG-TERM DEBT, continued

Annual debt service requirements to maturity for general obligation bonds including interest of \$1,696,750 are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 667,249	\$ 323,158	\$ 990,407
2010	706,430	292,682	999,112
2011	740,959	260,298	1,001,257
2012	815,849	225,251	1,041,100
2013	751,115	190,305	941,420
2014-2018	<u>3,475,116</u>	<u>405,056</u>	<u>3,880,172</u>
Totals	<u>\$ 7,156,718</u>	<u>\$ 1,696,750</u>	<u>\$ 8,853,468</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, 2008, was as follows:

	<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	\$ 7,800,120	\$ -	\$ (643,402)	\$ 7,156,718	\$ 667,249
Capital Leases	2,270,829	135,000	(330,399)	2,075,430	382,518
Compensated Absences	<u>361,340</u>	<u>211,332</u>	<u>(195,182)</u>	<u>377,490</u>	<u>173,640</u>
Governmental Activity Long-Term Liabilities	<u>\$10,432,289</u>	<u>\$ 346,332</u>	<u>\$(1,168,983)</u>	<u>\$ 9,609,638</u>	<u>\$1,223,407</u>
<i>Business-Type Activities:</i>					
Revenue Bonds	\$ 4,537,319	\$ 144,208	\$(195,602)	\$ 4,485,925	\$ 174,641
Capital Leases	702,606	-	(270,707)	431,899	146,682
Compensated Absences	<u>120,821</u>	<u>110,537</u>	<u>(75,201)</u>	<u>156,157</u>	<u>83,171</u>
Business-Type Activity Long-Term Liabilities	<u>\$ 5,360,746</u>	<u>\$ 254,745</u>	<u>\$(541,510)</u>	<u>\$ 5,073,981</u>	<u>\$ 404,494</u>

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2008 is as follows:

Due to/from funds:

Receivable Fund	Payable Fund	Amount
Water	General	\$ 1,144,627
Wastewater	General	1,581,622
Sanitation	General	264,091
Transit	General	1,166,372
Parking Deck	General	134,769
Tax Increment Fund	General	1,861,584
General	Nonmajor Governmental Funds	9,514
Nonmajor Governmental Funds	General	3,868,792
Total		<u>\$10,031,371</u>

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

Interfund transfers are as follows:

Governmental Funds	Transfers In	Transfers Out	Net Transfers
<i>General Fund:</i>			
Nonmajor Governmental	\$ 143,294	\$ -	
Water	91,835	-	
Wastewater	165,879	-	
Sanitation	7,424	-	
Transit	900	-	
Parking Deck	16,000	-	
Total General Fund	<u>\$ 425,332</u>	<u>\$ -</u>	
<i>Tax Increment Fund:</i>			
Nonmajor Governmental	\$ 89,613	\$ 814,253	
Water	-	85,000	
Total Tax Increment Fund	<u>\$ 89,613</u>	<u>\$ 899,253</u>	
<i>Nonmajor Governmental:</i>			
General Fund	\$ -	\$ 143,294	
Tax Increment Fund	814,253	89,613	
Water	-	15,000	
Wastewater	141,400	-	
Nonmajor Governmental	88,993	88,993	
Total Nonmajor Governmental	<u>\$ 1,044,646</u>	<u>\$ 336,900</u>	
Total Governmental Fund Transfers	<u>\$ 1,559,591</u>	<u>\$ 1,236,153</u>	<u>\$ 323,438</u>
<i>Proprietary Funds</i>			
<i>Water:</i>			
General Fund	\$ -	\$ 91,835	
Tax Increment Fund	85,000	-	
Nonmajor Governmental	15,000	-	
Total Water	<u>\$ 100,000</u>	<u>\$ 91,835</u>	

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS, continued

<u>Proprietary Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
<i>Wastewater:</i>			
General Fund	\$ -	\$ 165,879	
Nonmajor Governmental	-	141,400	
Total Wastewater	<u>\$ -</u>	<u>\$ 307,279</u>	
<i>Sanitation:</i>			
General Fund	<u>\$ -</u>	<u>\$ 7,424</u>	
<i>Transit:</i>			
General Fund	<u>\$ -</u>	<u>\$ 900</u>	
<i>Parking Deck:</i>			
General Fund	<u>\$ -</u>	<u>\$ 16,000</u>	
Total Proprietary Fund Transfers	<u>\$ 100,000</u>	<u>\$ 423,438</u>	<u>\$ (323,438)</u>

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 several ongoing construction projects as of June 30, 2008. The projects include street improvements on Highway 123/SC133, landscaping on Highway 123, and building of the East Clemson Wastewater System. The City's commitments with contractors at year-end are as follows:

<u>Project:</u>	<u>Spent to Date</u>	<u>Commitments at 6-30-08</u>
Highway 123/SC133 Connector	\$ 450,400	\$ 123,600
Highway 123 Streetscape	538,307	910,616
East Clemson Wastewater	<u>722,661</u>	<u>218,086</u>
 Total	 <u>\$ 1,711,368</u>	 <u>\$ 1,252,302</u>

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

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 for one year by the parties on May 22, 2008.

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 \$420,395 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	2008	\$ 470,000
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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

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

12. EMPLOYEES RETIREMENT SYSTEMS, continued

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

South Carolina Retirement System	9.06 % of salary
Police Officers Retirement System	
Class II	10.3 % 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:

Year Ending	South Carolina Retirement System		Police Officers Retirement System	
	Required Contribution	Percentage Contributed	Required Contribution	Percentage Contributed
06/30/08	\$ 395,491	100 %	\$ 142,589	100 %
06/30/07	324,939	100 %	136,720	100 %
06/30/06	283,851	100 %	122,539	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.

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

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		
Finance	\$ 181,771	\$ 185,003
Information Tech Services	114,990	115,838
Public Buildings	252,922	268,961
Public Safety		
Police	2,259,912	2,324,876
Public Works		
Streets	790,918	924,817
Administration	189,447	195,516
Equipment Services	136,244	140,489
Other	30,000	142,097
<hr/>		
Nonmajor Governmental Funds	Appropriations	Expenditures
Current Operating		
Culture and Recreation	\$ -	\$ 839
Tourism		
Tourism Related	42,000	43,515

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:

- 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.

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

14. JOINT VENTURE, continued

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, 2008 the Wastewater Fund had total assets of \$10,088,567 and total liabilities of \$848,219.

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, 2008 and included renewable one-year extensions. The parties exercised the option to extend the contract for one year to June 30, 2009.

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

<i>Total Assets</i>	<i>\$ 372,882</i>
<i>Total Liabilities</i>	<i>16,053</i>
<i>Total Equity</i>	<i>356,829</i>
<i>Total Operating Revenues</i>	<i>515,331</i>
<i>Total Operating Expenses</i>	<i>473,550</i>
<i>Net Income (Loss)</i>	<i>41,781</i>
<i>Outstanding Debt</i>	<i>-</i>

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

14. JOINT VENTURE, continued

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 \$259,421, which includes \$2,579 of amortization of the difference of the cost of the investment and the value of the underlying assets and \$18,801 of current year net income as follows:

Carrying Value, 6/30/07	\$ 243,199	
Current year income (loss)	18,801	
	\$ 262,000	\$ 262,000
Net value of underlying assets	(158,823)	
Difference	\$ 103,177	
Amortization - SL over 40 years		(2,579)
Carrying Value, 6/30/08		\$ 259,421

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

	<i>% Costs to Each Municipality</i>	
	<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%

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

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

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 \$1,057,525 during the current year.

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 \$439,465 of hospitality fees and \$439,465 of hospitality taxes.

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

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 \$1,465,702 in TIF designated property taxes. Also during the current year \$899,253 was transferred to various capital projects.

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
Undesignated Capital Project	650,000	650,000
	<hr/>	<hr/>
Total	\$ 8,000,000	\$ 8,000,000
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CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

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. SUBSEQUENT EVENT

Clemson University reduced transit services provided by the City by \$ 550,000 for the year ending June 30, 2009. The budget will be adjusted to accommodate this change in funding.

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COMBINING AND
INDIVIDUAL FUND
STATEMENTS AND SCHEDULES



CITY OF CLEMSON

**TAX INCREMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
Fiscal Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property Taxes	\$ 1,100,000	\$ 1,465,702	\$ 365,702
Other Revenues	-	1,288	1,288
Investment Earnings	<u>30,000</u>	<u>55,712</u>	<u>25,712</u>
Total Revenues	\$ 1,130,000	\$ 1,522,702	\$ 392,702
Expenditures			
Current Operating			
General Government	<u>50,000</u>	<u>28,498</u>	<u>21,502</u>
Excess of Revenues Over (Under) Expenditures	\$ 1,080,000	\$ 1,494,204	\$ 414,204
Other Financing Sources (Uses)			
Transfer In	\$ -	\$ 89,613	\$ 89,613
Transfer Out	<u>(814,486)</u>	<u>(899,253)</u>	<u>(84,767)</u>
Total Other Financing Sources (Uses)	\$ (814,486)	\$ (809,640)	\$ 4,846
Net Change in Fund Balance	\$ 265,514	\$ 684,564	\$ 419,050
Fund Balance, Beginning	<u>1,200,581</u>	<u>1,200,581</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 1,466,095</u></u>	<u><u>\$ 1,885,145</u></u>	<u><u>\$ 419,050</u></u>

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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, 2008**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
Assets				
Receivables (Net of Allowance)				
Property Taxes	\$ 3	\$ -	\$ 24	\$ 27
Accounts	504,889	-	-	504,889
Due from Other Governmental Units	34,297	17,991	1,474	53,762
Due from Other Funds	1,399,087	2,249,879	219,826	3,868,792
Inventory	82,000	-	-	82,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	\$ 2,020,276	\$ 2,267,870	\$ 221,324	\$ 4,509,470
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 36,214	\$ 25,136	\$ 7,196	\$ 68,546
Contracts Payable	-	114,112	-	114,112
Due to Other Funds	-	9,514	-	9,514
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	\$ 36,214	\$ 148,762	\$ 7,196	\$ 192,172
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances				
Reserved for Encumbrances	\$ 97,000	\$ 1,128,081	\$ -	\$ 1,225,081
Reserved for Debt Service	-	-	214,128	214,128
Reserved for Long - Term Receivables	404,966	-	-	404,966
Unreserved	1,482,096	991,027	-	2,473,123
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	\$ 1,984,062	\$ 2,119,108	\$ 214,128	\$ 4,317,298
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	\$ 2,020,276	\$ 2,267,870	\$ 221,324	\$ 4,509,470
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CITY OF CLEMSON

