



CITY OF CLEMSON
SOUTH CAROLINA



Comprehensive Annual
Financial Report



For the Fiscal Year Ended June 30, 2013

CITY OF CLEMSON
SOUTH CAROLINA



Comprehensive Annual
Financial Report



For the Fiscal Year Ended June 30, 2013



Prepared by the Office of Finance

CITY OF CLEMSON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2013
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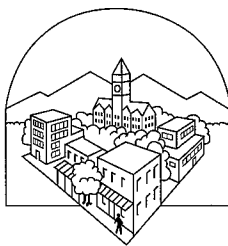
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INTRODUCTORY SECTION





LETTER OF TRANSMITTAL

December 6, 2013

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, 2013. The report provides financial information about the City's operations during the year and describes its financial position at the end of the year.

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

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

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

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

MUNICIPAL GOVERNMENT

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

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

ECONOMIC CONDITION AND OUTLOOK

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

The City of Clemson is a small community of 14,000 permanent citizens, but has large City concerns because nine months of the year the community is “home” to approximately 19,000 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

- ***Community Development Block Grant*** – A Community Development Block Grant Project was completed during the year. The project scope of work included the installation of sanitary wastewater collection lines, storm water drainage lines, curb and gutters, and street paving. This project was funded through a Community Infrastructure Grant from the South Carolina Department of Commerce in the amount of \$305,550. A required 10% match of local funds in the amount of \$30,555 were paid from the City's Program Income account.
- ***US Highway 123 Improvements*** – Improvements to US Highway 123 at Gateway Village were substantially complete at fiscal year end. Improvements include the addition of turn lanes, signalization, lighting, and infrastructure enhancements. The \$1.5 million project is being funded with developer contributions and aid from the state of South Carolina.
- ***Downtown Revitalization Phase Vb*** – The Downtown Revitalization Phase Vb project was closed out by the end of the fiscal year. This phase of the City's overall downtown improvements concentrated on installation of decorative light fixtures and improving the flow of vehicular traffic. The conversion of overhead power lines to underground was deferred to fiscal year 2013-14 due to an anticipated private redevelopment investment. Funding for the \$922,000 revitalization project came from transfers from the Tax Increment Fund.
- ***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.
- ***Berkeley Drive Pedestrian Bridge*** – The City continues to formulate plans for roadway and pedestrian improvements along Berkeley Drive. The proposed improvements include construction of a multiple-use concrete path along the east side of Berkeley Drive and a new 140' single-span pedestrian bridge located approximately 40' east of the existing vehicular structure. The proposed \$1.16 million improvements are intended to increase pedestrian safety and mobility along Berkeley Drive and improve connectivity throughout the community. The design phase of the project has been completed and the City will be seeking state and federal grant funding for the construction phase. Actual construction dates will depend on availability of funding.
- ***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 judgments 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, 2013 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 \$161,028 on all investments for the year ended June 30, 2013.

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, 2013, \$4,641,993 of the City's bank balance of \$6,567,321 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, 2013 amounted to \$2,141,070 of Mortgage Notes and Certificates, \$2,258,181 of Bank Bonds, \$101,004 of South Carolina Public Service Authority Revenue Refunding Bonds, and \$1,028,301 in the South Carolina Pooled Investment Fund. The City recognized a valuation loss on its investments of \$218,303 at June 30, 2013.

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

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

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

OTHER INFORMATION

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

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

Awards – The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Clemson for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. In order to be awarded a Certificate of Achievement, the City of Clemson published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements – The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the efficient and dedicated services of the entire City of Clemson administration and the accounting firm of Stancil Cooley Estep & Stamey, LLP. 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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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

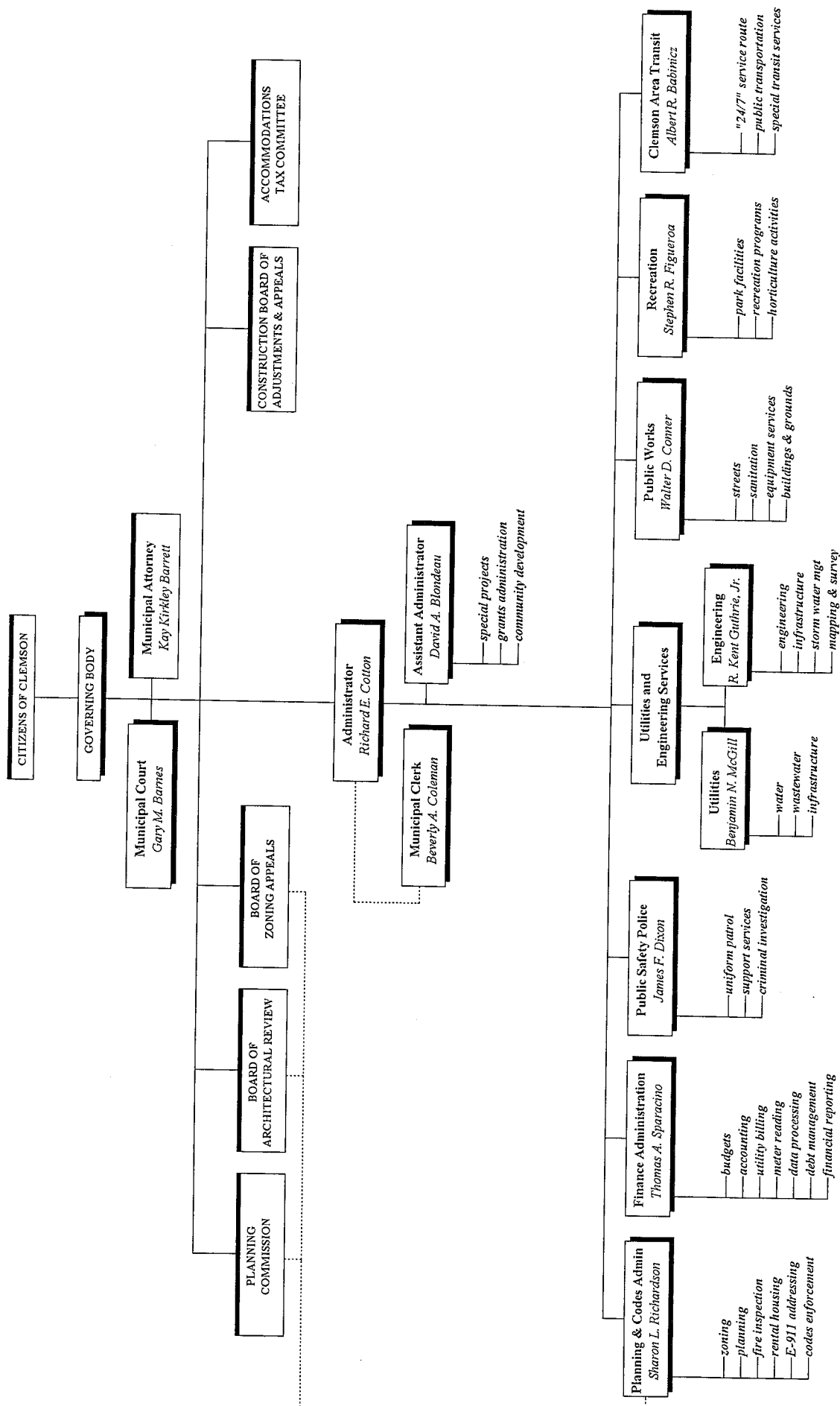
**City of Clemson
South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

CITY OF CLEMSON ORGANIZATION CHART



**CITY OF CLEMSON
PRINCIPAL OFFICIALS
JUNE 30, 2013**

GOVERNING BODY

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

ADMINISTRATION

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

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FINANCIAL SECTION





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& STAMEY, LLP

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Clemson, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clemson, South Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, the tax increment fund budget to actual, and the aggregate remaining fund information of the City of Clemson, South Carolina, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 12 and 62 through 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Clemson, South Carolina'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 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.

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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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 are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 6, 2013, on our consideration of the City of Clemson, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Clemson, South Carolina's internal control over financial reporting and compliance.

Stancil Cooley Estep & Stamey, LLP

Clemson, South Carolina

December 6, 2013

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CITY OF CLEMSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

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, 2013. 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 \$47,683,214 (*ending net position*). Of this amount, \$13,565,307 (*unrestricted net position*) may be used to meet Clemson's ongoing obligations to its citizens and creditors.
- The City of Clemson's total net position increased by \$4,003,653 during fiscal year 2012-13. Revenues increased \$1,262,830, while expenses increased approximately \$2,568,335.
- At the close of the current fiscal year, unassigned fund balance for the General Fund was \$2,825,543 or approximately 31% of total General Fund expenditures.
- The Tax Increment Fund (TIF) and US Highway 123 Improvements were reported as major governmental functions at fiscal year end. Ad valorem taxes and investment earnings are the main sources of revenues in the TIF Fund, while expenses consist of transfers to the Debt Service Fund. Improvements to US Highway 123 are estimated to cost \$1.5 million and are budgeted on a project duration basis which will encompass multiple fiscal years of the City.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

The first of the government-wide statements is the *Statement of Net Position*. 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 position*. Over time, increases or decreases in net position 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 position 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 2013, the City of Clemson's assets exceeded liabilities by \$47,683,214. The largest portion of the City's net position (69 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 position for the fiscal years ended June 30, 2013 and June 30, 2012. Additional current year information concerning net position can be found in the Statement of Net Position presented on page 13.

