UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2009

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number: 33-4882-D

CLANCY SYSTEMS INTERNATIONAL, INC.
(Exact name of Registrant as specified in its charter)

Colorado	84-1027964
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)

2250 S. Oneida #308, Denver, Colorado 80224
(Address of principal executive offices and Zip Code)

(303) 753-0197
(Registrant's telephone number)

N/A (Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:
Yes X No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes No X

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No X

The number of shares outstanding of the issuer's class of common stock, as of May 18, 2009 is 378,742,011 shares, $.0001 par value.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non accelerated filer, or a smaller reporting company.

Large accelerated filer Accelerated filer Non-accelerated filer
Smaller reporting company X

CLANCY SYSTEMS INTERNATIONAL, INC.
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CLANCY SYSTEMS INTERNATIONAL, INC.
CONSOLIDATED BALANCE SHEETS
ASSETS

	September 30, 2008	March 31, 2009 (Unaudited)

Current assets:		
Cash and cash equivalents	$ 1,183,876	$ 1,372,655
Accounts receivable, net of allowance for doubtful accounts	650,771	526,677
Receivable from related party	43,461	43,461
Inventories	183,074	184,227
Prepaid expenses	69,558	39,381
Deferred tax asset	11,200	7,400
Total current assets	2,141,940	2,173,801
Furniture and equipment, at cost:		
Office furniture and equipment	190,696	194,496
Computers and equipment under service contracts	2,596,066	2,639,692
Leasehold improvements	13,000	13,000
Vehicles, including vehicles under capital leases	147,651	147,651
	2,947,413	2,994,839
Less accumulated depreciation	(2,368,037)	(2,480,857)
Net furniture and equipment	579,376	513,982
Other assets:		
Investment in marketable securities	858,912	1,015,537
Deposits and other	18,138	16,787
Goodwill	404,547	404,547
Software development costs, net of accumulated amortization	216,070	218,245
Total other assets	1,497,667	1,655,116
	$ 4,218,983	$ 4,342,899

See accompanying notes to consolidated financial statements.

CLANCY SYSTEMS INTERNATIONAL, INC.
CONSOLIDATED BALANCE SHEETS (Continued)
LIABILITIES AND STOCKHOLDERS' EQUITY

	September 30, 2008	March 31, 2009 (Unaudited)
Current liabilities:		
Accounts payable	$ 232,395	$ 308,109
Accrued expenses	329,737	376,577
Income taxes payable	19,652	15,901

Current portion of obligations under capital leases	3,393	3,393
Deferred revenue	104,782	75,753
Total current liabilities	689,959	779,733
Deferred income taxes payable	58,400	59,800
Obligations under capital lease, net of current portion	2,960	1,008
Total liabilities	751,319	840,541
Commitments and Contingencies		
Stockholders' equity:		
Preferred stock, $.0001 par value; 100,000,000 shares authorized, none issued	-	-
Common stock, $.0001 par value; 800,000,000 shares authorized, 379,882,938 and 378,742,011 shares issued and outstanding at 9/30/08 and 3/31/09 respectively	37,988	37,874
Additional paid-in capital	1,350,078	1,346,024
Accumulated comprehensive income (loss):		
Unrealized loss on marketable securities	(92,298)	(29,036)
Retained earnings	2,171,896	2,147,496
Total stockholders' equity	3,467,664	3,502,358
	$ 4,218,983	$ 4,342,899

See accompanying notes to consolidated financial statements.