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 Fiscal Year Ended June 30, 2008

	Special Revenue	Capital Projects	Debt Service	Total
Revenues				
Property Taxes	\$ 15,987	\$ -	\$ 138,309	\$ 154,296
Local Option Sales Tax	6,557	-	54,674	61,231
Local Accomodations Tax	148,489	-	-	148,489
Hospitality Fees/Tax	878,930	-	-	878,930
Intergovernmental	86,902	62,984	-	149,886
Federal Aid	-	73,023	-	73,023
State Aid	-	264,000	-	264,000
Charges for Services	46,595	-	-	46,595
Investment Earnings	61,902	72,568	6,775	141,245
Contributions & Donations	-	2,180	-	2,180
Other	10,025	37,182	68	47,275
Total Revenues	\$ 1,255,387	\$ 511,937	\$ 199,826	\$ 1,967,150
Expenditures				
Current Operating				
General Government	\$ -	\$ 73,023	\$ -	\$ 73,023
Public Safety	19,482	-	-	19,482
Urban Redevelopment	31,082	-	-	31,082
Culture and Recreation	134,953	30,636	-	165,589
Debt Service				
Principal	232,472	-	643,521	875,993
Interest	78,199	-	352,323	430,522
Fees	-	-	1,013	1,013
Capital Outlay	162,443	1,796,404	-	1,958,847
Intergovernmental				
Tourism - Promotion	35,000	-	-	35,000
Tourism - Tourism Related	140,473	-	-	140,473
Total Expenditures	\$ 834,104	\$ 1,900,063	\$ 996,857	\$ 3,731,024
Excess of Revenues Over (Under) Expenditures	\$ 421,283	\$ (1,388,126)	\$ (797,031)	\$ (1,763,874)
Other Financing Sources (Uses)				
Proceeds 2006 B Lease Purchase	\$ 51,000	\$ -	\$ -	\$ 51,000
Transfers In	32,000	178,393	834,253	1,044,646
Transfers Out	(192,486)	(144,414)	-	(336,900)
Total Other Financing Sources (Uses)	\$ (109,486)	\$ 33,979	\$ 834,253	\$ 758,746
Net Change in Fund Balances	\$ 311,797	\$ (1,354,147)	\$ 37,222	\$ (1,005,128)
Fund Balances, Beginning	\$ 1,672,265	\$ 3,473,255	\$ 176,906	\$ 5,322,426
Fund Balances, Ending	\$ 1,984,062	\$ 2,119,108	\$ 214,128	\$ 4,317,298

CITY OF CLEMSON

NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 June 30, 2008

	<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 6/30/08</u>
Assets								
Receivables (Net of Allowance)								
Property Taxes	\$ -	\$ -	\$ -	\$ 3	\$ -	\$ -	\$ -	\$ 3
Accounts	421,107	2,660	-	-	33,489	33,489	14,144	504,889
Due from Other Governmental Units	-	-	34,120	177	-	-	-	34,297
Due from Other Funds	49,546	91,958	41,829	14,950	276,937	655,947	267,920	1,399,087
Inventory	82,000	-	-	-	-	-	-	82,000
Total Assets	\$ 552,653	\$ 94,618	\$ 75,949	\$ 15,130	\$ 310,426	\$ 689,436	\$ 282,064	\$ 2,020,276
Liabilities and Fund Balances								
Liabilities								
Accounts and Vouchers Payable	\$ -	\$ -	\$ -	\$ -	\$ 3,251	\$ 32,407	\$ 556	\$ 36,214
Fund Balances								
Reserved for Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 97,000	\$ -	\$ 97,000
Reserved for Long-Term Receivables	404,966	-	-	-	-	-	-	404,966
Unreserved	147,687	94,618	75,949	15,130	307,175	560,029	281,508	1,482,096
Total Fund Balances	\$ 552,653	\$ 94,618	\$ 75,949	\$ 15,130	\$ 307,175	\$ 657,029	\$ 281,508	\$ 1,984,062
Total Liabilities and Fund Balances	\$ 552,653	\$ 94,618	\$ 75,949	\$ 15,130	\$ 310,426	\$ 689,436	\$ 282,064	\$ 2,020,276

CITY OF CLEMSON

NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES
 Fiscal Year Ended June 30, 2008

	Community Development Funds	Emergency Phone System	Tourism Fund	Park Land Fund	Hospitality Fee Fund	Hospitality Tax Fund	Local Accom Tax Fund	Total 6/30/08
Revenues								
Property Taxes	\$ -	\$ -	\$ -	\$ 15,987	\$ -	\$ -	\$ -	\$ 15,987
Local Option Sales Tax	-	-	-	6,557	-	-	-	6,557
Local Accommodations Tax	-	-	-	-	-	-	148,489	148,489
Hospitality Fees/Tax	-	-	-	-	439,465	439,465	-	878,930
Intergovernmental	-	-	86,902	-	-	-	-	86,902
Other Revenues	996	99	17	14	297	8,404	198	10,025
Charges for Services	-	46,595	-	-	-	-	-	46,595
Investment Earnings	15,449	2,669	723	623	13,311	20,972	8,155	61,902
Total Revenues	\$ 16,445	\$ 49,363	\$ 87,642	\$ 23,181	\$ 453,073	\$ 468,841	\$ 156,842	\$ 1,255,387
Expenditures								
Current Operating								
Public Safety	\$ -	\$ 18,521	\$ -	\$ -	\$ 961	\$ -	\$ -	\$ 19,482
Urban Redevelopment	31,082	-	-	-	-	-	-	31,082
Culture and Recreation	-	-	-	-	134,114	839	-	134,953
Other	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	98,494	63,949	-	162,443
Intergovernmental								
Tourism - Promotion	-	-	35,000	-	-	-	-	35,000
Tourism - Tourism Related	-	-	75,000	-	5,200	38,315	21,958	140,473
Debt Service								
Principal	-	-	-	-	65,661	166,811	-	232,472
Interest	-	-	-	-	13,880	64,319	-	78,199
Total Expenditures	\$ 31,082	\$ 18,521	\$ 110,000	\$ -	\$ 318,310	\$ 334,233	\$ 21,958	\$ 834,104
Excess of Revenues Over (Under) Expenditures	\$ (14,637)	\$ 30,842	\$ (22,358)	\$ 23,181	\$ 134,763	\$ 134,608	\$ 134,884	\$ 421,283
Other Financing Sources (Uses)								
Proceeds 2006 B Lease Purchase	\$ -	\$ -	\$ -	\$ -	\$ 51,000	\$ -	\$ -	\$ 51,000
Transfers In	-	-	-	-	-	32,000	-	32,000
Transfers Out	-	-	-	(20,000)	(92,500)	(47,986)	(32,000)	(192,486)
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ (20,000)	\$ (41,500)	\$ (15,986)	\$ (32,000)	\$ (109,486)
Net Change in Fund Balances	\$ (14,637)	\$ 30,842	\$ (22,358)	\$ 3,181	\$ 93,263	\$ 118,622	\$ 102,884	\$ 311,797
Fund Balances, Beginning	567,290	63,776	98,307	11,949	213,912	538,407	178,624	1,672,265
Fund Balances, Ending	\$ 552,653	\$ 94,618	\$ 75,949	\$ 15,130	\$ 307,175	\$ 657,029	\$ 281,508	\$ 1,984,062

CITY OF CLEMSON
COMMUNITY DEVELOPMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
Fiscal Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Other Revenues	\$ 3,000	\$ 996	\$ (2,004)
Investment Earnings	<u>14,000</u>	<u>15,449</u>	<u>1,449</u>
Total Revenues	<u>\$ 17,000</u>	<u>\$ 16,445</u>	<u>\$ (555)</u>
Expenditures			
Current Operating			
Urban Redevelopment			
Rehabilitation	<u>\$ 52,700</u>	<u>\$ 31,082</u>	<u>\$ 21,618</u>
Excess of Revenues Over			
(Under) Expenditures	\$ (35,700)	\$ (14,637)	\$ 21,063
Fund Balance, Beginning	<u>567,290</u>	<u>567,290</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 531,590</u></u>	<u><u>\$ 552,653</u></u>	<u><u>\$ 21,063</u></u>

CITY OF CLEMSON

EMERGENCY PHONE SYSTEM

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET TO ACTUAL

Fiscal Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Charges for Services	\$ 50,000	\$ 46,595	\$ (3,405)
Other Revenues	-	99	99
Investment Earnings	2,000	2,669	669
	<u>52,000</u>	<u>49,363</u>	<u>(2,637)</u>
Total Revenues	\$ 52,000	\$ 49,363	\$ (2,637)
Expenditures			
Current Operating			
Public Safety	\$ 30,000	\$ 18,521	\$ 11,479
	<u>30,000</u>	<u>18,521</u>	<u>11,479</u>
Excess of Revenues Over (Under) Expenditures	\$ 22,000	\$ 30,842	\$ 8,842
Fund Balance, Beginning	63,776	63,776	-
	<u>63,776</u>	<u>63,776</u>	<u>-</u>
Fund Balance, Ending	\$ 85,776	\$ 94,618	\$ 8,842
	<u>85,776</u>	<u>94,618</u>	<u>8,842</u>