Summary of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Current & Other Assets	\$ 9,790,195	\$ 9,358,190	\$ 8,563,353	\$ 9,757,262	\$ 18,353,548	\$ 19,115,452
Capital Assets	17,937,581	16,500,421	22,574,848	22,068,247	40,512,429	38,568,668
Total Assets	\$ 27,727,776	\$ 25,858,611	\$ 31,138,201	\$ 31,825,509	\$ 58,865,977	\$ 57,684,120
Deferred Outflows	\$ -	\$ -	\$ 72,606	\$ -	\$ 72,606	\$ -
Long-term Liabilities	\$ 3,709,331	\$ 4,508,073	\$ 3,757,512	\$ 4,033,583	\$ 7,466,843	\$ 8,541,656
Other Liabilities	2,530,903	2,711,864	1,257,623	2,751,039	3,788,526	5,462,903
Total Liabilities	\$ 6,240,234	\$ 7,219,937	\$ 5,015,135	\$ 6,784,622	\$ 11,255,369	\$ 14,004,559
Net Position						
Investment Capital Assets (Net of Related Debt)	\$ 14,340,750	\$ 12,388,670	\$ 18,613,393	\$ 17,783,553	\$ 32,954,143	\$ 30,172,223
Restricted	155,476	153,006	1,008,288	1,094,499	1,163,764	1,247,505
Unrestricted	6,991,316	6,096,998	6,573,991	6,162,835	13,565,307	12,259,833
Total Net Position	\$ 21,487,542	\$ 18,638,674	\$ 26,195,672	\$ 25,040,887	\$ 47,683,214	\$ 43,679,561

At the end of the current fiscal year, the City of Clemson is able to report positive balances in all categories of net position, 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 position increased by \$2,848,868. Governmental activities received transfers of \$254,538 from business-type activities, which resulted in an increase in governmental net position. Without the transfers, governmental activities would have realized an increase in net position of \$2,594,330. Other areas of change are as follows:

- Total revenues increased by approximately 26%, which resulted in an increase in revenue of \$3,238,401. Various revenue items contributed to the increase in governmental activities resources.
- *Net* program revenues increased \$2,581,814 as a result of approximately \$1.4 million received in operating grants and contributions to improve US Highway 123 at Gateway Village. Capital grants and contributions increased \$1.1 million as a result of infrastructure improvements contributed to the City by developers. Charges for services increased 4% to \$1,839,837.
- Due to increased construction within the City's corporate limits, the City realized an increase in ad valorem taxes of \$330,000, and \$388,000 in licenses and permits. Favorable economic conditions contributed to an increase of \$167,000 in sales and use taxes.
- Intergovernmental revenues increased slightly by \$23,000, while fines and forfeitures decreased 22% to \$244,478 due to an increase in enforcement of state laws.

The following table provides a summary comparison of the City's revenues, expenses, and changes in net position for the fiscal years ended June 30, 2013 and June 30, 2012. Additional current year information concerning changes in net position can be found in the Statement of Activities presented on pages 14 & 15.

Summary of Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
REVENUES						
Program Revenues						
Charges for Services	\$ 1,839,837	\$ 1,768,903	\$ 5,301,388	\$ 7,468,082	\$ 7,141,225	\$ 9,236,985
Operating Grants	1,767,822	360,004	4,262,214	4,599,791	6,030,036	4,959,795
Capital Grants	1,463,442	360,380	652,438	102,558	2,115,880	462,938
General Revenues						
Ad Valorem Taxes	5,557,061	5,227,080	-	-	5,557,061	5,227,080
Sales & Use Taxes	1,512,957	1,345,826	-	-	1,512,957	1,345,826
Licenses & Permits	2,299,077	1,910,700	-	-	2,299,077	1,910,700
Intergovernmental	493,901	470,878	-	-	493,901	470,878
Fines & Forfeitures	244,478	314,979	-	-	244,478	314,979
Investment Earnings	106,034	112,266	54,994	76,174	161,028	188,440
Other	242,662	417,854	-	-	242,662	417,854
Total Revenues	\$ 15,527,271	\$ 12,288,870	\$ 10,271,034	\$ 12,246,605	\$ 25,798,305	\$ 24,535,475

(continued)

Summary of Changes in Net Position *(continued)*

EXPENSES	Governmental Activities		Business-Type Activities		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
General Government	\$ 2,386,752	\$ 2,409,295	\$ -	\$ -	\$ 2,386,752	\$ 2,409,295
Public Safety	3,293,682	3,314,838	-	-	3,293,682	3,314,838
Public Works	3,719,287	2,200,326	-	-	3,719,287	2,200,326
Culture & Recreation	2,074,569	1,656,778	-	-	2,074,569	1,656,778
Urban Redevelopment	362,661	9,762	-	-	362,661	9,762
Equipment Services	150,704	136,743	-	-	150,704	136,743
Intergovernmental	403,808	191,252	-	-	403,808	191,252
Interest Long Term Debt	210,520	246,178	-	-	210,520	246,178
Other	330,958	197,953	-	-	330,958	197,953
Water	-	-	2,432,057	2,446,654	2,432,057	2,446,654
Wastewater	-	-	2,386,578	2,460,634	2,386,578	2,460,634
Commercial Sanitation	-	-	292,655	299,734	292,655	299,734
Clemson Area Transit	-	-	3,661,994	3,574,179	3,661,994	3,574,179
Parking Deck	-	-	88,427	81,991	88,427	81,991
Total Expenses	\$ 12,932,941	\$ 10,363,125	\$ 8,861,711	\$ 8,863,192	\$ 21,794,652	\$ 19,226,317
Change in Net Position Before Transfers	\$ 2,594,330	\$ 1,925,745	\$ 1,409,323	\$ 3,383,413	\$ 4,003,653	\$ 5,309,158
Transfers	254,538	(2,892,212)	(254,538)	2,892,212	-	-
Change in Net Position After Transfers	\$ 2,848,868	\$ (966,467)	\$ 1,154,785	\$ 6,275,625	\$ 4,003,653	\$ 5,309,158
Net Position, Beginning	18,638,674	19,605,141	25,040,887	18,777,489	43,679,561	38,382,630
Prior Period Adjustment	-	-	-	(12,227)	-	(12,227)
Net Position, Ending	<u>\$ 21,487,542</u>	<u>\$ 18,638,674</u>	<u>\$ 26,195,672</u>	<u>\$ 25,040,887</u>	<u>\$ 47,683,214</u>	<u>\$ 43,679,561</u>

Business-type Activities

The City's business-type net position increased by \$1,154,785 or 4%. Most of the increase was attributable to a \$218,000 equity addition to a wastewater treatment facility joint venture the City has with another municipal agency, a \$338,000 increase in transportation operating grants, and an increase of \$550,000 in capital grants and contributions. Prior to transfers of \$254,538 related to governmental activities, business-type activities realized an increase in net position of \$1,409,323. Additional details concerning net position changes are as follows:

- Charges for utility and transportation services decreased approximately 29%, to \$5,301,388 due to a decrease of approximately \$1.8 million in wastewater treatment facility joint venture income and a decrease in water utility sales.
- The City's transportation services fund received operating grants amounting to \$2,293,205, and realized \$1,969,009 of intergovernmental revenues from state and local agencies. This is a 7% decrease from the previous year.

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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Clemson's governmental funds reported combined ending fund balances of \$7,889,181. Approximately 36% of this total amount (\$2,825,543) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is not available for new spending because it has already been, (1) restricted for Special Revenue Funds (\$4,368,813), Capital Projects Funds (\$97,003), and Debt Service Fund (\$155,476), (2) committed in the General Fund (\$144,227), and (3) assigned for encumbrances in the General and Special Revenue Funds (\$298,119). The unassigned fund balance decreased \$58,084 from June 30, 2012.

The General Fund is the chief operating fund of the City of Clemson. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,825,543, while total fund balance reached \$2,971,555. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance, and total fund balance, to total fund expenditures. Unassigned fund balance represents 31% of total General Fund expenditures, while total fund balance represents approximately 33% of total General Fund expenditures.

The Tax Increment Fund, a major special revenue fund, had a total fund balance of \$1,143,165 at the end of the current fiscal year, of which \$24,914 was assigned for encumbrances. This is an \$859,317 or 302% increase from the previous year. \$1,118,251 of the total fund balance is restricted for debt service payments pertaining to Tax Increment Bonds, and to finance ongoing projects within the tax increment district.

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 position of the water and wastewater utilities at the end of the year amounted to \$446,530 and \$4,560,204 respectively. Commercial sanitation operations ended the year with \$396,992 of unrestricted net position, while transit operations reported \$782,745 of net position that were unrestricted. Also, the City's investment in the downtown parking deck provided this proprietary fund with \$387,520 of unrestricted net position at the end of the year.

General Fund Budget Highlights

There were not any differences between original budget expenditures and final amended budget expenditures during the fiscal year. The total General Fund expenditures budget was approximately \$9.0 million, and budget notes are as follows:

- Unless there is a compelling reason, the City does not amend the Governing Body approved fiscal year budget.
- The City views revenue and expenditure variances (favorable and unfavorable) as a measure of the accuracy of the City's budget process.

During the year, actual revenues exceeded budget estimates by \$402,419 and actual expenditures were \$382,823 more than the City's budget estimates. The combined favorable revenue, and 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, 2013, amounts to \$40,512,429. This investment in capital assets includes land, buildings, other improvements, equipment, and construction in progress.