CLANCY SYSTEMS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND OTHER COMPREHENSIVE INCOME (LOSS)
(Unaudited)

	For Three Months Ended March 31, 2008	March 31, 2009
Revenues	$ 818,548	$ 996,092
Costs of Sales	182,618	252,531
Gross Profit	635,930	743,561
Costs and expenses		
General and administrative	584,382	628,872
Research and development	4,527	11,719
Total costs and expenses	588,909	640,591

Income from operations	47,021	102,970
Other income:		
Interest income	17,067	2,588
Interest expense	472	(2,230)
Other income	50,567	7,168
Total other income (expense)	68,106	7,526
Income before provision for income taxes	115,127	110,496
Provision for income taxes:		
Current expense	65,259	57,210
Deferred expense	(2,300)	2,900
Total income tax expense	62,959	60,110
Net income	52,168	50,386
Other comprehensive income (loss) Unrealized gain (loss) on marketable securities	(26,796)	43,841
Comprehensive income	25,372	94,227
Basic and diluted: Net income per common share	$ *	$ *
Weighted average number of shares outstanding	381,030,411	378,799,252

*Less than $.01 per share

See accompanying notes to consolidated financial statements.

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CLANCY SYSTEMS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND OTHER COMPREHENSIVE INCOME (LOSS)
(Unaudited)

	For Six Months Ended March 31, 2008	March 31, 2009
Revenues	$ 1,974,856	$ 2,080,350
Costs of Sales	437,285	518,321
Gross Profit	1,537,571	1,562,029
Costs and expenses		
General and administrative	1,198,015	1,415,804
Research and development	7,120	15,857
Total costs and expenses	1,205,135	1,431,661
Income from operations	332,436	130,368

Other income:

Interest income	35,720	27,963
Interest expense	(421)	(3,805)
Loss on sale of marketable securities	-	(458)
Other income	251,274	22,411
Total other income (expense)	286,573	46,111
Income before provision for income taxes	619,009	176,479
Provision for income taxes:		
Current expense	145,466	182,230
Deferred expense	17,700	5,200
Total income tax expense	163,166	187,430
Net income (loss)	455,843	(10,951)
Other comprehensive income (loss)		
Unrealized gain (loss) on marketable securities	(26,796)	63,262
Comprehensive income	429,047	52,311
Basic and diluted:		
Net income per common share	$ *	$ *
Weighted average number of shares outstanding	381,066,872	379,122,676

*Less than $.01 per share

See accompanying notes to consolidated financial statements.

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CLANCY SYSTEMS INTERNATIONAL, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
For the Six Months Ended March 31, 2009
(Unaudited)

	Common Stock Shares	Common Stock Amount	Additional paid-in Capital	Accumulated Other Compre-hensive Income (Loss)	Retained Earnings
Balance, September 30, 2008	379,882,938	$ 37,988	$ 1,350,078	$(92,298)	$ 2,171,896
Common stock repurchase	(1,140,927)	(114)	(4,054)	-	(13,449)
Unrealized gain on					

marketable securities	-	-	-	63,262	-
Net loss for the six months ended March 31, 2009	-	-	-	-	(10,951)
Balance, March 31, 2009 (unaudited)	378,742,011	$ 37,874	$ 1,346,024	$ (29,036)	$2,147,496

See accompanying notes to consolidated financial statements.

CLANCY SYSTEMS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For Six Months Ended March 31, 2008	March 31, 2009
Cash flows from operating activities:		
Net income (loss)	$ 455,843	$ (10,951)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	174,604	157,072
Deferred income tax expense	17,700	5,200
Loss on sale of marketable securities	-	458
Changes in assets and liabilities:		
Accounts receivable	124,875	130,359
Inventories	(11,753)	(1,153)
Income taxes refundable	(5,827)	(6,265)
Prepaid expenses	25,562	30,177
Accounts payable	(32,299)	75,714
Accrued expenses	(25,552)	46,840
Income taxes payable	(24,507)	(3,751)
Deferred revenue	33,464	(29,029)
Total adjustments	276,267	405,622
Net cash provided by operating activities	732,110	394,671
Cash flows from investing activities:		
Acquisition of furniture and equipment	(88,499)	(47,524)

Increase in software licenses and software development costs	(38,802)	(45,040)
Increase in investments in marketable securities	(101,005)	(108,821)
Proceeds from sale of marketable securities	-	15,000
Decrease (increase)in deposits and other assets	(1,454)	62
Net cash (used in) investing activities	(229,760)	(186,323)
Cash flows from financing activities:		
Repurchase of common stock	(3,514)	(17,617)
Payments on long-term debt and capital leases	(1,724)	(1,952)
Net cash (used in) financing activities	(5,238)	(19,569)

See accompanying notes to consolidated financial statements.