CITY OF CLEMSON

TOURISM FUND

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

Fiscal Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
<i>Intergovernmental</i>	\$ 100,500	\$ 86,902	\$ (13,598)
<i>Other Revenues</i>	-	17	17
<i>Investment Earnings</i>	1,000	723	(277)
	<u>1,000</u>	<u>723</u>	<u>(277)</u>
Total Revenues	\$ 101,500	\$ 87,642	\$ (13,858)
Expenditures			
<i>Intergovernmental</i>			
<i>Tourism - Promotion</i>	\$ 36,000	\$ 35,000	\$ 1,000
<i>Tourism - Tourism Related</i>	75,000	75,000	-
	<u>75,000</u>	<u>75,000</u>	<u>-</u>
Total Expenditures	\$ 111,000	\$ 110,000	\$ 1,000
Excess of Revenues Over (Under) Expenditures	\$ (9,500)	\$ (22,358)	\$ (12,858)
Fund Balance, Beginning	<u>98,307</u>	<u>98,307</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 88,807</u></u>	<u><u>\$ 75,949</u></u>	<u><u>\$ (12,858)</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, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property Taxes	\$ 17,271	\$ 15,987	\$ (1,284)
Local Option Sales Tax	6,217	6,557	340
Other Revenues	-	14	14
Investment Earnings	<u>375</u>	<u>623</u>	<u>248</u>
 Total Revenues	 <u>\$ 23,863</u>	 <u>\$ 23,181</u>	 <u>\$ (682)</u>
 Excess of Revenues Over (Under) Expenditures	 <u>\$ 23,863</u>	 <u>\$ 23,181</u>	 <u>\$ (682)</u>
 Other Financing Uses			
Transfer Out	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
 Net Change in Fund Balance	 <u>\$ 3,863</u>	 <u>\$ 3,181</u>	 <u>\$ (682)</u>
 Fund Balance, Beginning	 <u>11,949</u>	 <u>11,949</u>	 <u>-</u>
 Fund Balance, Ending	 <u><u>\$ 15,812</u></u>	 <u><u>\$ 15,130</u></u>	 <u><u>\$ (682)</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, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
<i>Hospitality Fees</i>	\$ 390,000	\$ 439,465	\$ 49,465
<i>Other Revenues</i>	-	297	297
<i>Investment Earnings</i>	<u>12,000</u>	<u>13,311</u>	<u>1,311</u>
Total Revenues	\$ 402,000	\$ 453,073	\$ 51,073
Expenditures			
<i>Current Operating</i>			
<i>Culture and Recreation</i>	\$ 153,909	\$ 134,114	\$ 19,795
<i>Public Safety</i>	1,000	961	39
<i>Capital Outlay</i>	105,200	98,494	6,706
<i>Tourism - Tourism Related</i>	5,000	5,200	(200)
<i>Debt Service</i>			
<i>Principal</i>	65,700	65,661	39
<i>Interest</i>	<u>13,900</u>	<u>13,880</u>	<u>20</u>
Total Expenditures	\$ 344,709	\$ 318,310	\$ 26,399
Excess of Revenues Over (Under) Expenditures	\$ 57,291	\$ 134,763	\$ 77,472
Other Financing Sources (Uses)			
<i>Proceeds 2006 B Lease Purchase</i>	\$ 49,700	\$ 51,000	\$ 1,300
<i>Transfer Out</i>	<u>(92,500)</u>	<u>(92,500)</u>	<u>-</u>
Total Other Financing Sources (Uses)	\$ (42,800)	\$ (41,500)	\$ 1,300
Net Change in Fund Balance	\$ 14,491	\$ 93,263	\$ 77,472
Fund Balance, Beginning	<u>213,912</u>	<u>213,912</u>	<u>-</u>
Fund Balance, Ending	\$ 228,403	\$ 307,175	\$ 77,472

CITY OF CLEMSON

**HOSPITALITY TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
Fiscal Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
<i>Hospitality Tax</i>	\$ 390,000	\$ 439,465	\$ 49,465
<i>Other Revenues</i>	-	8,404	8,404
<i>Investment Earnings</i>	<u>15,000</u>	<u>20,972</u>	<u>5,972</u>
 Total Revenues	 <u>\$ 405,000</u>	 <u>\$ 468,841</u>	 <u>\$ 63,841</u>
 Expenditures			
<i>Current Operating</i>			
<i>Culture and Recreation</i>	\$ -	\$ 839	\$ (839)
<i>Capital Outlay</i>	220,000	63,949	156,051
<i>Tourism - Tourism Related</i>	37,000	38,315	(1,315)
<i>Debt Service</i>			
<i>Principal</i>	167,000	166,811	189
<i>Interest</i>	<u>64,350</u>	<u>64,319</u>	<u>31</u>
 Total Expenditures	 <u>\$ 488,350</u>	 <u>\$ 334,233</u>	 <u>\$ 154,117</u>
 Excess of Revenues Over (Under) Expenditures	 <u>\$ (83,350)</u>	 <u>\$ 134,608</u>	 <u>\$ 217,958</u>
 Other Financing Sources (Uses)			
<i>Transfers In</i>	\$ 17,000	\$ 32,000	\$ 15,000
<i>Transfers Out</i>	<u>-</u>	<u>(47,986)</u>	<u>(47,986)</u>
 Total Other Financing Sources (Uses)	 <u>\$ 17,000</u>	 <u>\$ (15,986)</u>	 <u>\$ (32,986)</u>
 Net Change in Fund Balance	 <u>\$ (66,350)</u>	 <u>\$ 118,622</u>	 <u>\$ 184,972</u>
 Fund Balance, Beginning	 <u>538,407</u>	 <u>538,407</u>	 <u>-</u>
 Fund Balance, Ending	 <u><u>\$ 472,057</u></u>	 <u><u>\$ 657,029</u></u>	 <u><u>\$ 184,972</u></u>

CITY OF CLEMSON

**LOCAL ACCOMMODATIONS TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
Fiscal Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Local Accommodations Tax	\$ 145,000	\$ 148,489	\$ 3,489
Other Revenues	-	198	198
Investment Earnings	<u>2,500</u>	<u>8,155</u>	<u>5,655</u>
Total Revenues	<u>\$ 147,500</u>	<u>\$ 156,842</u>	<u>\$ 9,342</u>
Expenditures			
Intergovernmental			
Tourism - Tourism Related	<u>\$ 25,000</u>	<u>\$ 21,958</u>	<u>\$ 3,042</u>
Excess of Revenues Over (Under) Expenditures	\$ 122,500	\$ 134,884	\$ 12,384
Other Financing Uses			
Transfer Out	<u>(32,000)</u>	<u>(32,000)</u>	<u>-</u>
Net Change in Fund Balance	\$ 90,500	\$ 102,884	\$ 12,384
Fund Balance, Beginning	<u>178,624</u>	<u>178,624</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 269,124</u></u>	<u><u>\$ 281,508</u></u>	<u><u>\$ 12,384</u></u>

CITY OF CLEMSON

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 2008

Assets	Nettles Park	US 123/ SC 133 Connector	Hwy 123 Streetscape	East Clemson Wastewater Collection	Morrison School Annex	Undesignated Capital Project	Total 6/30/08
<i>Due from Other Governmental Units</i>	\$ -	\$ 17,991	\$ -	\$ -	\$ -	\$ -	\$ 17,991
<i>Due from Other Funds</i>	<u>13,526</u>	<u>-</u>	<u>1,046,006</u>	<u>524,350</u>	<u>11,610</u>	<u>654,387</u>	<u>2,249,879</u>
Total Assets	<u>\$ 13,526</u>	<u>\$ 17,991</u>	<u>\$ 1,046,006</u>	<u>\$ 524,350</u>	<u>\$ 11,610</u>	<u>\$ 654,387</u>	<u>\$ 2,267,870</u>
 Liabilities and Fund Balance							
Liabilities							
<i>Accounts Payable</i>	\$ 13,526	\$ -	\$ -	\$ -	\$ 11,610	\$ -	\$ 25,136
<i>Contracts Payable</i>	-	5,870	108,242	-	-	-	114,112
<i>Due to Other Funds</i>	<u>-</u>	<u>9,514</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,514</u>
Total Liabilities	<u>\$ 13,526</u>	<u>\$ 15,384</u>	<u>\$ 108,242</u>	<u>\$ -</u>	<u>\$ 11,610</u>	<u>\$ -</u>	<u>\$ 148,762</u>
Fund Balance:							
<i>Reserved for Encumbrances</i>	\$ -	\$ 2,607	\$ 757,175	\$ 368,299	\$ -	\$ -	\$ 1,128,081
<i>Unreserved</i>	<u>-</u>	<u>-</u>	<u>180,589</u>	<u>156,051</u>	<u>-</u>	<u>654,387</u>	<u>991,027</u>
Total Fund Balance	<u>\$ -</u>	<u>\$ 2,607</u>	<u>\$ 937,764</u>	<u>\$ 524,350</u>	<u>\$ -</u>	<u>\$ 654,387</u>	<u>\$ 2,119,108</u>
Total Liabilities and Fund Balance	<u>\$ 13,526</u>	<u>\$ 17,991</u>	<u>\$ 1,046,006</u>	<u>\$ 524,350</u>	<u>\$ 11,610</u>	<u>\$ 654,387</u>	<u>\$ 2,267,870</u>

CITY OF CLEMSON
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
Fiscal Year Ended June 30, 2008

	Nettles Park	US 123/ SC 133 Connector	Hwy 123 Streetscape	Hwy 93 Gateway Park	East Clemson Wastewater Collection	Catherine Smith Plaza	Morrison School Annex	Undesignated Capital Project	Totals 6/30/08
Revenues									
Federal Aid	\$ -	\$ 73,023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 73,023
State Aid	-	-	-	-	264,000	-	-	-	264,000
Other	37,182	-	-	-	-	-	-	-	37,182
Intergovernmental	62,984	-	-	-	-	-	-	-	62,984
Investment Earnings	12,484	-	19,720	-	25,487	-	-	14,877	72,568
Contributions & Donations	-	-	-	-	-	2,180	-	-	2,180
Total Revenues	\$ 112,650	\$ 73,023	\$ 19,720	\$ -	\$ 289,487	\$ 2,180	\$ -	\$ 14,877	\$ 511,937
Expenditures									
General Government									
Other Services	\$ -	\$ 73,023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 73,023
Culture and Recreation	30,636	-	-	-	-	-	-	-	30,636
Capital Outlay	644,155	-	403,475	-	722,661	10,498	15,615	-	1,796,404
Total Expenditures	\$ 674,791	\$ 73,023	\$ 403,475	\$ -	\$ 722,661	\$ 10,498	\$ 15,615	\$ -	\$ 1,900,063
Excess of Revenues Over (Under) Expenditures	\$ (562,141)	\$ -	\$ (383,755)	\$ -	\$ (433,174)	\$ (8,318)	\$ (15,615)	\$ 14,877	\$ (1,388,126)
Other Financing Sources (Uses)									
Transfers In	\$ 32,986	\$ -	\$ -	\$ -	\$ 141,400	\$ -	\$ 4,007	\$ -	\$ 178,393
Transfers Out	-	-	-	(14,613)	-	(4,874)	(124,927)	-	(144,414)
Total Other Financing Sources (Uses)	\$ 32,986	\$ -	\$ -	\$ (14,613)	\$ 141,400	\$ (4,874)	\$ (120,920)	\$ -	\$ 33,979
Net Change in Fund Balances	\$ (529,155)	\$ -	\$ (383,755)	\$ (14,613)	\$ (291,774)	\$ (13,192)	\$ (136,535)	\$ 14,877	\$ (1,354,147)
Fund Balances, Beginning	\$ 529,155	\$ 2,607	\$ 1,321,519	\$ 14,613	\$ 816,124	\$ 13,192	\$ 136,535	\$ 639,510	\$ 3,473,255
Fund Balances, Ending	\$ -	\$ 2,607	\$ 937,764	\$ -	\$ 524,350	\$ -	\$ -	\$ 654,387	\$ 2,119,108