Of the \$40,512,429 investment, \$17,937,581 pertained to governmental activities and \$22,574,848 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 \$410,000 of five year Lease Purchase debt to partially defray the cost of acquiring a fire suppression truck to be housed at Clemson University. Hospitality fee revenues are pledged to retire the debt.
- Downtown Revitalization Phase Vb was closed out by the end of the fiscal year. Funding for the \$922,000 project came from transfers from the Tax Increment Fund. Excess resources were transferred to the Earle Street Improvements project which will begin in fiscal year 2013-14.
- Improvements to US Highway 123 at Gateway Village were substantially complete at fiscal year end. Improvements include turn lane additions, signalization, lighting, and infrastructure enhancements. The \$1.5 million project is funded with developer contributions and state aid.
- Through its fleet replacement program transportation services acquired two buses. A \$405,000 40' bus and a \$633,880 60' articulated bus. The total acquisition amount of \$1,038,880 was funded with a federal transportation grant and retained earnings from the Transit Fund.

Capital Assets (net of accumulated depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Land and Buildings	\$ 7,365,728	\$ 7,497,792	\$ 5,413,978	\$ 5,540,839	\$ 12,779,706	\$ 13,038,631
Other Improvements	6,128,912	5,848,808	14,169,050	14,078,975	20,297,962	19,927,783
Equipment	2,218,915	1,551,795	2,920,063	2,448,433	5,138,978	4,000,228
Construction in Progress	2,224,026	1,602,026	71,757	-	2,295,783	1,602,026
Total Capital Assets	\$ 17,937,581	\$ 16,500,421	\$ 22,574,848	\$ 22,068,247	\$ 40,512,429	\$ 38,568,668

Debt Administration

At June 30, 2013, the City had total bonded debt outstanding of \$306,000 as a result of refunding three prior General Obligation Bond issues. 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 \$1.9 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, 2013 is as follows:

- *General Obligation Bonds \$306,000*
- *Tax Increment Bonds \$3,114,960*
- *Capital Lease Purchase Agreements \$1,295,201*

Outstanding business-type debt at June 30, 2013 is as follows:

- *Water Revenue Bonds (South Carolina Revolving Fund Loans) \$3,332,412*
- *Wastewater Revenue Bonds (South Carolina Revolving Fund Loan) \$457,559*
- *Wastewater Revenue Bonds \$148,750*
- *Commercial Sanitation Capital Lease Purchase Agreement \$22,735*

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 \$4,238,230, which is in excess of the City's outstanding general obligation debt of \$306,000. 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 83.34 mills actually translates to a "net ad valorem tax rate" of 62.61 mills with the local option sales tax credit factor taken into account. As a result, the City's tax rate compares quite favorably to other municipalities in both North and South Carolina.

Requests for Information

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

BASIC FINANCIAL STATEMENTS



CITY OF CLEMSON
STATEMENT OF NET POSITION
June 30, 2013

Assets	Governmental Activities	Business-type Activities	Total
Cash	\$ 6,119,894	\$ 625	\$ 6,120,519
Investments	5,489,175	-	5,489,175
Receivables (Net of Allowance):			
Property Taxes	359,556	-	359,556
Accounts	454,513	547,599	1,002,112
Interest	18,497	-	18,497
Other	149,163	157,042	306,205
Due from Other Governmental Units	1,447,875	3,845	1,451,720
Internal Balances	(4,248,478)	4,248,478	-
Inventory	-	35,788	35,788
Investment in Joint Venture	-	3,279,031	3,279,031
Restricted Cash - Revenue Bond Covenants	-	290,945	290,945
Capital Assets not Being Depreciated			
Land	1,647,400	462,083	2,109,483
Construction in Progress	2,224,026	71,757	2,295,783
Capital Assets net of Accumulated Depreciation			
Buildings	5,718,328	4,951,895	10,670,223
Other Improvements	6,128,912	14,169,050	20,297,962
Equipment	2,218,915	2,920,063	5,138,978
Total Assets	\$ 27,727,776	\$ 31,138,201	\$ 58,865,977
 Deferred Outflows of Resources			
Unamortized Bond Issue Costs	\$ -	\$ 72,606	\$ 72,606
 Liabilities			
Accounts Payable and Other Current Liabilities	\$ 347,116	\$ 292,353	\$ 639,469
Contracts Payable	183,160	78,933	262,093
Accrued Interest Payable	50,622	21,444	72,066
Deferred Support	877	-	877
Revenue Received in Advance	570,294	-	570,294
Liabilities Payable From Restricted Assets	-	499,175	499,175
Noncurrent Liabilities:			
Due Within One Year	1,378,834	365,718	1,744,552
Due in More Than One Year	3,709,331	3,757,512	7,466,843
Total Liabilities	\$ 6,240,234	\$ 5,015,135	\$ 11,255,369
 Net Position			
Invested in Capital Assets, Net of Related Debt	\$ 14,340,750	\$ 18,613,393	\$ 32,954,143
Restricted For:			
Debt Service	155,476	1,008,288	1,163,764
Unrestricted	6,991,316	6,573,991	13,565,307
Total Net Position	\$ 21,487,542	\$ 26,195,672	\$ 47,683,214

See Notes to Financial Statements

CITY OF CLEMSON

STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Primary Government:						
Governmental Activities:						
General Government	\$ 3,272,222	\$ 3,424,438	\$ -	\$ 1,062,182	\$ 1,214,398	\$ -
Public Safety	3,293,682	334,411	-	95,710	(2,863,561)	-
Public Works	3,719,287	518,131	1,471,543	-	(1,729,613)	-
Culture and Recreation	2,074,569	106,412	296,279	-	(1,671,878)	-
Urban Redevelopment	362,661	-	-	305,550	(57,111)	-
Interest on Long-term Debt	210,520	-	-	-	(210,520)	-
Total Governmental Activities	\$ 12,932,941	\$ 4,383,392	\$ 1,767,822	\$ 1,463,442	\$ (5,318,285)	\$ -
Business-type Activities						
Water	\$ 2,432,057	\$ 2,350,277	\$ -	\$ 390,304	\$ -	\$ 308,524
Wastewater	2,386,578	2,557,008	-	262,134	-	432,564
Sanitation	292,655	282,837	-	-	-	(9,818)
Transit	3,661,994	25,625	4,262,214	-	-	625,845
Parking Deck	88,427	85,641	-	-	-	(2,786)
Total Business-type Activities	\$ 8,861,711	\$ 5,301,388	\$ 4,262,214	\$ 652,438	\$ -	\$ 1,354,329
Total Primary Government	\$ 21,794,652	\$ 9,684,780	\$ 6,030,036	\$ 2,115,880	\$ (5,318,285)	\$ (3,963,956)

continued

CITY OF CLEMSON

STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2013

continued

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
General Revenues:						
Property Taxes					\$ 5,557,061	\$ -
Local Option Sales Tax					1,289,819	-
Local Accommodations Tax					223,138	-
Intergovernmental - Unrestricted					493,901	-
Unrestricted Investment Earnings					106,034	54,994
Other					242,662	-
Transfers					254,538	(254,538)
						-
Total General Revenues and Transfers					\$ 8,167,153	\$ (199,544)
Change in Net Position					\$ 2,848,868	\$ 1,154,785
Net Position, Beginning					18,638,674	25,040,887
Net Position, Ending					\$ 21,487,542	\$ 26,195,672
						\$ 47,683,214

CITY OF CLEMSON
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2013

	General	Tax Increment Fund	US Hwy 123 Improvement Fund	Other Governmental Funds	Total
Assets					
Cash	\$ 6,119,894	\$ -	\$ -	\$ -	\$ 6,119,894
Investments	5,489,175	-	-	-	5,489,175
Receivables (Net of Allowance)					
Property Taxes	279,570	71,755	-	8,231	359,556
Accounts	56,380	-	-	398,133	454,513
Interest	18,497	-	-	-	18,497
Other	149,163	-	-	-	149,163
Due from Other Governmental Units	354,794	8,196	944,415	140,470	1,447,875
Due from Other Funds	761,255	1,117,775	-	3,270,183	5,149,213
Total Assets	\$ 13,228,728	\$ 1,197,726	\$ 944,415	\$ 3,817,017	\$ 19,187,886
Liabilities and Fund Balances					
Liabilities:					
Vouchers Payable	\$ 159,751	\$ -	\$ -	\$ -	\$ 159,751
Accounts Payable	150,684	-	-	36,678	187,362
Contracts Payable	-	-	43,960	-	43,960
Retainage Payable	-	-	139,200	-	139,200
Due to Other Funds	8,636,439	-	761,255	-	9,397,694
Deferred Support	540,358	-	-	-	540,358
Revenue Received in Advance	570,294	-	-	-	570,294
Total Liabilities	\$ 10,057,526	\$ -	\$ 944,415	\$ 36,678	\$ 11,038,619
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes	\$ 199,647	\$ 54,561	\$ -	\$ 5,878	\$ 260,086
Fund Balances:					
Restricted For:					
Special Revenue Funds	\$ -	\$ 1,118,251	\$ -	\$ 2,938,543	\$ 4,056,794
Special Revenue Funds - L-T Receivables	-	-	-	312,019	312,019
Capital Projects Funds	-	-	-	97,003	97,003
Debt Service Fund	-	-	-	155,476	155,476
Committed:					
General Fund	144,227	-	-	-	144,227
Assigned:					
Encumbrances	1,785	24,914	-	164,273	190,972
Special Revenue Funds	-	-	-	107,147	107,147
Unassigned:					
General Fund	2,825,543	-	-	-	2,825,543
Total Fund Balances	\$ 2,971,555	\$ 1,143,165	\$ -	\$ 3,774,461	\$ 7,889,181
Total Liabilities and Fund Balances	\$ 13,228,728	\$ 1,197,726	\$ 944,415	\$ 3,817,017	\$ 19,187,886