CLANCY SYSTEMS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(Unaudited)

	For Six Months Ended	
	March 31, 2008	March 31, 2009
Increase in cash and cash equivalents	497,112	188,779
Cash and cash equivalents at beginning of period	619,642	1,183,876
Cash and cash equivalents at end of period	$ 1,116,754	$ 1,372,655

See accompanying notes to consolidated financial statements.

CLANCY SYSTEMS INTERNATIONAL, INC.
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
March 31, 2009
(Unaudited)

1. Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. The accompanying unaudited consolidated financial statements reflect all adjustments that, in the opinion of management, are considered necessary for a fair presentation of the financial position, results of operations, and cash flows for the periods presented. All such adjustments are of a normal and recurring nature only. The results of operations for such periods are not necessarily indicative of the results expected for the full fiscal year or for any future period. The accompanying unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements of Clancy Systems International, Inc. included in the Form 10-KSB for the fiscal year ended September 30, 2008.

The Company's subsidiary, Urban Transit Solutions, Inc. ("UTS") was incorporated under the Laws of the Commonwealth of Puerto Rico. The financial statements of UTS have been prepared on the basis of accounting principles generally accepted in the United States of America and are denominated in U.S. dollars. Therefore, there are no amounts recorded for foreign currency translation or for transactions denominated in a foreign currency. The Company has consolidated the financial results of UTS with those of the Company for the six months ended March 31, 2008 and 2009. All significant intercompany transactions and balances have been eliminated in consolidation.

Use of estimates:

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

Reclassification:

Certain reclassifications have been made to the prior year statements to conform to the current year presentation.

CLANCY SYSTEMS INTERNATIONAL, INC.
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
March 31,2009
(Unaudited)

1. Basis of Presentation (continued)

Net income (loss) per common share:

The Company computes net income (loss) per common share in accordance with Statement of Financial Accounting Standards No. 128, Earnings Per Share ("SFAS 128"). SFAS 128 provides for the calculation of basic and diluted earnings (loss) per share. Basic earnings (loss) per share includes no dilution and is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding for the period. Dilutive earnings (loss) per share reflects the potential dilution of securities that could share in the earnings of the Company. The Company has no potentially dilutive securities.

2. Inventories

Inventories consist of the following at:

	September 30, 2008	March 31, 2009
Finished goods	$ 42,925	$ 48,161
Work in process	2,606	57,291
Purchased parts and supplies	137,543	78,775
	$ 183,074	$ 184,227

3. Income Taxes

The provision for income taxes for the six months ended March 31, 2008 and 2009 is based on the expected rate for the tax year.

Differences in amounts of income taxes reported in the financial statements to taxes that would be obtained by applying regular tax rates to income taxes mainly consist of tax-exempt income and changes to estimates of previously reported income tax expense.

The components of the Company's deferred tax assets and liabilities are as follows:

September 30, March 31,

	2008	2009
Current deferred tax asset:		
Section 263A capitalization	$ 3,200	$ 3,200
Allowance for doubtful accounts	8,000	4,200
Current deferred tax assets	$ 11,200	$ 7,400

CLANCY SYSTEMS INTERNATIONAL, INC.
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
March 31,2009
(Unaudited)

3. Income taxes (continued)

	September 30, 2008	March 31, 2009
Non current deferred tax assets		
Loss on equity investment	$ 221,500	$ 312,000
Section 263A capitalization	30,600	30,600
	252,100	342,600
Valuation allowance	(221,500)	(312,000)
	30,600	30,600
Non current deferred tax liabilities:		
Depreciation and amortization	(89,000)	(90,400)
Net non current deferred tax liabilities	$ (58,400)	$ (59,800)

4. Stockholders' Equity

In December 2006, under Rule 10b-18, the Company implemented a policy to regularly repurchase shares of its common stock. Based

on profitability at the end of each month, the Company will determine the dollar amount to allocate to the buyback program.