CITY OF CLEMSON
 CAPITAL PROJECTS FUND
 NETTLES PARK
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE
 BUDGET TO ACTUAL
 From Inception and for the Fiscal Year Ended June 30, 2008

	Budget	Actual		Total	Variance
		Prior Years	Current Year		
Revenues					
Other	\$ 71,180	\$ 64,291	\$ 37,182	\$ 101,473	\$ 30,293
Intergovernmental	30,000	-	62,984	62,984	32,984
Investment Earnings	80,000	147,314	12,484	159,798	79,798
Total Revenues	\$ 181,180	\$ 211,605	\$ 112,650	\$ 324,255	\$ 143,075
Expenditures					
General Government					
Culture and Recreation	\$ -	\$ -	\$ 30,636	\$ 30,636	\$ (30,636)
Capital Outlay					
Recreation - Other Improvements	2,081,180	1,701,450	644,155	2,345,605	(264,425)
Total Expenditures	2,081,180	1,701,450	674,791	2,376,241	(295,061)
Excess of Revenues Over (Under) Expenditures	\$ (1,900,000)	\$ (1,489,845)	\$ (562,141)	\$ (2,051,986)	\$ (151,986)
Other Financing Sources					
Transfers In	\$ -	\$ 119,000	\$ 32,986	\$ 151,986	\$ 151,986
Proceeds 2005 Lease Purchase	1,900,000	1,900,000	-	1,900,000	-
Total Other Financing Sources	\$ 1,900,000	\$ 2,019,000	\$ 32,986	\$ 2,051,986	\$ 151,986
Net Change in Fund Balance	\$ -	\$ 529,155	\$ (529,155)	\$ -	\$ -
Fund Balance, Beginning	-	-	529,155	-	-
Fund Balance, Ending	\$ -	\$ 529,155	\$ -	\$ -	\$ -

Note:

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

CITY OF CLEMSON
CAPITAL PROJECTS FUND
US 123/SC 133 CONNECTOR
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2008

	<u>Budget</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Variance</u>
Revenues					
Federal Aid	\$ 574,000	\$ 377,400	\$ 73,023	\$ 450,423	\$ (123,577)
Investment Earnings	4,500	2,607	-	2,607	(1,893)
Total Revenues	<u>\$ 578,500</u>	<u>\$ 380,007</u>	<u>\$ 73,023</u>	<u>\$ 453,030</u>	<u>\$ (125,470)</u>
Expenditures					
General Government					
Streets - Other Services	\$ 574,000	\$ 377,400	\$ 73,023	\$ 450,423	\$ 123,577
Excess of Revenues Over (Under) Expenditures	<u>\$ 4,500</u>	<u>\$ 2,607</u>	<u>\$ -</u>	<u>\$ 2,607</u>	<u>\$ (1,893)</u>
Other Financing Sources (Uses)					
Transfers Out	\$ -	\$ (300,000)	\$ -	\$ (300,000)	\$ (300,000)
Proceeds Tax Increment Financing Bond	-	300,000	-	300,000	300,000
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Change in Fund Balance	<u>\$ 4,500</u>	<u>\$ 2,607</u>	<u>\$ -</u>	<u>\$ 2,607</u>	<u>\$ (1,893)</u>
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>2,607</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 4,500</u>	<u>\$ 2,607</u>	<u>\$ 2,607</u>	<u>\$ 2,607</u>	<u>\$ (1,893)</u>

Note:

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

CITY OF CLEMSON

**CAPITAL PROJECTS FUND
HIGHWAY 123 STREETSCAPE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2008**

	<u>Budget</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Variance</u>
Revenues					
Federal Aid	\$ 200,000	\$ -	\$ -	\$ -	\$ (200,000)
Intergovernmental	84,000	-	-	-	(84,000)
Investment Earnings	4,500	56,351	19,720	76,071	71,571
Total Revenues	<u>\$ 288,500</u>	<u>\$ 56,351</u>	<u>\$ 19,720</u>	<u>\$ 76,071</u>	<u>\$ (212,429)</u>
Expenditures					
Capital Outlay					
Streets	\$ 1,489,087	\$ 134,832	\$ 403,475	\$ 538,307	\$ 950,780
Excess of Revenues Over (Under) Expenditures	<u>\$ (1,200,587)</u>	<u>\$ (78,481)</u>	<u>\$ (383,755)</u>	<u>\$ (462,236)</u>	<u>\$ 738,351</u>
Other Financing Sources:					
Transfers In	\$ 245,000	\$ 245,000	\$ -	\$ 245,000	\$ -
Proceeds Tax Increment Financing Bond	1,155,000	1,155,000	-	1,155,000	-
Total Other Financing Sources	<u>\$ 1,400,000</u>	<u>\$ 1,400,000</u>	<u>\$ -</u>	<u>\$ 1,400,000</u>	<u>\$ -</u>
Net Change in Fund Balance	<u>\$ 199,413</u>	<u>\$ 1,321,519</u>	<u>\$ (383,755)</u>	<u>\$ 937,764</u>	<u>\$ 738,351</u>
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>1,321,519</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 199,413</u>	<u>\$ 1,321,519</u>	<u>\$ 937,764</u>	<u>\$ 937,764</u>	<u>\$ 738,351</u>

Note:

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

CITY OF CLEMSON
CAPITAL PROJECTS FUND
HIGHWAY 93 GATEWAY PARK FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2008

	<u>Budget</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Variance</u>
Revenues					
Investment Earnings	\$ 3,500	\$ 3,170	\$ -	\$ 3,170	\$ (330)
Expenditures					
Capital Outlay Recreation	\$ 302,850	\$ 291,057	\$ -	\$ 291,057	\$ 11,793
Excess of Revenues Over (Under) Expenditures	\$ (299,350)	\$ (287,887)	\$ -	\$ (287,887)	\$ 11,463
Other Financing Sources:					
Transfers In	\$ 52,500	\$ 52,500	\$ -	\$ 52,500	\$ -
Transfers Out	-	-	(14,613)	(14,613)	(14,613)
Proceeds Tax Increment Financing Bond	250,000	250,000	-	250,000	-
Total Other Financing Sources	\$ 302,500	\$ 302,500	\$ (14,613)	\$ 287,887	\$ (14,613)
Net Change in Fund Balance	\$ 3,150	\$ 14,613	\$ (14,613)	\$ -	\$ (3,150)
Fund Balance, Beginning	-	-	14,613	-	-
Fund Balance, Ending	<u>\$ 3,150</u>	<u>\$ 14,613</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,150)</u>

Note:

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

CITY OF CLEMSON
CAPITAL PROJECTS FUND
EAST CLEMSON WASTEWATER COLLECTION SYSTEM
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2008

	<u>Budget</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Variance</u>
Revenues					
State Aid	\$ 264,000	\$ -	\$ 264,000	\$ 264,000	\$ -
Investment Earnings	10,000	21,124	25,487	46,611	36,611
Total Revenues	<u>\$ 274,000</u>	<u>\$ 21,124</u>	<u>\$ 289,487</u>	<u>\$ 310,611</u>	<u>\$ 36,611</u>
Expenditures					
Capital Outlay					
Other Improvements	\$ 1,144,659	\$ -	\$ 722,661	\$ 722,661	\$ 421,998
Excess of Revenues Over (Under) Expenditures	<u>\$ (870,659)</u>	<u>\$ 21,124</u>	<u>\$ (433,174)</u>	<u>\$ (412,050)</u>	<u>\$ 458,609</u>
Other Financing Sources:					
Transfers In	\$ 936,400	\$ 795,000	\$ 141,400	\$ 936,400	\$ -
Net Change in Fund Balance	<u>\$ 65,741</u>	<u>\$ 816,124</u>	<u>\$ (291,774)</u>	<u>\$ 524,350</u>	<u>\$ 458,609</u>
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>816,124</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 65,741</u></u>	<u><u>\$ 816,124</u></u>	<u><u>\$ 524,350</u></u>	<u><u>\$ 524,350</u></u>	<u><u>\$ 458,609</u></u>

Note:

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

CITY OF CLEMSON
CAPITAL PROJECTS FUND
CATHERINE SMITH PLAZA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2008

	<u>Budget</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Variance</u>
Revenues					
Investment Earnings	\$ 6,000	\$ 14,923	\$ -	\$ 14,923	\$ 8,923
Contributions & Donations	80,000	95,844	2,180	98,024	18,024
Total Revenues	<u>\$ 86,000</u>	<u>\$ 110,767</u>	<u>\$ 2,180</u>	<u>\$ 112,947</u>	<u>\$ 26,947</u>
Expenditures					
Capital Outlay					
Recreation	\$ 446,233	\$ 465,575	\$ 10,498	\$ 476,073	\$ (29,840)
Excess of Revenues Over (Under) Expenditures	<u>\$ (360,233)</u>	<u>\$ (354,808)</u>	<u>\$ (8,318)</u>	<u>\$ (363,126)</u>	<u>\$ (2,893)</u>
Other Financing Sources					
Transfers In	\$ 43,000	\$ 43,000	\$ -	\$ 43,000	\$ -
Transfers Out	-	-	(4,874)	(4,874)	(4,874)
Proceeds Tax Increment Financing Bond	325,000	325,000	-	325,000	-
Total Other Financing Sources	<u>\$ 368,000</u>	<u>\$ 368,000</u>	<u>\$ (4,874)</u>	<u>\$ 363,126</u>	<u>\$ (4,874)</u>
Net Change in Fund Balance	\$ 7,767	\$ 13,192	\$ (13,192)	\$ -	\$ (7,767)
Fund Balance, Beginning	-	-	13,192	-	-
Fund Balance, Ending	<u>\$ 7,767</u>	<u>\$ 13,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,767)</u>