See Notes to Financial Statements

CITY OF CLEMSON

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2013**

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

Total fund balances - governmental funds	\$	7,889,181
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$35,765,697 and the accumulated depreciation is \$17,828,115.		17,937,582
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds		260,086
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.		(50,622)
Certain deferred revenues in the governmental funds are reportable for governmental activities and, therefore are not included on the statement of net position.		539,480
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Long-term liabilities at year-end consist of:		
Capital Leases	\$ 1,295,202	
Bonds Payable	3,420,960	
Compensated Absences	372,003	(5,088,165)
Net position of governmental activities	\$	<u>21,487,542</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, 2013

	<u>General</u>	<u>Tax Increment Fund</u>	<u>US Hwy 123 Improvements Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Revenues					
Property Taxes	\$ 3,401,762	\$ 1,795,058	\$ -	\$ 100,155	\$ 5,296,975
Local Option Sales Tax	1,252,930	-	-	36,889	1,289,819
Local Accomodations Tax	-	-	-	223,138	223,138
Hospitality Fees/Tax	-	-	-	1,125,361	1,125,361
License and Permits	2,299,077	-	-	-	2,299,077
Intergovernmental	493,901	-	944,415	296,279	1,734,595
Federal Aid	-	-	-	305,550	305,550
State Aid	-	-	-	95,710	95,710
Charges for Services	669,783	-	-	44,693	714,476
Fines and Forfeitures	244,478	-	-	-	244,478
Investment Earnings	46,130	12,099	-	47,805	106,034
Contributions and Donations	-	-	527,128	-	527,128
Other	220,795	-	-	10,410	231,205
Total Revenues	\$ 8,628,856	\$ 1,807,157	\$ 1,471,543	\$ 2,285,990	\$ 14,193,546
Expenditures					
Current Operating					
General Government	\$ 2,520,263	\$ -	\$ -	\$ 4,800	\$ 2,525,063
Public Safety	3,087,096	-	-	42,174	3,129,270
Public Works	2,227,770	65,795	1,471,543	-	3,765,108
Culture and Recreation	651,779	-	-	485,058	1,136,837
Equipment Services	150,704	-	-	-	150,704
Urban Redevelopment	-	-	-	362,661	362,661
Other	330,958	-	-	-	330,958
Debt Service					
Principal	122,078	-	-	978,242	1,100,320
Interest	10,294	-	-	206,579	216,873
Fees	-	-	-	1,724	1,724
Capital Outlay	-	-	-	1,312,448	1,312,448
Intergovernmental	-	-	-	403,808	403,808
Total Expenditures	\$ 9,100,942	\$ 65,795	\$ 1,471,543	\$ 3,797,494	\$ 14,435,774
Excess of Revenues Over (Under) Expenditures	\$ (472,086)	\$ 1,741,362	\$ -	\$ (1,511,504)	\$ (242,228)
Other Financing Sources (Uses)					
Issuance of Long Term Debt	\$ -	\$ -	\$ -	\$ 410,000	\$ 410,000
Transfers In	446,538	-	-	1,051,048	1,497,586
Transfers Out	(4,500)	(882,045)	-	(356,503)	(1,243,048)
Total Other Financing Sources (Uses)	\$ 442,038	\$ (882,045)	\$ -	\$ 1,104,545	\$ 664,538
Net Change in Fund Balances	\$ (30,048)	\$ 859,317	\$ -	\$ (406,959)	\$ 422,310
Fund Balances, Beginning	3,001,603	283,848	-	4,181,420	7,466,871
Fund Balances, Ending	\$ 2,971,555	\$ 1,143,165	\$ -	\$ 3,774,461	\$ 7,889,181

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, 2013**

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

<i>Net change in fund balances - total governmental funds</i>	\$ 422,310
<i>Governmental funds report capital outlays as expenditures (\$2,995,155). However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense (\$1,557,995). This is the amount by which capital outlays exceeded depreciation in the current period.</i>	1,437,160
<i>Revenues in the statement of activities that do not represent current financial resources are not reported as revenues in the funds.</i>	271,543
<i>The issuance of long-term debt (\$410,000) provides current financial resources to governmental funds, while the repayment of long-term debt (\$1,100,320) consumes the current financial resources of governmental funds. This transaction, however, has no effect on net position.</i>	690,320
<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>	6,353
<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>	21,182
<i>Change in net position of governmental activities</i>	\$ 2,848,868

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, 2013

	Budgeted			
	Original	Final	Actual	Variance
Revenues				
Property Taxes	\$ 3,354,121	\$ 3,354,121	\$ 3,401,762	\$ 47,641
Local Option Sales Tax	1,140,000	1,140,000	1,252,930	112,930
Licenses and Permits	2,000,000	2,000,000	2,299,077	299,077
Intergovernmental	500,200	500,200	493,901	(6,299)
Charges for Services	655,216	655,216	669,783	14,567
Fines and Forfeitures	384,000	384,000	244,478	(139,522)
Investment Earnings	55,000	55,000	46,130	(8,870)
Other	137,900	137,900	220,795	82,895
Total Revenues	\$ 8,226,437	\$ 8,226,437	\$ 8,628,856	\$ 402,419
Expenditures				
Current Operating				
General Government				
Council	\$ 168,350	\$ 168,350	\$ 314,266	\$ (145,916)
Municipal Court	302,220	302,220	296,921	5,299
Administration	499,598	499,598	513,040	(13,442)
Finance	204,841	204,841	186,083	18,758
Information Tech Services	163,958	163,958	155,569	8,389
Planning and Codes	693,477	693,477	691,301	2,176
Public Buildings	312,739	312,739	363,083	(50,344)
Total	\$ 2,345,183	\$ 2,345,183	\$ 2,520,263	\$ (175,080)
Public Safety				
Police	\$ 2,631,426	\$ 2,631,426	\$ 2,460,911	\$ 170,515
Fire	625,000	625,000	626,185	(1,185)
Total	\$ 3,256,426	\$ 3,256,426	\$ 3,087,096	\$ 169,330
Public Works				
Streets	\$ 743,977	\$ 743,977	\$ 675,968	\$ 68,009
Residential Sanitation	1,077,671	1,077,671	1,313,440	(235,769)
Administration	226,936	226,936	238,362	(11,426)
Total	\$ 2,048,584	\$ 2,048,584	\$ 2,227,770	\$ (179,186)
Culture and Recreation	\$ 647,500	\$ 647,500	\$ 651,779	\$ (4,279)
Equipment Services	\$ 138,759	\$ 138,759	\$ 150,704	\$ (11,945)
Debt Service				
Principal	\$ 122,100	\$ 122,100	\$ 122,078	\$ 22
Interest	10,600	10,600	10,294	306
Total	\$ 132,700	\$ 132,700	\$ 132,372	\$ 328

continued

CITY OF CLEMSON

continued

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
Fiscal Year Ended June 30, 2013

	Budgeted		Actual	Variance
	Original	Final		
Expenditures, continued				
Other	<u>\$ 148,967</u>	<u>\$ 148,967</u>	<u>\$ 330,958</u>	<u>\$ (181,991)</u>
Total Expenditures	<u>\$ 8,718,119</u>	<u>\$ 8,718,119</u>	<u>\$ 9,100,942</u>	<u>\$ (382,823)</u>
Excess of Revenues Over (Under)				
Expenditures	<u>\$ (491,682)</u>	<u>\$ (491,682)</u>	<u>\$ (472,086)</u>	<u>\$ 19,596</u>
Other Financing Sources				
Transfers In	<u>\$ 446,520</u>	<u>\$ 446,520</u>	<u>\$ 446,538</u>	<u>\$ 18</u>
Transfers Out	<u>(4,500)</u>	<u>(4,500)</u>	<u>(4,500)</u>	<u>-</u>
Total	<u>\$ 442,020</u>	<u>\$ 442,020</u>	<u>\$ 442,038</u>	<u>\$ 18</u>
Net Change in Fund Balances	<u>\$ (49,662)</u>	<u>\$ (49,662)</u>	<u>\$ (30,048)</u>	<u>\$ 19,614</u>
Fund Balance, Beginning	<u>3,001,603</u>	<u>3,001,603</u>	<u>3,001,603</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 2,951,941</u></u>	<u><u>\$ 2,951,941</u></u>	<u><u>\$ 2,971,555</u></u>	<u><u>\$ 19,614</u></u>

See Notes to Financial Statements

CITY OF CLEMSON

**TAX INCREMENT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
Fiscal Year Ended June 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property Taxes	\$ 1,700,000	\$ 1,795,058	\$ 95,058
Investment Earnings	25,000	12,099	(12,901)
Total Revenues	<u>\$ 1,725,000</u>	<u>\$ 1,807,157</u>	<u>\$ 82,157</u>
Expenditures			
Current Operating			
General Government	\$ 50,000	\$ -	\$ 50,000
Public Works	520,000	65,795	454,205
Total Expenditures	<u>\$ 570,000</u>	<u>\$ 65,795</u>	<u>\$ 504,205</u>
Excess of Revenues Over (Under) Expenditures	\$ 1,155,000	\$ 1,741,362	\$ 586,362
Other Financing Sources (Uses)			
Transfer Out	(1,272,045)	(882,045)	390,000
Net Change in Fund Balance	\$ (117,045)	\$ 859,317	\$ 976,362
Fund Balance, Beginning	<u>283,848</u>	<u>283,848</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 166,803</u></u>	<u><u>\$ 1,143,165</u></u>	<u><u>\$ 976,362</u></u>