During the six month period ended March 31, 2009 the Company reacquired 1,140,927 shares of its common stock for $17,617. The reacquisition has been accounted for by reducing common stock for the par value of the shares reacquired and the excess paid per share over the par value has been allocated to additional paid in capital, based on the number of shares acquired, and the balance charged to retained earnings.

5. Contingencies

On March 21, 2002, a complaint was filed in Denver District Court by Francis Salazar against the Company. Mr. Salazar was seeking compensation for alleged loss of profit on the sale of 6,000,000 shares of the Company's common stock that carried a restrictive legend under Rule 144 of the Securities Act of 1933, as amended. The complaint alleges that the restrictive legend prevented Salazar from selling the shares during an uptick in the Company's share price.

CLANCY SYSTEMS INTERNATIONAL, INC.
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
March 31, 2009
(Unaudited)

5. Contingencies (continued)

The Company filed a motion to dismiss which was granted in December 2002, but subsequently overturned on appeal in October 2003.

Clancy filed a motion with the District Court, City and County of Denver, Colorado, Case #02-CV-2391, for Summary Judgment to dismiss the case in June 2004. That motion was granted and the case was dismissed on August 13, 2004.

However, in November 2004, Mr. Salazar filed a notice of appeal in the Colorado Court of Appeals with respect to the suit dismissed by the District Court in August, 2004. In September 2006, the Court of Appeals granted Mr. Salazar's appeal. Clancy has filed a petition for certiorari seeking to have the matter heard by the Colorado Supreme Court. The Writ was granted and the Supreme Court heard the case on September 11, 2007.

On March 17, 2008, the Colorado Supreme Court issued a decision affirming the District Court dismissal of Mr. Salazar's suit. It also denied Mr. Salazar's request to amend his Complaint in the District Court to add a new claim. The case was thereafter remanded to the District Court. Mr. Salazar then filed a motion in District Court to amend his Complaint to add a new claim. The District Court denied Mr. Salazar's motion to amend based upon the finality of the Supreme Court ruling and the Supreme Court's denial of Mr. Salazar's request to amend his pleading in the District Court. Mr. Salazar has filed notice of appeal in Colorado Court of Appeals with respect to the District Court's denial of his motion to amend. The appeal has not yet been briefed or argued.

The Company is in dispute with the Puerto Rico Municipality Center (CRIM), the governmental entity in charge of the assessment collection of property taxes in Puerto Rico, for personal property taxed owed from 1998. The Company filed a written protest as to these assessments and vigorously contested the asserted deficiencies through the administrative appeals process. During the year ended September 30, 2008, the process finalized.

CLANCY SYSTEMS INTERNATIONAL, INC.
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
March 31, 2009
(Unaudited)

5. Contingencies (continued)

The accrual for $310,068 that was recorded on the books was reduced to $102,740 which is the total amount assessed by the CRIM for unpaid personal property tax since 1999. The effect of this reduction amounted to $219,814.

However, during the quarter ended December 31, 2008, the CRIM assessed new debt for $430,232, including penalties, interest and surcharges for $44,677, for parking meters considered as real property from 2002.

Management has started a claim to get more information about it from CRIM and to request a reduction of the amount assessed. The accompanying September 30, 2008 balance sheet includes an accrual of $186,000 related to this debt. Management believes such accrual is adequate for any possible unfavorable outcome of this new claim. Subsequent to September 30, 2008, UTS has paid approximately $106,000 to the CRIM. During the quarter ended March 31, 2009, UTS has recorded an additional $68,000 in liability to the CRIM.

Item 2.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Statement Regarding Forward Looking Information

Statements of the Company's or management's intentions, beliefs, anticipations, expectations and similar expressions concerning future events contained in this document constitute "forward looking statements." As with any future event, there can be no assurance that the events described in forward looking statements made in this report will occur or that the results of future events will not vary materially from those described in the forward looking statements made in this document.