Note:

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

CITY OF CLEMSON

CAPITAL PROJECTS FUND
MORRISON SCHOOL ANNEX
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET TO ACTUAL

From Inception and for the Fiscal Year Ended June 30, 2008

	<u>Budget</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Variance</u>
Revenues					
Investment Earnings	\$ 1,500	\$ 80,536	\$ -	\$ 80,536	\$ 79,036
Contributions & Donations	-	26,637	-	26,637	26,637
Total Revenues	\$ 1,500	\$ 107,173	\$ -	\$ 107,173	\$ 105,673
Expenditures					
General Government					
Public Buildings	\$ -	\$ 2,808	\$ -	\$ 2,808	\$ (2,808)
Capital Outlay					
Public Buildings	1,313,134	1,461,512	15,615	1,477,127	(163,993)
Total Expenditures	\$ 1,313,134	\$ 1,464,320	\$ 15,615	\$ 1,479,935	\$ (166,801)
Excess of Revenues Over (Under) Expenditures	\$ (1,311,634)	\$ (1,357,147)	\$ (15,615)	\$ (1,372,762)	\$ (61,128)
Other Financing Sources					
Transfers In	\$ 93,683	\$ 193,682	\$ 4,007	\$ 197,689	\$ 104,006
Transfers Out	-	-	(124,927)	(124,927)	(124,927)
Proceeds Tax Increment Financing Bond	1,400,000	1,300,000	-	1,300,000	(100,000)
Total Other Financing Sources	\$ 1,493,683	\$ 1,493,682	\$ (120,920)	\$ 1,372,762	\$ (120,921)
Net Change in Fund Balance	\$ 182,049	\$ 136,535	\$ (136,535)	\$ -	\$ (182,049)
Fund Balance, Beginning	-	-	136,535	-	-
Fund Balance, Ending	\$ 182,049	\$ 136,535	\$ -	\$ -	\$ (182,049)

Note:

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

CITY OF CLEMSON
CAPITAL PROJECTS FUND
UNDESIGNATED CAPITAL PROJECT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2008

	<u>Budget</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Variance</u>
Revenues					
<i>Investment Earnings</i>	\$ -	\$ 38,052	\$ 14,877	\$ 52,929	\$ 52,929
Expenditures					
<i>Capital Outlay</i>					
<i>Other Improvements</i>	\$ -	\$ -	\$ -	\$ -	\$ -
Excess of Revenues Over (Under) Expenditures	\$ -	\$ 38,052	\$ 14,877	\$ 52,929	\$ 52,929
Other Financing Sources (Uses)					
<i>Transfers Out</i>	-	(48,542)	-	(48,542)	(48,542)
<i>Proceeds Tax Increment Financing Bond</i>	-	650,000	-	650,000	650,000
Total Other Financing Sources (Uses)	\$ -	\$ 601,458	\$ -	\$ 601,458	\$ 601,458
Net Change in Fund Balance	\$ -	\$ 639,510	\$ 14,877	\$ 654,387	\$ 654,387
Fund Balance, Beginning	\$ -	\$ -	\$ 639,510	\$ -	\$ -
Fund Balance, Ending	\$ -	\$ 639,510	\$ 654,387	\$ 654,387	\$ 654,387

Note:

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

CITY OF CLEMSON

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET TO ACTUAL

Fiscal Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property Taxes	\$ 144,867	\$ 138,309	\$ (6,558)
Local Option Sales Tax	52,144	54,674	2,530
Other Revenues	-	68	68
Investment Earnings	6,000	6,775	775
	<u>203,011</u>	<u>199,826</u>	<u>(3,185)</u>
Total Revenues	\$ 203,011	\$ 199,826	\$ (3,185)
Expenditures			
Debt Service			
Principal	\$ 643,500	\$ 643,521	\$ (21)
Interest	352,610	352,323	287
Fees	2,000	1,013	987
	<u>998,110</u>	<u>996,857</u>	<u>1,253</u>
Total Expenditures	\$ 998,110	\$ 996,857	\$ 1,253
Excess of Revenues Over (Under) Expenditures	\$ (795,099)	\$ (797,031)	\$ (1,932)
Other Financing Sources			
Transfers In	834,486	834,253	(233)
	<u>834,486</u>	<u>834,253</u>	<u>(233)</u>
Net Change in Fund Balance	\$ 39,387	\$ 37,222	\$ (2,165)
Fund Balance, Beginning	176,906	176,906	-
	<u>176,906</u>	<u>176,906</u>	<u>-</u>
Fund Balance, Ending	\$ 216,293	\$ 214,128	\$ (2,165)
	<u>216,293</u>	<u>214,128</u>	<u>(2,165)</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, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
Capital Assets		
<i>Land</i>	\$ 1,595,400	\$ 1,595,400
<i>Buildings</i>	5,318,286	5,302,670
<i>Other Improvements</i>	12,411,914	9,339,497
<i>Equipment</i>	5,763,258	5,719,635
<i>Construction in Progress</i>	<u>568,476</u>	<u>2,294,437</u>
Total Capital Assets	<u><u>\$ 25,657,334</u></u>	<u><u>\$ 24,251,639</u></u>
Investments In Capital Assets		
<i>General Fund</i>	\$ 7,687,722	\$ 7,575,451
<i>Proprietary Funds</i>	183,071	183,071
<i>Special Revenue Funds</i>	3,542,056	3,498,729
<i>Capital Projects Fund</i>	12,850,237	11,776,491
<i>Debt Service Fund</i>	5,670	5,670
<i>Donations</i>	743,277	566,926
<i>Prior, Unidentified</i>	<u>645,301</u>	<u>645,301</u>
Total Investments In Capital Assets	<u><u>\$ 25,657,334</u></u>	<u><u>\$ 24,251,639</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, 2008

Asset Type	Balance 6/30/07	Additions	Retirements	Reclassifications & Transfers	Balance 6/30/08
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	\$ 4,577,161	\$ 15,616	\$ -	\$ -	\$ 4,592,777
Recreation	304,564	-	-	-	304,564
Community Development	420,945	-	-	-	420,945
Total	\$ 5,302,670	\$ 15,616	\$ -	\$ -	\$ 5,318,286
Other Improvements					
Municipal Court	\$ 2,126	\$ -	\$ -	\$ -	\$ 2,126
Planning	580,227	-	-	-	580,227
Public Buildings	560,199	-	-	-	560,199
Streets	4,377,827	267,757	-	-	4,645,584
Recreation	3,677,755	623,685	-	2,167,025	6,468,465
Equipment Services	12,543	13,950	-	-	26,493
Community Development	128,820	-	-	-	128,820
Total	\$ 9,339,497	\$ 905,392	\$ -	\$ 2,167,025	\$ 12,411,914
Equipment					
Municipal Court	\$ 28,713	\$ -	\$ -	\$ -	\$ 28,713
Administration	40,568	-	-	-	40,568
Finance	129,752	-	1,802	-	127,950
Information Technology	34,885	-	-	-	34,885
Planning	140,528	-	-	-	140,528
Public Buildings	61,588	-	-	-	61,588
Police	1,422,670	221,982	333,948	-	1,310,704
Fire	570,838	-	-	-	570,838
Streets	696,214	54,467	-	-	750,681
Residential Sanitation	1,922,192	199,387	163,930	-	1,957,649
Public Works Administration	25,438	-	-	-	25,438
Recreation	358,150	50,098	30,688	-	377,560
Horticulture	125,557	54,933	8,105	-	172,385
Equipment Services	157,931	1,229	-	-	159,160
Community Development	4,611	-	-	-	4,611
Total	\$ 5,719,635	\$ 582,096	\$ 538,473	\$ -	\$ 5,763,258
Construction In Progress					
Streets	\$ 127,412	\$ 403,476	\$ -	\$ -	\$ 530,888
Recreation	2,167,025	37,588	-	(2,167,025)	37,588
Total	\$ 2,294,437	\$ 441,064	\$ -	\$ (2,167,025)	\$ 568,476
Total Capital Assets	\$ 24,251,639	\$ 1,944,168	\$ 538,473	\$ -	\$ 25,657,334

CITY OF CLEMSON

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 June 30, 2008

<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	\$ 28,713	\$ -	\$ 30,839
Administration	-	-	-	40,568	-	40,568
Finance	-	-	-	127,950	-	127,950
Information Technology	-	-	-	34,885	-	34,885
Planning	-	-	580,227	140,528	-	720,755
Public Buildings	764,125	4,592,777	560,199	61,588	-	5,978,689
Total General Government	\$ 764,125	\$ 4,592,777	\$ 1,142,552	\$ 434,232	\$ -	\$ 6,933,686
Public Safety						
Police	\$ -	\$ -	\$ -	\$ 1,310,704	\$ -	\$ 1,310,704
Fire	-	-	-	570,838	-	570,838
Total Public Safety	\$ -	\$ -	\$ -	\$ 1,881,542	\$ -	\$ 1,881,542
Public Works						
Streets	\$ -	\$ -	\$ 4,645,584	\$ 750,681	\$ 530,888	\$ 5,927,153
Residential Sanitation	-	-	-	1,957,649	-	1,957,649
Public Works Administration	-	-	-	25,438	-	25,438
Total Public Works	\$ -	\$ -	\$ 4,645,584	\$ 2,733,768	\$ 530,888	\$ 7,910,240
Culture & Recreation						
Recreation	\$ 827,775	\$ 304,564	\$ 6,468,465	\$ 377,560	\$ 37,588	\$ 8,015,952
Horticulture	-	-	-	172,385	-	172,385
Culture & Recreation	\$ 827,775	\$ 304,564	\$ 6,468,465	\$ 549,945	\$ 37,588	\$ 8,188,337
Equipment Services	\$ -	\$ -	\$ 26,493	\$ 159,160	\$ -	\$ 185,653
Community Development	\$ 3,500	\$ 420,945	\$ 128,820	\$ 4,611	\$ -	\$ 557,876
Total Capital Assets	\$ 1,595,400	\$ 5,318,286	\$ 12,411,914	\$ 5,763,258	\$ 568,476	\$ 25,657,334