See Notes To Financial Statements

CITY OF CLEMSON
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2013

	Water	Wastewater	Sanitation	Transit	Parking Deck	Total
Assets						
Current Assets						
Cash	\$ 300	\$ 150	-	\$ 175	\$ -	\$ 625
Accounts Receivable	108,835	114,176	25,730	49,382	-	298,123
Unbilled Utility Receivables	114,784	128,792	5,900	-	-	249,476
Note Receivable-Current	16,264	-	-	-	-	16,264
Due from Other Governmental Units	-	-	-	3,845	-	3,845
Due from Other Funds	867,533	1,710,207	384,897	897,805	388,036	4,248,478
Inventory	35,788	-	-	-	-	35,788
Total Current Assets	\$ 1,143,504	\$ 1,953,325	\$ 416,527	\$ 951,207	\$ 388,036	\$ 4,852,599
Noncurrent Assets						
Restricted Cash - Revenue Bond Covenants	\$ 236,594	\$ 54,351	-	-	-	\$ 290,945
Investment in Joint Venture	-	3,279,031	-	-	-	3,279,031
Note Receivable	140,778	-	-	-	-	140,778
Capital Assets						
Land and Buildings	167,149	260,171	-	3,011,754	2,683,179	6,122,253
Other Improvements	8,051,516	16,021,678	-	23,673	-	24,096,867
Equipment	585,565	1,144,083	396,722	7,806,949	22,803	9,956,122
Accumulated Depreciation	(2,259,602)	(9,142,733)	(373,525)	(5,243,115)	(581,419)	(17,600,394)
Total Noncurrent Assets	\$ 6,922,000	\$ 11,616,581	\$ 23,197	\$ 5,599,261	\$ 2,124,563	\$ 26,285,602
Total Assets	\$ 8,065,504	\$ 13,569,906	\$ 439,724	\$ 6,550,468	\$ 2,512,599	\$ 31,138,201
Deferred Outflows of Resources						
Unamortized Bond Costs	\$ 63,324	\$ 9,282	-	-	-	\$ 72,606

continued

CITY OF CLEMSON
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 June 30, 2013

	Water	Wastewater	Sanitation	Transit	Parking Deck	Total
Liabilities						
Current Liabilities						
Accounts Payable	\$ 105,821	\$ 45,542	\$ 940	\$ 95,661	\$ 516	\$ 248,480
Contracts Payable	63,372	15,561	-	-	-	78,933
Accrued Expenses	28,946	15,871	2,474	18,026	-	65,317
Compensated Absences	24,934	28,796	4,956	30,042	-	88,728
Revenue Bonds Payable - Current	115,248	139,007	-	-	-	254,255
Capital Leases Payable - Current	-	-	22,735	-	-	22,735
Total Current Liabilities	\$ 338,321	\$ 244,777	\$ 31,105	\$ 143,729	\$ 516	\$ 758,448
Noncurrent Liabilities						
Compensated Absences	\$ 20,528	\$ 23,706	\$ 4,080	\$ 24,732	-	\$ 73,046
Customer Deposits Payable	492,090	-	7,085	-	-	499,175
Revenue Bonds Payable	3,217,164	467,302	-	-	-	3,684,466
Total Noncurrent Liabilities	\$ 3,729,782	\$ 491,008	\$ 11,165	\$ 24,732	-	\$ 4,256,687
Total Liabilities	\$ 4,068,103	\$ 735,785	\$ 42,270	\$ 168,461	\$ 516	\$ 5,015,135
Net Position						
Invested in Capital Assets, Net of Related Debt	\$ 3,212,216	\$ 7,676,890	\$ 462	\$ 5,599,262	\$ 2,124,563	\$ 18,613,393
Restricted for Debt Service	401,979	606,309	-	-	-	1,008,288
Unrestricted	446,530	4,560,204	396,992	782,745	387,520	6,573,991
Total Net Position	\$ 4,060,725	\$ 12,843,403	\$ 397,454	\$ 6,382,007	\$ 2,512,083	\$ 26,195,672

See Notes to Financial Statements

CITY OF CLEMSON

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Fiscal Year Ended June 30, 2013

	Water	Wastewater	Sanitation	Transit	Parking Deck	Totals
Operating Revenues						
Charges for Services	\$ 2,212,341	\$ 2,121,723	\$ 279,545	\$ -	\$ 85,641	\$ 4,699,250
Impact Fees	43,317	64,022	-	-	-	107,339
Late Charges	28,894	29,375	2,662	-	-	60,931
Joint Venture Income	-	187,628	-	-	-	187,628
Other	44,932	154,260	630	25,625	-	225,447
Total Operating Revenues	\$ 2,329,484	\$ 2,557,008	\$ 282,837	\$ 25,625	\$ 85,641	\$ 5,280,595
Operating Expenses						
Water Department	\$ 1,760,793	\$ -	\$ -	\$ -	\$ -	\$ 1,760,793
Wastewater Collection	-	705,042	-	-	-	705,042
Wastewater Treatment	-	1,033,332	-	-	-	1,033,332
Billing Administration	300,278	-	-	-	-	300,278
Engineering	-	159,819	-	-	-	159,819
Commercial Sanitation	-	-	257,086	-	-	257,086
Transit Operations	-	-	-	3,088,584	-	3,088,584
Parking Deck Operations	-	-	-	-	23,735	23,735
Depreciation	253,434	440,051	27,943	558,559	60,969	1,340,956
Other	41,617	35,599	6,773	14,851	3,723	102,563
Total Operating Expenses	\$ 2,356,122	\$ 2,373,843	\$ 291,802	\$ 3,661,994	\$ 88,427	\$ 8,772,188
Operating Income (Loss)	\$ (26,638)	\$ 183,165	\$ (8,965)	\$ (3,636,369)	\$ (2,786)	\$ (3,491,593)

continued

CITY OF CLEMSON

continued

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 Fiscal Year Ended June 30, 2013

	Water	Wastewater	Sanitation	Transit	Parking Deck	Totals
Non-Operating Revenues (Expenses)						
Investment Earnings	\$ 14,006	\$ 20,786	\$ 5,338	\$ 10,361	\$ 4,503	\$ 54,994
Operating Grants	-	-	-	2,293,205	-	2,293,205
Intergovernmental	20,793	-	-	1,969,009	-	1,989,802
Debt Service - Interest	(75,935)	(12,735)	(853)	-	-	(89,523)
Total Non-Operating Revenues (Expenses)	\$ (41,136)	\$ 8,051	\$ 4,485	\$ 4,272,575	\$ 4,503	\$ 4,248,478
Income (Loss) Before Contributions and Transfers	\$ (67,774)	\$ 191,216	\$ (4,480)	\$ 636,206	\$ 1,717	\$ 756,885
Capital Contributions	390,304	262,134	-	-	-	652,438
Transfers In	15,000	9,000	-	-	-	24,000
Transfers Out	(96,335)	(165,879)	(7,424)	(8,900)	-	(278,538)
Change in Net Position	\$ 241,195	\$ 296,471	\$ (11,904)	\$ 627,306	\$ 1,717	\$ 1,154,785
Total Net Position, Beginning	\$ 3,819,530	\$ 12,546,932	\$ 409,358	\$ 5,754,701	\$ 2,510,366	\$ 25,040,887
Total Net Position, Ending	\$ 4,060,725	\$ 12,843,403	\$ 397,454	\$ 6,382,007	\$ 2,512,083	\$ 26,195,672

See Notes to Financial Statements

CITY OF CLEMSON

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
Fiscal Year Ended June 30, 2013

Business-type Activities - Enterprise Funds

	Water	Wastewater	Sanitation	Transit	Parking Deck	Totals
Cash Flows from Operating Activities						
Receipts from Customers and Users	\$ 2,465,596	\$ 2,561,810	\$ 282,446	\$ 44,193	\$ 87,191	\$ 5,441,236
Payments to Suppliers	(1,285,250)	(1,172,152)	(118,704)	(3,236,099)	(27,551)	(5,839,756)
Payments to Employees	(741,639)	(955,705)	(149,248)	(1,487,763)	-	(3,334,355)
Net Cash Provided (Used) by Operating Activities	\$ 438,707	\$ 433,953	\$ 14,494	\$ (4,679,669)	\$ 59,640	\$ (3,732,875)
Cash Flows from Noncapital Financing Activities						
Transfer from (to) Other Funds	\$ (187,535)	\$ (208,450)	\$ 3,612	\$ 156,931	\$ (64,143)	\$ (299,585)
Grants Available for Operating Purposes	-	-	-	3,532,865	-	3,532,865
Subsidies from Other Governmental Agencies	20,793	-	-	2,018,392	-	2,039,185
Net Cash Provided (Used) by Capital and Related Financing Activities	\$ (166,742)	\$ (208,450)	\$ 3,612	\$ 5,708,188	\$ (64,143)	\$ 5,272,465
Cash Flows from Capital and Related Financing Activities						
Capital Contributions	\$ 390,304	\$ 262,134	\$ -	\$ -	\$ -	\$ 652,438
Purchases of Capital Assets	(56,331)	(43,677)	-	(1,038,880)	-	(1,138,888)
Acquisition and Construction of Capital Assets	(447,915)	(262,134)	-	-	-	(710,049)
Principal Paid on Capital Debt	(112,691)	(188,500)	(22,047)	-	-	(323,238)
Interest Paid on Capital Debt	(76,569)	(14,126)	(1,397)	-	-	(92,092)
Proceeds from Sale of Capital Asset	17,245	-	-	-	-	17,245
Net Cash Provided (Used) by Capital and Related Financing Activities	\$ (285,957)	\$ (246,303)	\$ (23,444)	\$ (1,038,880)	\$ -	\$ (1,594,584)
Cash Flows from Investing Activities						
Investment Income Received	\$ 14,006	\$ 20,786	\$ 5,338	\$ 10,361	\$ 4,503	\$ 54,994
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 14	\$ (14)	\$ -	\$ -	\$ -	\$ -
Cash and Cash Equivalents, Beginning	236,880	54,515	-	175	-	291,570
Cash and Cash Equivalents, Ending	\$ 236,894	\$ 54,501	\$ -	\$ 175	\$ -	\$ 291,570

continued

CITY OF CLEMSON

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
Fiscal Year Ended June 30, 2013