Important factors that could cause the Company's actual performance and operating results to differ materially from the forward looking statements include, but are not limited to, (i) the ability of the Company to obtain new customers, (ii) the ability of the Company to maintain its competitive position in the parking enforcement business by continuing to offer competitive products and services, (iii) the ability of the Company to reduce costs and thereby maintain adequate profit margins.

At March 31, 2009, the Company had consolidated working capital of $1,394,068 derived primarily from contract sales and contract service. The Company anticipates using its working capital to fund ongoing operations, including general and administrative expenses; equipment purchases, equipment manufacturing, travel, marketing and research and development. The Company anticipates having sufficient working capital to fund operations for the fiscal year ending September 30, 2009. The Company settles funds for permit collections after the end of each month. Occasionally this overlaps into the next quarter. The timing of the payout is captured as an accounts payable amount if it falls into a subsequent quarter by a few days.

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COMPARISON OF RESULTS FOR THE THREE MONTHS ENDED March 31, 2008 AND 2009

REVENUES. For the three month quarter ended March 31, 2008 to the three month quarter ended March 31, 2009 revenues increased by $177,544 or 21.7% from $818,548 to $996,092. The additional revenue reflects the UTS addition of the San Juan contract which was not in place during the prior year's reporting quarter. Clancy's Remit-online.com service has processed 76,941 transactions totaling $2,917,544 for the quarter ended March 31, 2009. Revenues are generated based on a per transaction fee less bank processing costs. The gross amount of cash flowing through Remit-online.com cannot be presented as revenue based on the SEC accounting guidance. The Company only presents its net profit from each transaction as revenue in the statements of operations.

COST OF SERVICES. For the three month quarter ended March 31, 2008 to the three month quarter ended March 31, 2009, cost of services increased by $69,913 or 38.3% from $182,618 to $252,531 for the Company. Cost of services as a percentage of service contract income was 22.3% for the 2008 quarter and 25.4% for the 2009 quarter. The increase reflects costs related to contract expansion at Urban Transit Solutions.

RESEARCH AND DEVELOPMENT. The Company's parking enforcement systems research and development costs increased from $4,527 to $11,719, or 158.9%, for the three month quarter ended March 31, 2008 to 2009, respectively. The primary reason for the increase in costs was the engineering and development of a sensor system for parking garage activity. The company is also working on a new board for it's blue tooth printer.

GENERAL AND ADMINISTRATIVE. General and administrative expenses increased by $44,490 or 7.6% from $584,382 to $628,872 for the three month quarter ended March 31, 2008 and 2009, respectively. The increase in general and administrative expenses is a result of an additional property tax assessment by the Puerto Rico Municipality Revenue Center (CRIM), the governmental entity in charge of assessment and collection of property taxes, for approximately $153,000 that was completed in December 2008.

NET INCOME (Loss). For the three month quarter ended March 31, 2009, the Company reported net income of $50,386 compared to net income of $52,168 for the three month quarter ended March 31, 2008. The primary reason for the decrease in net income is related to the property tax assessment discussed above and increase in expenses in expansion of services for the San Juan project.

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COMPARISON OF RESULTS FOR THE SIX MONTHS ENDED March 31, 2008 AND 2009

REVENUES. For the six months ended March 31, 2008 to the six months ended March 31, 2009 revenues increased by $105,494 or 5.3% from $1,974,856 to $2,080,350. The additional revenue reflects the UTS addition of the San Juan contract which was not in place during the prior year's reporting quarter. Clancy's

Remit-online.com service has processed 155,984 transactions totaling $5,895,612 for the six months ended March 31, 2009. Revenues are generated based on a per transaction fee less bank processing costs. The gross amount of cash flowing through Remit-online.com cannot be presented as revenue based on the SEC accounting guidance. The Company only presents its net profit from each transaction as revenue in the statements of operations.

COST OF SERVICES. For the six months ended March 31, 2008 to the six months ended March 31, 2009, cost of services increased by $81,036 or 18.5% from $437,285 to $518,321 for the Company. Cost of services as a percentage of service contract income was 22.1% for the 2008 quarter and 24.9% for the 2009 quarter. The increase reflects costs related to contract expansion at Urban Transit Solutions.