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OTHER REQUIRED
INFORMATION



CITY OF CLEMSON

**VICTIM SERVICES
SUPPLEMENTARY SCHEDULE OF FINES AND ASSESSMENTS
Fiscal Year Ended June 30, 2008**

Collections: (Municipal Court)

Fines	\$ 615,024	
Assessments	256,827	
Surcharges	<u>126,773</u>	
Total Collections		<u><u>\$ 998,624</u></u>

Retainage: (Municipal Treasurer)

Fines	\$ 615,024	
Assessments	28,048	
Surcharges	<u>11,373</u>	
Total Retainage		<u><u>\$ 654,445</u></u>

Amounts Remitted:

State Treasurer - Assessments		<u><u>\$ 344,179</u></u>
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**Amount of Funds Allocated to Victim
Services by Fund Source:**

From Assessments and Surcharges (Paid prior to 06/30/2008)		<u><u>\$ 49,760</u></u>
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**Funds Carried Forward to FY 2009
Designated as Victim Right's Funds**

		<u><u>\$ 0</u></u>
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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>	86-92
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>	93-96
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>	97-101
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>	102-103
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>	104-106

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 Five 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>
<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
<i>Restricted</i>	783,820	743,483	197,031	176,906	214,128
<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>
<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>
<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
<i>Restricted</i>	758,665	765,375	797,255	925,932	838,462
<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>
<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>
<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
<i>Restricted</i>	1,542,485	1,508,858	994,286	1,102,838	1,052,590
<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>
<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>

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 Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Expenses					
<i>Governmental Activities:</i>					
General Government	\$ 1,849,222	\$ 1,904,745	\$ 2,339,510	\$ 2,558,597	\$ 2,669,850
Public Safety	2,064,135	2,191,053	2,377,965	2,540,899	2,857,097
Public Works	1,671,737	1,776,676	1,996,915	1,883,390	2,022,930
Culture and Recreation	747,196	936,997	1,238,200	1,008,891	1,249,955
Equipment Services	110,340	115,716	-	-	-
Urban Redevelopment	60,128	73,816	12,748	34,016	31,082
Other	33,478	43,381	-	-	-
Interest on Long-term Debt	330,718	313,638	386,742	452,246	438,945
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>
<i>Business-type Activities:</i>					
Water	1,493,115	1,516,779	1,706,688	1,749,773	2,252,466
Wastewater	1,761,566	1,843,171	1,968,864	1,991,209	2,310,876
Sanitation	158,774	171,340	199,796	192,632	229,168
Transit	1,695,608	2,228,119	2,366,298	3,038,536	3,779,376
Parking Deck	14,006	79,614	104,854	92,298	97,552
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>
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>
Program Revenues					
<i>Governmental Activities:</i>					
<i>Charges for Services:</i>					
Refuse Collection	\$ 196,283	\$ 225,275	\$ 357,585	\$ 425,071	\$ 414,130
Other Public Works	95,984	414,027	388,035	443,250	429,580
Parks and Recreation	70,067	524,264	662,028	618,925	81,352
Other Activities	79,774	1,654,840	1,618,798	1,759,671	2,400,789
Operating Grants and Contributions	622,305	1,518,446	866,865	601,931	476,736
Capital Grants and Contributions	350,000	122,660	64,669	17,759	440,350
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>

Continued

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

Continued

	Fiscal Year				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</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
Wastewater	2,151,679	2,205,649	2,059,271	2,202,635	2,180,063
Sanitation	143,059	135,642	134,931	157,695	224,671
Transit	114,410	169,873	156,395	150,467	116,079
Parking Deck	3,512	23,721	77,987	80,148	88,472
Operating Grants and Contributions	687,456	1,840,856	1,852,063	2,891,904	3,311,138
Capital Grants and Contributions	740,000	1,737,605	842,528	155,620	721,636
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>
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>
Net (Expense)/Revenue					
Governmental Activities	\$ (6,177,721)	\$ (4,441,793)	\$ (4,394,100)	\$ (4,611,432)	\$ (5,026,922)
Business-type Activities	182,795	1,890,896	695,737	620,165	154,049
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>
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
Local Option Sales Tax	811,222	878,318	980,250	1,005,458	1,057,525
Local Accommodations Tax	-	-	126,535	139,593	148,489
Hospitality Fees	616,806	-	-	-	-
Licenses and Permits	1,277,546	-	-	-	-
Intergovernmental	881,582	713,355	650,137	642,409	679,677
Fines and Forfeitures	181,838	-	-	-	-
Unrestricted Investment Earnings	88,405	129,730	293,493	523,332	333,429
Other	327,525	612,900	455,721	268,377	337,791
Transfers	(2,128,176)	217,638	286,329	894,538	(399,223)
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>

Continued

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

Continued

	Fiscal Year				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<i>Business-type Activities:</i>					
Intergovernmental	\$ 662,000	\$ -	\$ -	\$ -	\$ -
Investment Earnings	50,952	107,691	170,702	213,814	187,510
Gain on Sale of Capital Assets	-	-	-	250,000	-
Transfers	<u>2,128,176</u>	<u>(217,638)</u>	<u>(286,329)</u>	<u>(894,538)</u>	<u>399,223</u>
<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>
<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>
Changes in Net Assets					
Governmental Activities	\$ (1,456,320)	\$ 668,854	\$ 1,715,057	\$ 2,455,153	\$ 1,175,643
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>
<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>

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>1999</u>	<u>2000</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>
<i>General Fund</i>										
Reserved	\$ 98,254	\$ -	\$ 9,237	\$ 61,276	\$ -	\$ 144,989	\$ 18,259	\$ 188,910	\$ 90,500	\$ 203,045
Unreserved	<u>1,225,397</u>	<u>1,537,856</u>	<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>
<i>Total General Fund</i>	<u>\$ 1,323,651</u>	<u>\$ 1,537,856</u>	<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>
<i>All Other Governmental Funds</i>										
Reserved	\$ 384,227	\$ 1,043,379	\$ 590,961	\$ 1,000,382	\$ 2,531,435	\$ 903,061	\$ 688,587	\$ 2,866,690	\$ 1,096,905	\$ 1,643,868
Unreserved, Reported In:										
Tax Increment Fund	-	-	-	-	-	-	-	-	-	1,871,324
Parking Deck Fund	-	-	-	-	-	135,980	-	-	-	-
Special Revenue Funds	740,689	779,888	1,080,792	969,042	589,696	733,070	996,309	1,978,460	2,361,549	1,482,096
Capital Projects Funds	425,482	46,101	57,270	4,668,342	2,892,253	903,754	437,526	2,878,597	2,887,647	991,027
Debt Service Fund	<u>323,169</u>	<u>301,495</u>	<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>
<i>Total All Other Governmental Funds</i>	<u>\$ 1,873,567</u>	<u>\$ 2,170,863</u>	<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>

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

	<u>1999</u>	<u>2000</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>
Revenues										
Property Taxes	\$ 1,630,844	\$ 2,149,812	\$ 2,310,932	\$ 2,441,052	\$ 2,502,082	\$ 2,664,653	\$ 2,558,706	\$ 3,316,692	\$ 3,592,878	\$ 4,044,877
Local Option Sales Tax	767,515	796,729	808,295	808,295	811,221	811,222	878,318	980,250	1,005,458	1,057,525
Local Accommodations Tax	-	-	-	-	-	-	-	126,535	139,593	148,489
Hospitality Fees	244,932	268,985	269,006	326,019	338,162	616,806	715,752	776,428	823,234	878,930
Licenses and Permits	936,627	1,065,203	1,214,056	1,162,548	1,284,977	1,277,546	1,421,173	1,413,112	1,566,309	1,565,539
Intergovernmental	621,256	650,043	736,882	802,761	724,648	881,582	831,123	1,172,118	1,004,678	1,081,210
Federal Aid	587,202	227,418	763,488	269,570	87,696	374,534	9,668	385,485	117,181	73,023
State Aid	75,986	550,000	226,368	998,470	793,519	597,771	1,513,670	14,669	17,759	264,000
Charges for Services	332,790	342,993	359,268	422,958	437,362	442,108	463,530	537,153	599,252	591,127
Fines and Forfeitures	220,616	240,906	199,688	200,388	146,577	181,838	217,951	309,152	258,122	290,255
Investment Earnings	143,846	153,935	176,751	151,195	159,416	88,405	129,730	293,493	523,332	333,429
Quasi-External Transactions	214,100	214,143	214,162	253,041	253,041	-	-	-	-	-
Contributions & Donations	-	-	-	-	-	-	-	-	122,481	178,530
Other Revenues	493,412	346,210	402,543	439,211	479,780	335,329	559,392	214,103	261,352	328,241
Total Revenues	\$ 6,269,126	\$ 7,006,377	\$ 7,681,439	\$ 8,275,508	\$ 8,018,481	\$ 8,271,794	\$ 9,299,013	\$ 9,539,190	\$ 10,031,629	\$ 10,835,175
Expenditures										
General Government	\$ 1,361,946	\$ 2,244,867	\$ 2,224,983	\$ 1,933,305	\$ 1,677,771	\$ 1,748,670	\$ 1,807,368	\$ 2,037,702	\$ 2,127,550	\$ 2,204,790
Public Safety	1,574,629	1,587,009	1,662,451	1,775,128	1,800,309	2,017,402	2,124,176	2,267,304	2,461,131	2,764,753
Public Works	1,450,223	1,237,586	1,244,205	1,307,892	1,234,085	1,442,850	1,734,580	1,828,740	1,781,507	2,007,694
Culture and Recreation	943,249	387,007	525,080	478,203	587,698	611,158	702,074	858,965	651,509	745,854
Urban Redevelopment	431,048	197,037	506,526	196,262	78,181	60,128	73,816	12,748	34,016	31,082
Equipment Services	89,923	90,521	90,069	92,642	96,137	102,747	110,636	116,558	163,516	140,489
Capital Outlay	750,568	354,169	685,026	1,433,686	1,628,500	4,567,445	1,249,093	466,962	4,297,994	1,958,847
Debt Service										
Interest	107,491	102,344	94,307	100,383	319,240	333,083	317,409	325,568	464,602	436,311
Principal	159,025	145,064	215,150	214,622	387,384	377,737	475,444	489,805	924,149	973,920
Fees	-	-	-	-	-	1,567	1,565	1,563	1,561	1,013
Intergovernmental	104,500	121,437	330,240	1,105,555	908,503	725,180	1,545,283	120,399	140,897	175,473
Other	59,522	38,835	221,798	26,318	25,935	31,911	41,816	93,882	153,481	142,097
Total Expenditures	\$ 7,032,124	\$ 6,505,876	\$ 7,799,835	\$ 8,663,996	\$ 8,743,743	\$ 12,019,878	\$ 10,183,260	\$ 8,620,196	\$ 13,201,913	\$ 11,582,323
Excess of Revenues Over (Under) Expenditures	\$ (762,998)	\$ 500,501	\$ (118,396)	\$ (388,488)	\$ (725,262)	\$ (3,748,084)	\$ (884,247)	\$ 918,994	\$ (3,170,284)	\$ (747,148)