	Business-type Activities - Enterprise Funds					continued
	Water	Wastewater	Sanitation	Transit	Parking Deck	Totals
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities						
Operating Income (Loss)	\$ (26,638)	\$ 183,165	\$ (8,965)	\$ (3,636,369)	\$ (2,786)	\$ (3,491,593)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities						
Depreciation Expense	\$ 253,434	\$ 440,051	\$ 27,943	\$ 558,559	\$ 60,969	\$ 1,340,956
(Increase) Decrease in Accounts Receivable	45,497	4,802	(1,121)	18,568	1,550	69,296
(Increase) Decrease in Inventory	(7,682)	-	-	-	-	(7,682)
(Increase) Decrease in Investment in Joint Venture	-	(218,068)	-	-	-	(218,068)
(Increase) Decrease in Deferred Charges	2,862	1,038	-	-	-	3,900
Increase (Decrease) in Accounts Payable	91,864	5,796	(5,405)	(5,971)	(93)	86,191
Increase (Decrease) in Contracts Payable	(11,999)	9,870	-	(1,620,000)	-	(1,622,129)
Increase (Decrease) in Accrued Wages	(1,136)	194	273	1,825	-	1,156
Increase (Decrease) in Compensated Absences	1,890	7,105	1,039	3,719	-	13,753
Increase (Decrease) in Customer Deposits	90,615	-	730	-	-	91,345
Total Adjustments	\$ 465,345	\$ 250,788	\$ 23,459	\$ (1,043,300)	\$ 62,426	\$ (241,282)
Net Cash Provided (Used) by Operating Activities	\$ 438,707	\$ 433,953	\$ 14,494	\$ (4,679,669)	\$ 59,640	\$ (3,732,875)

See Notes To Financial Statements

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 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 position 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 US Hwy 123 Improvement Fund was established to account for the improvements made to US Hwy 123 for the new Gateway Village featuring Publix grocery store.

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The government reports the following major proprietary funds:

The Water Fund accounts for charges to users for water services and the cost of operations of the system.

The Wastewater Fund accounts for charges to users for sewer services and the cost of operations of the system.

The Sanitation Fund leases commercial trash receptacles to businesses and apartment complexes and sells trashcan liners to the citizens of Clemson.

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

The Parking Deck Fund accounts for charges to users on a daily basis and for special events.

Additionally, the government reports the following fund types:

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

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

Debt Service Funds account for the resources accumulated, and payments made, for principal and interest on long-term general obligation debt of governmental funds.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in the business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

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

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

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

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

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

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.

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

Inventories

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

Receivables and Payables

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

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Restricted

Certain resources in the City's proprietary funds are classified as restricted on the statement of net position because they are maintained in separate bank accounts as required by certain bond covenants. The 2005 Water A, 2005 Water B and 2009 Wastewater 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.

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 are 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

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred bond issuance costs reported in the proprietary funds statement of net position. A deferred bond issuance charge results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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 position. 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 Balance

During the year ended June 30, 2011, the City implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions ("GASB 54"), which establishes new fund balance classifications for governmental fund types and clarifies the definitions of the governmental fund types. The implementation of this statement had no impact on the total fund balances for the City's governmental funds.

In accordance with GASB 54, the City classifies governmental fund balances as follows:

- Nonspendable – includes amounts that inherently cannot be spent either because it is not in spendable form (i.e. prepaids, inventories, etc.) or because of legal or contractual requirements (i.e. principal on an endowment, etc.).*
- Restricted – includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.*
- Committed – includes amounts that are constrained for specific purposes that are internally imposed by the government through adoption of an ordinance made by City Council, which is the highest level of decision making authority, before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.*
- Assigned – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made before the report issuance date. Assigned balances are approved by the City Administrator.*

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

- *Unassigned – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if the expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.*

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Net Position

Net Position represents assets plus deferred outflows of resources less liabilities less deferred inflows of resources. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by City Council or through external restrictions imposed by creditors, grantors, or laws or regulations of other governmental entities.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the City's management to make estimates and assumptions. These estimates and assumptions 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

2. BUDGETARY PRACTICES

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

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

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

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

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

3. CASH AND INVESTMENTS

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

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

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

3. CASH AND INVESTMENTS, continued

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 loss on its investments of \$218,303 as of the balance sheet date.

The following is an analysis of investments held at June 30, 2013: 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 Farm Credit Bank Bonds			
Due 04/25/17	AAA	\$ 118,900	\$ 114,471
Due 05/05/17	AAA	117,128	114,014
Due 06/04/18	AAA	80,737	77,834
Due 05/07/20	AAA/Aaa/AAA	104,525	115,475
Due 12/21/20	AAA/Aaa/AAA	100,552	107,850
Due 11/26/24	AAA/Aaa/AAA	125,297	133,124
Due 02/14/25	AAA/Aaa	51,952	56,563
Due 10/24/25	AAA/Aaa	101,308	91,530
Due 10/06/26	AAA/Aaa/AAA	101,655	94,567
Due 02/01/28	AAA/Aaa/AAA	151,167	162,486
Due 08/03/28	AAA/Aaa	60,108	55,278
Due 11/24/28	AAA/Aaa/AAA	196,244	213,874
Due 01/18/30	AAA/Aaa	104,480	97,472
Due 11/08/32	AAA/Aaa/AAA	100,150	88,807
Due 06/08/37	AAA/Aaa	100,352	108,546
Due 08/08/39	AAA/Aaa	101,910	86,553
Federal Home Loan Mortgage Notes			
Due 11/27/15	AAA/Aaa/AAA	100,000	99,721
Due 09/15/25	AAA/Aaa/AAA	150,000	143,160
Due 09/15/25	AAA/Aaa/AAA	100,000	96,886
Due 05/15/30	AAA/Aaa/AAA	100,000	100,621
Due 06/15/30	AAA/Aaa/AAA	100,000	101,264
Due 07/15/30	AAA/Aaa/AAA	100,000	100,821
Tennessee Valley Auth			
Due 07/15/33	AAA/Aaa/AAA	50,326	53,808
Due 09/15/39	AAA/Aaa/AAA	48,779	50,631
Due 12/15/42	AAA/Aaa/AAA	131,978	109,142
Federal Home Loan Banks			
Due 03/12/21	AAA/Aaa	221,708	237,252
Due 03/11/22	AAA/Aaa	214,528	196,484
Due 12/01/26	AAA/Aaa	105,480	96,154
GNMA II Guaranteed Pass Thru			
Due 06/20/28	N/A	19,500	13,382

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>
S.C. State Public Service Auth			
Due 07/01/13	AA-/Aa3/AA	\$ 20,200	\$ 20,007
Due 01/01/32	AA-/Aa3/AA	80,804	80,202
Federal Home Loan MTG Corp			
Due 04/15/33	N/A	105,538	109,652
Federal National Mortgage			
Due 07/15/16	AAA	102,002	100,069
Due 11/15/16	AAA	102,402	101,375
Due 11/24/17	AAA	102,200	103,676
Due 04/30/18	AAA	99,625	97,153
Due 04/18/36	AAA/Aaa/AAA	107,505	113,037
U.S. Treasury Notes			
Due 01/31/15	AAA	105,916	103,113
Due 11/30/15	AAA	101,683	102,125
Due 03/31/16	AAA	106,930	104,891
Due 08/31/17	AAA	103,829	103,031
Due 11/30/17	AAA	103,125	104,492
Due 08/31/18	AAA	99,732	100,281
State Investment Pool			
Due 09/30/14	AAA/Aaa	<u>1,028,301</u>	<u>1,028,301</u>
Totals		\$ <u>5,528,556</u>	\$ <u>5,489,175</u>

Interest rate risk – Interest rate risk is the risk that the fair 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, 2013, \$4,641,993 of the City's bank balance of \$6,567,321 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 \$5,489,175 the City has a custodial credit risk exposure of \$123,034 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>US Hwy</u> <u>123</u>	<u>Water</u>	<u>Wastewater</u>	<u>Sanitation</u>	<u>Transit</u>	<u>Nonmajor</u>	<u>Total</u>
Receivables:									
Property Taxes	\$ 294,284	\$ 75,531	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,664	\$ 378,479
Accounts	56,380	-	-	223,619	242,968	31,630	49,382	398,133	1,002,112
Interest	18,497	-	-	-	-	-	-	-	18,497
Inter-governmental	354,794	8,196	944,415	-	-	-	3,845	140,470	1,451,720
Other	149,163	-	-	-	-	-	-	-	149,163
Gross Receivables	\$ 873,118	\$ 83,727	\$ 944,415	\$ 223,619	\$ 242,968	\$ 31,630	\$ 53,227	\$ 547,267	\$2,999,971
Less: Allowance for Uncollectibles	(14,714)	(3,776)	-	-	-	-	-	(433)	(18,923)
Net Total Receivables	\$ 858,404	\$ 79,951	\$ 944,415	\$ 223,619	\$ 242,968	\$ 31,630	\$ 53,227	\$ 546,834	\$2,981,048

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, 2013 is \$324,325 of which \$312,019 is long-term.