RESEARCH AND DEVELOPMENT. The Company's parking enforcement systems research and development costs increased from $7,120 to $15,857, or 122.7%, from the six months ended March 31, 2008 to 2009, respectively. The primary reason for the increase in costs was the engineering and development of a sensor system for parking garage activity. The company is also working on a new board for it's blue tooth printer.

GENERAL AND ADMINISTRATIVE. General and administrative expenses increased by $217,789 or 18.2% from $1,198,015 to $1,415,804 for the six months ended March 31, 2008 and 2009, respectively. The increase in general and administrative expenses is a result of an additional property tax assessment by the Puerto Rico Municipality Revenue Agency (CRIM), the governmental entity in charge of assessment and collection of property taxes, for approximately $153,000 that was completed in December 2008. Additionally with the new contract in Puerto Rico, salaries and other expenses have increased.

NET INCOME (Loss). For the six months ended March 31, 2009, the Company reported a net loss of $10,951 compared to net income of $455,843 for the six months ended March 31, 2008. The primary reason for the decrease in net income is related to the property tax assessment discussed above and increase in expenses in expansion of services for the San Juan project. Additionally in December 2007, the Company recieved a $200,000 contract termination fee from the city of Arecibo, Puerto Rico which is not a recurring item.

STATUS OF PRODUCTS AND SERVICES

In order to keep its products and systems from becoming obsolete, the Company regularly modifies and updates its hardware and software. In order to streamline its ticket writing and car rental equipment, the Company redesigned the printer so that it weighs less than two pounds. New battery technology has also allowed the Company to reduce the size and weight of the printers. The Company is currently updating its Bluetooth printer technology.

The Company has a relationship with an engineer, who, although he works as an independent contractor, dedicates as much time as the Company requires to develop and enhance its products. The engineer also performs research and development for the Company and makes prototype boards for testing and evaluation.

The Company's software is developed in-house by four full- time programmers and by the Company's President, Stanley Wolfson, and is maintained and updated on a regular basis.
Clancy has qualified to be a Microsoft Certified Partner. This relationship allows the Company to receive pre-releases of software products which gives the Company a leading edge on upgrading programs and embedding new services into our systems.

The office computer software allows daily ticket, rental and inventory information to be transferred from the portable data entry units to a central computer database. The information is compiled and then processed further according to user requirements.

Through sophisticated communications software developed internally, the Company is able to update, modify, repair, enhance and change programs at the client's location via modem and the Internet.

The Company has developed numerous Internet based parking programs which include payment processing, permit registrations, and pre-paid parking and parking reservations, special event parking and permitting, and its Expo1000 Parking Industry Guide.

URBAN TRANSIT SOLUTIONS

In December 2007, UTS was awarded a contract for the city of San Juan. The company anticipates installing approximately 2,000 meters. In order to manage the operations in San Juan, UTS moved it's main office into the city. UTS has also installed a code enforcement system for the city of Cauguas.

TRENDS AND CONDITIONS

The Company anticipates no major impact as a result of trends of the past few years. A further discussion appears below. If current trends continue, the Company's liquidity will continue to improve on a short-term and a long-term basis.

The Company's newest equipment has proven to be a capital intensive program. The Company has designed its printer board to work and fit in both its current model case as well as its new case, which will prove to be a cost savings. While the Company has adequate cash flow to accomplish the upgrades without incurring debt, it is anticipated that the ongoing upgrades and tooling for newer products shall continue to require a large capital commitment. With the weakened economy as of recent years, municipalities are in search of additional revenues and the installation and implementation of means to efficiently and effectively collect parking ticket revenues as a viable source of such additional revenues for many locales. As on street parking spaces are finite, and populations increase, a structured management system of turnover, enforcement and accountability of parking revenues will be imperative for all cities. In addition, the Company supplies all hardware, software, training, supplies and maintenance for the system, thus eliminating all significant capital expenditures by the user.