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Continued

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

Continued

	<u>1999</u>	<u>2000</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>
Other Financing Sources (Uses)										
General Obligation Bonds	\$ -	\$ -	\$ -	\$ 455,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lease Purchase Agreements	86,000	-	98,000	247,000	-	187,000	-	2,039,833	355,000	135,000
Tax Increment Bonds	-	-	-	5,000,000	-	-	-	2,350,000	-	-
Transfers In	19,646	-	10,000	10,000	10,000	1,554,071	1,204,192	1,500,103	2,046,491	1,559,591
Transfers Out	(4,308)	-	(10,000)	(10,000)	(10,000)	(1,003,963)	(986,555)	(829,687)	(1,151,953)	(1,236,153)
Total Other Financing Sources (Uses)	<u>\$ 101,338</u>	<u>\$ -</u>	<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>
Net Change In Fund Balances	<u>\$ (661,660)</u>	<u>\$ 500,501</u>	<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>
 <i>Debt Service As a Percentage of Noncapital Expenditures</i>										
	4.2%	4.0%	4.3%	4.4%	9.9%	9.9%	9.5%	10.5%	16.7%	15.8%

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

Fiscal Year	Real Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate ^(a)	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
1999	\$ 24,476,398	\$ 4,416,569	\$ 28,892,967	82.00	\$ 450,002,529	6.42%
2000	29,394,598	4,662,686	34,057,284	79.10	534,316,500	6.37%
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%

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)

Fiscal Year	City Direct Rates				Overlapping Rates	
	Basic Rate	General Obligation Debt Service	Special Revenue Rate	Total Direct Rate	Pickens County School District	Pickens County
1999	75.35	6.00	0.65	82.00	137.10	67.10
2000	74.22	4.33	0.55	79.10	125.20	55.70
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

Source of Overlapping Rates: *Pickens County*

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

Taxpayer	2008		Taxpayer	1999	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value		Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Bellsouth Telecommunications	\$ 839,740	2.02%	Duke Energy Corporation	\$ 1,289,740	4.49%
Tiger Towne Village, LLC	514,320	1.24%	Bellsouth Telecommunications	851,670	2.97%
Berkeley Place, LLC	510,810	1.23%	Clemson Area Retirement Center, Inc.	348,436	1.21%
Clemson Area Retirement Center, Inc.	486,420	1.18%	Doyle C. Burton	281,267	0.98%
EDR Clemson Place, Limited Partnership	455,910	1.10%	Clemson Motel, Ltd.	225,900	0.79%
Ingles Markets, Inc.	394,300	0.95%	Langston Place Partnership	220,695	0.77%
Tristate SC One, Limited Partnership	343,120	0.83%	RFS Incorporated	197,215	0.69%
RA Clemson, LLC	287,540	0.69%	Hunters Glen Apts. Limited Partnership	192,762	0.67%
Tiger Park Condominiums, LLC	285,760	0.68%	Clemson Hospitality Enterprises Hotels, Inc.	178,766	0.62%
Clemson Downtown Properties, LLC	281,070	0.67%	Nirman Enterprises Associates	162,000	0.56%
Total	\$ 4,398,990	10.59%		\$ 3,948,451	13.75%

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, 2008</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>
1998	\$ 1,712,293	\$ 1,560,424	91.13%	\$ 264	\$ 1,712,029	99.98%
1999	1,634,823	1,570,610	96.07%	271	1,634,552	99.98%
2000	1,939,131	1,793,709	92.50%	275	1,938,856	99.99%
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%

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, 2008 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			
1999	\$ 1,660,000	\$ -	\$ 158,472	\$ 2,400,640	\$ 81,576	\$ 4,300,688	1.74%	387
2000	1,575,000	-	98,408	2,162,033	55,595	3,891,036	1.58%	350
2001	1,490,000	-	99,258	1,915,106	28,421	3,532,785	1.10%	296
2002	1,830,000	5,000,000	279,636	1,659,568	199,482	8,968,686	2.79%	751
2003	1,715,000	4,845,000	196,252	1,395,191	766,416	8,917,859	2.78%	747
2004	1,590,000	4,645,000	330,513	1,156,432	616,118	8,338,063	2.60%	698
2005	1,460,000	4,400,000	230,119	1,020,637	877,196	7,987,952	2.49%	669
2006	1,320,000	7,140,000	2,180,097	3,628,317	636,877	14,905,291	4.64%	1,248
2007	1,160,000	6,640,120	2,270,829	4,537,319	702,606	15,310,874	4.77%	1,282
2008	1,040,000	6,116,718	2,075,430	4,485,925	431,899	14,149,972	4.41%	1,185

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>
1999	\$ 1,660,000	0.37%	149.21
2000	1,575,000	0.29%	141.57
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

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, 2008**

<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	\$ 358,059,903	12.14%	\$ 43,468,472
Pickens County General Obligation Debt	14,343,470	13.94%	2,000,874
Other Debt			
Pickens County Capital Leases	1,812,503	13.94%	252,663
Pickens County Notes Payable	6,413,737	13.94%	894,075
Pickens County - Other Debt	3,904,746	13.94%	544,322
Subtotal, Overlapping Debt			47,160,406
City Direct Debt			<u>9,232,148</u>
Total Direct and Overlapping Debt			<u><u>\$ 56,392,554</u></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

	<i>Fiscal Year</i>									
	<u>1999</u>	<u>2000</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>
Debt Limit	\$ 2,311,437	\$ 2,753,600	\$ 2,798,533	\$ 2,731,620	\$ 2,890,736	\$ 2,820,848	\$ 2,976,433	\$ 3,360,744	\$ 3,345,087	\$ 3,325,550
Total Net Debt Applicable to Limit	<u>1,336,831</u>	<u>1,273,505</u>	<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>
Legal Debt Margin	<u>\$ 974,606</u>	<u>\$ 1,480,095</u>	<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>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	57.84%	46.25%	42.82%	56.89%	50.54%	48.22%	42.08%	33.41%	29.39%	24.83%

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed Value	\$ 41,569,373
Debt Limit (8% of assessed value)	3,325,550
Debt Applicable to Limit:	
General Obligation Bonds	1,040,000
Less: Amount Set Aside for Repayment of General Obligation Debt	<u>(214,128)</u>
Total Net Debt Applicable to Limit	<u>825,872</u>
Legal Debt Margin	<u>\$ 2,499,678</u>

Note: Under state finance law, the City's outstanding general obligation debt should 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>1999</u>	<u>2000</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>
<i>Water Revenue Bonds</i>										
<i>Utility Service Charges</i>	\$ 1,241,442	\$ 1,388,716	\$ 1,478,919	\$ 1,462,485	\$ 1,470,810	\$ 1,455,712	\$ 1,572,123	\$ 1,938,992	\$ 2,059,097	\$ 2,210,784
<i>Less: Operating Expenses</i>	1,098,703	1,146,491	1,125,743	1,209,606	1,319,010	1,417,959	1,448,236	1,631,567	1,555,486	1,953,270
<i>Net Available Revenue</i>	142,739	242,225	353,176	252,879	151,800	37,753	123,887	307,425	503,611	257,514
<i>Debt Service</i>										
<i>Principal</i>	25,529	18,667	18,667	18,237	17,686	18,408	19,162	19,823	66,791	90,602
<i>Interest</i>	7,880	7,093	6,158	3,242	2,675	1,953	1,198	413	76,332	99,244
<i>Coverage</i>	4.27	9.40	14.23	11.77	7.46	1.85	6.08	15.19	3.52	1.36
<i>Wastewater Revenue Bonds</i>										
<i>Utility Service Charges</i>	\$ 1,761,407	\$ 1,909,487	\$ 2,004,707	\$ 2,102,885	\$ 2,125,287	\$ 2,128,078	\$ 2,018,221	\$ 2,124,192	\$ 2,132,578	\$ 2,195,198
<i>Less: Operating Expenses</i>	992,382	1,034,948	1,167,314	1,214,618	1,235,757	1,384,400	1,457,827	1,570,485	1,594,632	1,919,478
<i>Net Available Revenue</i>	769,025	874,539	837,393	888,267	889,530	743,678	560,394	553,707	537,946	275,720
<i>Debt Service</i>										
<i>Principal</i>	250,501	245,921	255,435	265,721	246,690	220,150	116,634	117,035	105,000	105,000
<i>Interest</i>	148,652	139,538	125,085	74,189	50,403	34,852	37,152	45,704	46,504	33,546
<i>Coverage</i>	1.93	2.27	2.20	2.61	2.99	2.92	3.64	3.40	3.55	1.99
<i>Commercial Sanitation Capital Leases</i>										
<i>Utility Service Charges</i>	\$ 185,432	\$ 183,096	\$ 203,970	\$ 175,947	\$ 166,114	\$ 150,332	\$ 146,180	\$ 144,392	\$ 168,482	\$ 233,563
<i>Less: Operating Expenses</i>	123,968	103,897	108,793	121,819	131,882	137,387	149,955	157,750	150,586	192,441
<i>Net Available Revenue</i>	61,464	79,199	95,177	54,128	34,232	12,945	(3,775)	(13,358)	17,896	41,122
<i>Debt Service</i>										
<i>Principal</i>	28,358	-	-	-	-	-	-	-	-	-
<i>Interest</i>	1,377	-	-	-	-	-	-	-	-	-
<i>Coverage</i>	2.07	-	-	-	-	-	-	-	-	-
<i>Transit Capital Leases</i>										
<i>Contract Services</i>	\$ 519,912	\$ 782,082	\$ 849,874	\$ 1,058,760	\$ 1,515,108	\$ 1,468,800	\$ 2,025,502	\$ 1,943,035	\$ 3,082,395	\$ 3,478,832
<i>Less: Operating Expenses</i>	519,932	727,642	823,763	922,436	1,224,478	1,284,997	1,541,107	1,634,800	2,279,350	3,010,710
<i>Net Available Revenue</i>	(20)	54,440	26,111	136,324	290,630	183,803	484,395	308,235	803,045	468,122
<i>Debt Service</i>										
<i>Principal</i>	-	-	-	41,337	157,523	150,297	238,923	240,319	249,271	270,707
<i>Interest</i>	-	-	-	7,288	26,568	27,992	34,823	29,184	30,992	22,127
<i>Coverage</i>	-	-	-	2.80	1.58	1.03	1.77	1.14	2.87	1.60