5. NOTE RECEIVABLE – TOWN OF CENTRAL

The City sold its Highway 93 Water Tank to the Town of Central for \$250,000 in 2007. The terms of the sale call for the Town of Central to pay \$5,009 per quarter for 15 years at an interest rate of 2.5%. The balance of the note at June 30, 2013 is \$157,042 with \$16,264 due within the next year.

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

Governmental activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Capital assets, not depreciated:</i>				
Land	\$ 1,595,400	\$ 52,000	\$ -	\$ 1,647,400
Construction in Progress	1,602,026	622,000	-	2,224,026
<i>Total capital assets, not depreciated</i>	<u>\$ 3,197,426</u>	<u>\$ 674,000</u>	<u>\$ -</u>	<u>\$ 3,871,426</u>
<i>Capital assets, depreciated:</i>				
Other improvements	\$ 7,785,461	\$ -	\$ -	\$ 7,785,461
Buildings	7,798,737	-	-	7,798,737
Infrastructure	7,710,750	1,062,182	-	8,772,932
Furniture and equipment	6,771,682	1,290,222	(524,763)	7,537,141
<i>Total capital assets depreciated</i>	<u>\$ 30,066,630</u>	<u>\$ 2,352,404</u>	<u>\$ (524,763)</u>	<u>\$ 31,894,271</u>
<i>Less accumulated depreciation for:</i>				
Other improvements	\$ (4,678,205)	\$ (530,193)	\$ -	\$ (5,208,398)
Buildings	(1,896,345)	(184,063)	-	(2,080,408)
Infrastructure	(4,969,198)	(251,884)	-	(5,221,082)
Furniture and equipment	(5,219,887)	(536,192)	437,852	(5,318,227)
<i>Total accumulated depreciation</i>	<u>\$ (16,763,635)</u>	<u>\$ (1,502,332)</u>	<u>\$ 437,852</u>	<u>\$ (17,828,115)</u>
<i>Total capital assets, depreciated, net</i>	<u>\$ 13,302,995</u>	<u>\$ 850,072</u>	<u>\$ (86,911)</u>	<u>\$ 14,066,156</u>
<i>Governmental activities capital assets, net</i>	<u>\$ 16,500,421</u>	<u>\$ 1,524,072</u>	<u>\$ (86,911)</u>	<u>\$ 17,937,582</u>

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

6. CAPITAL ASSETS, continued

<i>Business-type activities:</i>	<i><u>Beginning Balance</u></i>	<i><u>Increases</u></i>	<i><u>Decreases</u></i>	<i><u>Ending Balance</u></i>
<i>Capital assets, not depreciated:</i>				
Land	\$ 462,083	\$ -	\$ -	\$ 462,083
Construction in Progress	-	71,757	-	71,757
<i>Total capital assets, not depreciated</i>	<i>\$ 462,083</i>	<i>\$ 71,757</i>	<i>\$ -</i>	<i>\$ 533,840</i>
<i>Capital assets, depreciated:</i>				
Other improvements	\$ 7,938,410	\$ -	\$ -	\$ 7,938,410
Buildings	5,660,170	-	-	5,660,170
Infrastructure	15,434,262	652,438	-	16,086,700
Furniture and equipment	9,571,586	1,207,955	(823,419)	9,956,122
<i>Total capital assets depreciated</i>	<i>\$ 38,604,428</i>	<i>\$ 1,860,393</i>	<i>\$ (823,419)</i>	<i>\$ 39,641,402</i>
<i>Less accumulated depreciation for:</i>				
Other improvements	\$ (4,481,437)	\$ (179,154)	\$ -	\$ (4,660,591)
Buildings	(581,414)	(126,861)	-	(708,275)
Infrastructure	(4,812,260)	(383,211)	-	(5,195,471)
Furniture and equipment	(7,123,153)	(707,394)	794,488	(7,036,059)
<i>Total accumulated depreciation</i>	<i>\$ (16,998,264)</i>	<i>\$ (1,396,620)</i>	<i>\$ 794,488</i>	<i>\$ (17,600,396)</i>
<i>Total capital assets, depreciated, net</i>	<i>\$ 21,606,164</i>	<i>\$ 463,773</i>	<i>\$ (28,931)</i>	<i>\$ 22,041,006</i>
<i>Business-type activities capital assets, net</i>	<i>\$ 22,068,247</i>	<i>\$ 535,530</i>	<i>\$ (28,931)</i>	<i>\$ 22,574,846</i>

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

<i>Government Activities:</i>	
General Government	\$ 276,576
Public Safety	195,105
Public Works	523,656
Culture and Recreation	549,743
Equipment Services	12,998
<i>Total Depreciation Expense-Governmental Activities</i>	<i>\$ 1,558,078</i>
<i>Business-type Activities:</i>	
Water	\$ 253,434
Wastewater	440,051
Sanitation	27,943
Transit	558,559
Parking Deck	60,969
<i>Total Depreciation Expense-Business-Type Activities</i>	<i>\$ 1,340,956</i>

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	\$ 822,650	\$ 139,716
Other Improvements	2,309,124	-
Less: Accumulated Depreciation	(1,363,431)	(116,519)
Carrying Value	<u>\$ 1,768,342</u>	<u>\$ 23,197</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, 2013:

<u>Fiscal Year Ending</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
06/30/2014	\$ 402,059	\$ 23,444
06/30/2015	401,735	-
06/30/2016	401,351	-
06/30/2017	85,777	-
06/30/2018	<u>85,777</u>	<u>-</u>
Total minimum lease payments	\$ 1,376,699	\$ 23,444
Less interest portion	<u>(81,498)</u>	<u>(709)</u>
Present value of future minimum Lease payments	<u>\$ 1,295,201</u>	<u>\$ 22,735</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, 2013, are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Balance</u>	<u>Current Portion</u>
2009 Wastewater Fund	1.82 %	\$ 457,559	\$ 34,007
2005 Water A	2.25 %	2,859,517	97,420
2005 Water B	2.25 %	472,895	17,828
1994 Wastewater Fund	68 % of Prime*	<u>148,750</u>	<u>105,000</u>
Total		<u>\$ 3,938,721</u>	<u>\$ 254,255</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 \$984,084 are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 254,255	\$ 89,150	\$ 343,405
2015	196,145	79,283	275,428
2016	155,614	75,245	230,859
2017	158,912	71,946	230,858
2018	162,293	68,567	230,860
2019-2023	865,191	289,105	1,154,296
2024-2028	846,125	193,772	1,039,897
2029-2033	844,254	102,042	946,296
2034-2036	455,932	14,974	470,906
Totals	<u>\$ 3,938,721</u>	<u>\$ 984,084</u>	<u>\$ 4,922,805</u>

Water and Wastewater System Revenue Bond Ordinances require the following reserves on the Water and Wastewater Funds retained earnings at June 30, 2013:

	<u>Water</u>	<u>Wastewater</u>
Reserve for future principal and interest payments (1)	\$ 102,515	\$ 173,837
Reserve for operations and maintenance	194,098	186,400
Reserve for depreciation	104,366	674,444
Reserve for contingency	1,000	1,000
Less adjustment to bond balance	-	(429,372)
Total	<u>\$ 401,979</u>	<u>\$ 606,309</u>

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

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

General obligation bonds are issued in the governmental activities to provide funding for the acquisition and construction of major capital facilities. Bonds issued and the amounts outstanding at June 30, 2013 are as follows:

<u>Purpose</u>	<u>Bond Proceeds</u>	<u>Interest Rate</u>	<u>Balance 6/30/13</u>
Law Enforcement/Central Recreation/ Capital Projects / Land	\$ 806,000	2.220 %	\$ 306,000
Various Capital Projects	5,000,000	4.810 %	1,880,000
Various Capital Projects	3,000,000	3.790 %	1,234,960
Totals	<u>\$ 8,806,000</u>		<u>\$ 3,420,960</u>

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 \$375,503 are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 791,769	\$ 144,032	\$ 935,801
2015	824,827	111,514	936,341
2016	858,304	77,571	935,875
2017	946,060	42,186	988,246
Totals	\$ 3,420,960	\$ 375,503	\$ 3,796,263

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, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 4,175,084	\$ -	\$ (754,124)	\$ 3,420,960	\$ 791,769
Capital Leases	1,231,395	410,000	(346,194)	1,295,201	364,868
Compensated Absences	393,187	255,709	(276,893)	372,003	222,197
Governmental Activity Long-Term Liabilities	\$ 5,799,666	\$ 665,709	\$ (1,377,211)	\$ 5,088,164	\$ 1,378,834
Business-Type Activities:					
Revenue Bonds	\$ 4,189,911	\$ -	\$ (251,190)	\$ 3,938,721	\$ 254,255
Capital Leases	94,782	-	(72,047)	22,735	22,735
Compensated Absences	148,022	108,887	(95,135)	161,774	88,727
Business-Type Activity Long-Term Liabilities	\$ 4,432,715	\$ 108,887	\$ (418,372)	\$ 4,123,230	\$ 365,717