The Company has introduced a new cellular-based real time ticket issuance system. This is a giant leap in both issuing the citations and managing information. The Company anticipates this will be a program that will ensure continued growth.

Uncertainties that can impact revenues from the Company's service contract agreements would be related to dramatic weather changes and municipal disaster occurrences (i.e. September 11, 2001). As parking ticket issuance operations are primarily "out-of-doors" tasks, severe weather such as a major blizzard, hurricane, or rains could impact ticket production for a limited period in certain locales. While such reductions are temporary, they can impact revenues as the Company bills most clients on a fee-per-ticket basis. The meter collections for UTS could be temporarily reduced during a hurricane or tropical storm. Further, as the Company is contracting primarily with City government agencies, a deployment of personnel to other duties during a disaster could temporarily reduce ticket issuance activities.

INTERNAL AND EXTERNAL SOURCES OF LIQUIDITY

The Company anticipates using its working capital to fund ongoing operations, including general and administrative expenses, equipment manufacturing, travel, marketing and research and development.

The Company anticipates having sufficient working capital to fund operations for the next twelve months
UTS has funded its operations primarily by cash flows and bank debt.

It has notes payable and capital lease obligations arising from borrowings for working capital and purchases and installation of meter equipment.

The Company has experienced significant interest in the Denver Boot for vehicles as well as for security on other mobile devices including construction trailers and communications generators. There has also been a demand for the Denver Boot for enforcement on private property. Exposure on the Internet has been favorable for sales of this product.

The Company has experienced an interest in its IDBadgemaker software. The program is utilized by news services, janitorial companies, social service agencies, private clubs and others for security and identification purposes. The program receives "excellent" ratings at download.com.

Remit-on-line.com has grown as a ticket payment site. It is offered to Clancy ticket system clients and other companies in parking industry businesses. The Company continues to experience an increase in activity monthly. The Company generates revenue from Remit-online.com based on a per transaction fee.

In addition, outstanding ticket fines of approximately $2,900,000, for UTS and $1,146,000 for Clancy, have not been recognized as revenue at March 31, 2009 based on SEC accounting guidance.

CRITICAL ACCOUNTING POLICIES

The Company has identified the accounting policies described below as critical to its business operations and the understanding of the Company's results of operations. The impact and any associated risks related to these policies on the Company's business operations is discussed throughout this section where such policies affect the Company's reported and expected financial results.

USE OF ESTIMATES

The preparation of financial statements requires the Company to make estimates and assumptions that affect the reported amount of assets and liabilities of the Company, revenues and expenses of the Company during the reporting period and contingent assets and liabilities as of the date of the Company's financial statements. There can be no assurance that the actual results will not differ from those estimates.

REVENUE RECOGNITION: Revenue derived from professional service contracts on equipment and support services is included in income ratably over the contract term; related costs consist mainly of depreciation, supplies and sales commissions.

The Company defers revenue for equipment and services under service contracts that are billed to customers on a quarterly, semi-annual, annual, or other basis and are included in income ratably over the expected term of the contract.

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Revenue from the issuance of parking citations for the Company's privatization projects is recognized on a cash basis when received as collectability is not reasonably assured.

Revenue derived from professional service contracts on parking meter and lot fees collections is recognized net of municipalities' fees as services are provided. Related costs consist mainly of depreciation and lot rents.

Revenue derived from professional service contracts for permit fulfillment and remit-online services is recognized based on add-on fees earned for each transaction.

COMPUTER SOFTWARE. Costs incurred prior to establishment of the technological feasibility of computer software are research and development costs, which are charged to expense as incurred. Software development costs incurred subsequent to establishment of technological feasibility are capitalized and subsequently amortized based on the greater of the straight line method over the remaining estimated economic life of the product (generally 5 years) or the estimate of current and future revenues for the related product.