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

Calendar Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
1999	11,125	\$ 246,496,625	\$ 22,157	3.4%
2000	11,125	246,496,625	22,157	2.9%
2001	11,939	321,063,588	26,892	5.0%
2002	11,939	321,063,588	26,892	6.0%
2003	11,939	321,063,588	26,892	6.8%
2004	11,939	321,063,588	26,892	6.8%
2005	11,939	321,063,588	26,892	6.9%
2006	11,939	321,063,588	26,892	6.2%
2007	11,939	321,063,588	26,892	5.5%
2008	11,939	321,063,588	26,892	7.1%

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**

Employer	2008		Employer	1999	
	Employees	Percentage of Total City Employment		Employees ^(b)	Percentage of Total City Employment ^(b)
<i>Clemson University ^(a)</i>	4,909	41.00%	<i>Clemson University ^(a)</i>	4,394	36.00%
<i>City of Clemson</i>	307	2.57%	<i>City of Clemson</i>	237	1.98%
<i>Trehel Corporation</i>	125	1.04%	<i>Trehel Corporation</i>	84	0.70%
<i>Ramada Inn</i>	125	1.04%	-	-	-
<i>Pixie & Bills Restaurant</i>	123	1.03%	<i>Pixie & Bills Restaurant</i>	123	1.03%
<i>Bi-Lo</i>	110	0.92%	<i>Bi-Lo</i>	160	1.34%
<i>Ingles Markets</i>	90	0.75%	<i>Ingles Markets</i>	86	0.72%
<i>Clemson Elementary School</i>	88	0.73%	-	-	-
<i>Ruby Tuesday</i>	67	0.56%	<i>Ruby Tuesday</i>	40	0.33%
<i>Tigertown Tavern</i>	62	0.51%	<i>Tigertown Tavern</i>	62	0.51%
Total	6,006	50.15%	Total	5,186	42.61%

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

Full-time-Equivalent Employees as of June 30 of Year Indicated

<u>Function/Program</u>	<u>1999</u>	<u>2000</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>
<i>General Government</i>										
Council	-	-	-	-	-	2	2	2	1	1
Municipal Court	4	4	4	4	4	4	4	4	4	5
Administration	7	7	7	7	7	7	7	7	7	8
Finance	3	3	3	3	3	3	3	3	3	3
Information Technology	-	-	1	1	1	1	1	1	1	1
Planning & Codes Administration	6	6	6	6	6	6	6	8	8	8
Public Buildings	2	2	2	2	2	2	2	2	2	2
<i>Police</i>										
Officers	25	25	25	25	25	25	25	26	26	28
Telecommunicators	4	4	4	4	4	5	5	5	5	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	14	14	13
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	6
Public Works Administration	2	2	2	2	2	2	2	2	3	3
Equipment Services	2	2	2	2	2	2	2	2	2	2
Engineering	2	2	2	2	2	3	3	3	3	2
<i>Other</i>										
Recreation	5	5	5	6	6	6	6	6	6	7
Water	6	6	6	6	6	7	7	7	7	8
Utility Billing Administration	4	4	4	4	4	5	5	5	5	5
Wastewater Collection	7	7	7	7	7	7	7	7	7	7
Wastewater Treatment	4	4	4	4	4	4	4	4	4	4
Transit Administration	3	4	4	4	4	4	4	4	6	6
Transit Operations	3	4	5	5	5	7	9	9	12	13
Horticulture	-	-	1	1	1	1	2	2	3	3
Total	114	116	119	120	120	128	131	134	140	146

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>Fiscal Year</u>									
	<u>1999</u>	<u>2000</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>
General Government										
Building Permits Issued	485	611	559	481	690	523	552	557	616	512
Building Inspections Conducted	2,200	2,575	3,105	2,976	3,523	3,074	3,166	3,232	2,084	1,246
Police										
Parking Violations	4,344	2,725	2,474	2,913	2,742	2,856	2,800	2,932	2,201	4,207
Traffic Violations	4,076	3,010	3,440	3,115	3,400	3,579	3,620	3,800	4,833	5,430
Fire										
Inspections	3,100	3,500	4,235	5,308	5,416	5,482	5,527	5,535	2,769	2,126
Refuse Collection										
Refuse Collected (lbs)	12,029,280	12,138,740	12,194,438	15,534,440	12,916,900	11,821,440	11,860,800	11,331,260	10,983,442	11,599,320
Recyclables Collected (lbs)	1,474,080	1,432,740	1,041,200	1,050,620	1,103,760	1,235,440	1,111,240	1,002,000	1,369,296	1,427,760
Other Public Works										
Street Resurfacing (miles)	5.12	5.25	1.42	2.38	2.89	4.11	3.22	4.43	4.62	4.45
Water										
New Taps	66	51	62	82	65	31	39	78	79	97
Water Main Breaks	147	160	197	219	201	178	153	188	170	179
Average Daily Consumption	1,616,000	1,690,000	1,670,000	1,707,000	1,568,000	1,604,000	1,681,000	1,705,000	1,736,000	1,892,000
Peak Daily Consumption	1,921,000	2,060,000	2,129,000	1,980,000	2,193,000	2,133,000	2,024,000	2,197,000	2,880,000	2,581,000
Wastewater										
Average Daily Sewage Treatment	1,120,000	1,140,000	1,090,000	1,080,000	1,080,000	1,060,000	1,090,000	1,110,000	1,140,000	1,440,000
Transit										
Total Route Miles	200,549	283,584	287,192	398,946	442,769	480,253	506,591	623,562	831,996	852,930
Passengers	516,602	728,175	763,204	900,383	1,152,510	1,343,234	1,404,892	1,513,134	1,771,346	1,877,448

Source : Various City Departments

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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>1999</u>	<u>2000</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>
<i>Police</i>										
<i>Stations</i>	1	1	1	1	1	1	1	1	1	1
<i>Uniform Patrol Units</i>	15	18	18	18	18	18	18	18	18	18
<i>Refuse Collection</i>										
<i>Collection Trucks</i>	3	3	4	4	4	4	4	4	4	5
<i>Other Public Works</i>										
<i>Streets (miles)</i>	64	64	64	64	64	64	64	64	64	64
<i>Streetlights</i>	675	685	685	685	695	695	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	85	85	100	100
<i>Playgrounds</i>	6	6	6	6	6	6	6	6	7	7
<i>Soccer Fields</i>	1	1	1	1	1	1	1	1	1	6
<i>Recreation Centers</i>	1	1	1	1	1	1	1	1	1	1
<i>Water</i>										
<i>Water Mains (miles)</i>	86	88.5	89	89	90	90	90	98.5	100	101.5
<i>Fire Hydrants</i>	350	352	353	369	370	371	372	392	412	439
<i>Wastewater</i>										
<i>Sewer Mains Gravity (miles)</i>	60	60	60	60	60	60	60	60	64	64
<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	3.5	3.5	5	5	6	7	7	7	7
<i>Transit</i>										
<i>Buses</i>	6	9	9	14	17	19	20	20	26	26

Source : Various City Departments

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FEDERAL FINANCIAL
ASSISTANCE



CITY OF CLEMSON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 2008

<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			
<i>Passed Through SC Dept. of Transportation</i>			
<i>Public Transportation Assistance...Transit Fund</i>	20.509	MT-8A111-59	\$ 687,000
<i>U.S. 123 / S.C. 133 Connector Project</i>	20.205	026057	73,023
Total US Department of Transportation			\$ 760,023
Environmental Protection Agency			
<i>Passed Through SC Budget and Control Board</i>			
<i>Elevated Water Tanks and Lines</i>	66.468	Loan # 3-020-04-3910004-01	\$ 140,208
<i>Booster Pump Station and Instrumentation</i>	66.468	Loan # 3-023-05-3910004-02	4,000
Total Environmental Protection Agency			\$ 144,208
Total Federal Assistance Expended			\$ 904,231

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 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, 2008, which collectively comprise the City of Clemson's basic financial statements and have issued our report thereon dated December 29, 2008. 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 the 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 control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Clemson's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Clemson's financial statements that is more than inconsequential will not be prevented or detected by the City of Clemson's internal control.

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

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

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 City Council, management, others within the organization, 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
December 29, 2008*



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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 the 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, 2008. 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 the City of Clemson's management. Our responsibility is to express an opinion on the 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 the City of Clemson's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the 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, 2008.

Internal Control Over Compliance

The management of the City of Clemson is responsible for establishing and maintaining effective internal control over compliance with 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 in order to determine 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 the City of Clemson's internal control over compliance.

A control deficiency in an entity's 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of City Council, management, others within the organization, 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
December 29, 2008

CITY OF CLEMSON

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2008**

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 program was tested as a major program:

- Transit Operating Grant, Grant # MT-8A111-59, 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**