GOODWILL. The excess of the purchase price over net assets acquired by the Company from unrelated third parties is recorded as goodwill. Goodwill resulted from the acquisition of UTS. On January 1, 2002, the Company adopted Statement of Financial

Accounting Standard No. 142 (SFAS 142), "Goodwill and Intangible Assets", which clarifies the accounting for goodwill and intangible assets. Under SFAS 142, goodwill and intangible assets with indefinite lives will no longer be amortized, but will be tested for impairment at least annually and also in the event of an impairment indicator.

Chat Room Disclaimer

This forum of exposure to publicly traded companies presents a venue for the public to inquire about companies from other individuals as well as post opinions. The Company has no way to regulate postings nor monitor information posed on these boards. Management can only provide accurate information to shareholders and potential shareholders when contacted directly and such information can only be provided when it is based on fact and has been filed as required by law with the Securities and Exchange Commission and other regulatory agencies.

Item 4T. Controls and Procedures

Our management, with the participation of our chief executive officer and our chief financial officer, has evaluated the effectiveness of our disclosure controls and procedures as required by Exchange Act Rule 13a-15(b) as of March 31, 2009 (the end of the period covered by this report). Based on that evaluation, our chief executive officer and our chief financial officer have concluded that because of the material weakness identified in our internal control over financial reporting described in Item 8A(T) of our annual report for the year ended September 30, 2008 on Form 10-KSB, that, our disclosure controls and procedures were not effective as of March 31, 2009. Due to the small size of the Company and our lack of personnel resources, we are unlikely to immediately take any action to remediate the material weaknesses identified.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

There were no changes in our internal control over financial reporting during the quarter ended March 31, 2009, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company is in dispute with the Puerto Rico Municipality Center (CRIM), the governmental entity in charge of the assessment collection of property taxes in Puerto Rico, for personal property taxes owed from 1998. The company filed a written protest as to these assessments and vigorously contested the asserted deficiencies through the administrative appeals process. During the year ended September 30, 2008, the process finalized. The accrual for $310,068 that was recorded on the books was reduced to $102,740, which is the total amount assessed by the CRIM for unpaid personal property tax since 1999. The effect of this reduction amounted to $219,814. However the CRIM assessed a new debt for $430,232, including penalties, interest and surcharges for $44,677, for parking meters considered as real property from 2002. Management has started a claim to get more information about the assessment from CRIM and to request a reduction in the amount. The accompanying September 30, 2008 balance sheet includes an accrual of $186,000 related to this debt. Management believes such accrual is adequate for any possible unfavorable outcome of this new claim. Subsequent to September 30, 2008, UTS has paid approximately $106,000 to the CRIM. During the quarter ended March 31, 2009, UTS has recorded an additional $68,000 in liability to the CRIM.

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Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) Repurchases of equity securities

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Program	(d) Maximum Number of shares that May Yet Be Purchased Under the Plans or Programs
January 1 through January 31, 2009	39,088	.0090	39,088	-
February 1, through February 28, 2009	83,000	.0084	83,000	-
March 1, through March 31, 2009	67,000	.0076	67,000	-

Total	189,088	$.0179	189,088	-

* The Company announced in its 10-KSB filing for the year ended September 30, 2006, that it implemented a reacquisition of equity securities to commence in December 2006. Under Rule 10b-18, the Company intends to regularly repurchase shares of its common stock. Based on profitability at the end of each month, the Company will determine the dollar amount to allocate to the buyback program.

Item 6. Exhibits

(a) Exhibits

Exhibit 31.1 Section 302 Certification by Chief Executive Officer
Exhibit 31.2 Section 302 Certification by Chief Financial Officer
Exhibit 32.1 Section 906 Certification by Chief Executive Officer
Exhibit 32.2 Section 906 Certification by Chief Financial Officer

Filed herewith.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 20, 2009

Clancy Systems International, Inc.
(Registrant)

By:/s/ Stanley J. Wolfson
Stanley J. Wolfson,
President and Chief
Executive Officer

By:/s/ Lizabeth Wolfson
Lizabeth Wolfson,
Secretary-Treasurer and
Chief Financial and
Chief Accounting Officer