9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2013 is as follows:

Due to/from funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water	General	\$ 867,533
Wastewater	General	1,710,207
Sanitation	General	384,897
Transit	General	897,805
Parking Deck	General	388,036
Tax Increment	General	1,117,775
Nonmajor Governmental Funds	General	3,270,183
General	US Hwy 123 Improvement	761,255
Total		\$ 9,397,691

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

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

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

Interfund transfers are as follows:

	Transfers In	Transfers Out	Net Transfers
<u>Governmental Funds</u>			
General Fund:			
Nonmajor Governmental	\$ 172,500	\$ -	
Wastewater	-	4,500	
Total General Fund	<u>\$ 172,500</u>	<u>\$ 4,500</u>	
Tax Increment Fund:			
Nonmajor Governmental	<u>\$ -</u>	<u>\$ 822,045</u>	
Nonmajor Governmental:			
General Fund	\$ -	\$ 172,500	
Tax Increment Fund	822,045	-	
Water	-	15,000	
Nonmajor Governmental	169,003	169,003	
Total Nonmajor Governmental	<u>\$ 991,048</u>	<u>\$ 356,503</u>	
Total Governmental Fund Transfers	<u>\$ 1,163,548</u>	<u>\$ 1,183,048</u>	<u>\$ (19,500)</u>
<u>Proprietary Funds</u>			
Water:			
Wastewater Fund	\$ -	\$ 4,500	
Nonmajor Governmental	15,000	-	
Total Water	<u>\$ 15,000</u>	<u>\$ 4,500</u>	
Wastewater:			
General Fund	\$ 4,500	\$ -	
Water Fund	4,500	-	
Total Wastewater	<u>\$ 9,000</u>	<u>\$ -</u>	
Total Proprietary Fund Transfers	<u>\$ 24,000</u>	<u>\$ 4,500</u>	<u>\$ 19,500</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.

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

10. CONSTRUCTION COMMITMENTS

The City has one major and four smaller ongoing construction projects as of June 30, 2013. The major project is the Gateway Village/Hwy 123 Improvements. The City's commitments with contractors at year-end are as follows:

Project:	Spent to Date	Commitments at 6-30-13
Gateway Village/Hwy 123 Improvements	\$ 1,473,043	\$ 158,903
Utilities Rehabilitation	71,758	225,887
Mast Arm Structure – Hwy 123	15,521	24,914
Ashley Dearing Park	-	103,092
Nettles Park – Kilgore Playground	-	61,181
Total	<u>\$ 1,560,322</u>	<u>\$ 573,977</u>

11. FIRE SERVICES AGREEMENT

On March 5, 2012 the City of Clemson renewed its contract with Clemson University for the University to provide fire protection services to the City. The contract was for four years beginning July 1, 2012.

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 \$625,000 for fire suppression services.

For the performance of the remaining three years, the City is to pay to Clemson University compensation as follows:

For the year beginning:	July	2013	\$ 675,000
For the year beginning:	July	2014	\$ 725,000
For the year beginning:	July	2015	\$ 775,000

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.

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

12. EMPLOYEES RETIREMENT SYSTEMS, *continued*

Employee required contributions to the plan are as follows:

<i>South Carolina Retirement System</i>	<i>7.0% of salary</i>
<i>Police Officers Retirement System</i>	<i>7.0% of salary</i>

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

<i>South Carolina Retirement System</i>	<i>10.45% of salary</i>
<i>Police Officers Retirement System</i>	<i>11.90% of salary</i>

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:

<i>Year Ending</i>	<i>South Carolina Retirement System</i>		<i>Police Officers Retirement System</i>	
	<i>Required Contribution</i>	<i>Percentage Contributed</i>	<i>Required Contribution</i>	<i>Percentage Contributed</i>
<i>06/30/13</i>	<i>\$ 517,368</i>	<i>100 %</i>	<i>\$ 181,230</i>	<i>100 %</i>
<i>06/30/12</i>	<i>476,619</i>	<i>100 %</i>	<i>178,820</i>	<i>100 %</i>
<i>06/30/11</i>	<i>434,652</i>	<i>100 %</i>	<i>165,740</i>	<i>100 %</i>

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 on the internet at www.retirement.sc.gov/financial/cafr.htm.

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.

<u>General Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>
Current Operating		
Council	\$ 168,350	\$ 314,266
Administration	499,598	513,040
Public Buildings	312,739	363,083
Public Safety		
Fire	625,000	626,185
Public Works		
Residential Sanitation	1,077,671	1,313,440
Administration	226,936	238,362
Culture and Recreation	647,500	651,779
Equipment Services	138,759	150,704
Other	148,967	330,958
<u>Nonmajor Governmental Funds</u>		
Current Operating		
Public Safety	36,060	42,174
Culture and Recreation	-	960
Capital Outlay	641,000	666,247

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, the City of Clemson and Anderson County through a board appointed by the entities.*
- *Ongoing financial relationship - Each of the 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 original 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.

Currently, the plant is going through a waste treatment facility upgrade estimated at \$5,774,000. The funding is through federal and state capital contribution grants and long term borrowings of \$1,620,850 from the South Carolina Water Revolving Fund Loan Authority. All entities have agreed that debt service on the loan will be allocated based on capacity usage. Thus, the City of Clemson, Town of Pendleton and Anderson County will pay 50%, 45% and 5% respectively, of the outstanding debt obligation.

At June 30, 2013 the City's Wastewater Fund had total assets of \$13,569,906 and total liabilities of \$735,785.

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

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

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

Total Assets	\$ 7,901,654
Total Liabilities	1,590,367
Total Equity	6,311,287
Total Operating Revenues	519,015
Total Operating Expenses	491,144
Operating Income (Loss)	27,871
Nonoperating Income	352,279

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 \$3,279,031 which includes a \$30,440 contribution towards debt on new capacity, \$2,447 of amortization of the difference of the cost of the investment and the value of the underlying assets, and \$190,075 of current year net income as follows:

Carrying Value, 6/30/12	\$ 3,060,963	
Current year income (loss)	190,075	
	<u>\$ 3,251,038</u>	\$ 3,251,038
Net value of underlying assets	<u>(3,153,144)</u>	
Difference	<u>\$ 97,894</u>	
Amortization - SL over 40 years		(2,447)
Contribution towards debt on new capacity		<u>30,440</u>
Carrying Value, 6/30/13		<u>\$ 3,279,031</u>

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

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

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

15. RISK MANAGEMENT

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

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

CITY OF CLEMSON

NOTES TO 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 \$1,289,819 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 \$562,681 of hospitality fees and \$562,680 of hospitality taxes.

18. CENTRAL / CLEMSON RECREATION FACILITY

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

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

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

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 \$1,795,085 in TIF designated property taxes. The City expended \$65,795 in improvements during the current year and \$882,045 was transferred to the Debt Service Fund.

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

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

20. JOINT MUNICIPAL WATER SYSTEM

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

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

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

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

21. COMMITTED FUND BALANCE

City Council adopted a new Municipal Service Agreement with Duke Energy Carolinas, LLC on June 7, 2010. The franchise fee rate in that agreement was set at 5.0 %, with one-half of one percent being designated for future costs of converting overhead power lines to underground power delivery. The amount committed at June 30, 2013 was \$144,227.

22. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 06, 2013, the date that the financial statements were available to be issued.

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COMBINING AND
INDIVIDUAL FUND
STATEMENTS AND SCHEDULES



NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

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

CITY OF CLEMSON

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2013**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
Assets				
Receivables (Net of Allowance)				
Property Taxes	\$ 1,669	\$ -	\$ 6,562	\$ 8,231
Accounts	398,133	-	-	398,133
Due from Other Governmental Units	134,735	-	5,735	140,470
Due from Other Funds	3,025,315	97,003	147,865	3,270,183
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 3,559,852</u>	<u>\$ 97,003</u>	<u>\$ 160,162</u>	<u>\$ 3,817,017</u>
 Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 36,678	\$ -	\$ -	\$ 36,678
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Deferred Inflows of Resources				
Unavailable Revenue - Property Taxes	\$ 1,192	\$ -	\$ 4,686	\$ 5,878
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balances				
Restricted for Debt Service Fund	\$ -	\$ -	\$ 155,476	\$ 155,476
Restricted for Long - Term Receivables	312,019	-	-	312,019
Assigned to Encumbrances	164,273	-	-	164,273
Unassigned	3,045,690	97,003	-	3,142,693
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>\$ 3,521,982</u>	<u>\$ 97,003</u>	<u>\$ 155,476</u>	<u>\$ 3,774,461</u>
 Total Liabilities and Fund Balances	<u>\$ 3,559,852</u>	<u>\$ 97,003</u>	<u>\$ 160,162</u>	<u>\$ 3,817,017</u>

CITY OF CLEMSON

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Fiscal Year Ended June 30, 2013**

	Special Revenue	Capital Projects	Debt Service	Total
Revenues				
Property Taxes	\$ 20,311	\$ -	\$ 79,844	\$ 100,155
Local Option Sales Tax	7,481	-	29,408	36,889
Local Accommodations Tax	223,138	-	-	223,138
Hospitality Fees/Tax	1,125,361	-	-	1,125,361
Intergovernmental	296,279	-	-	296,279
Federal Aid	305,550	-	-	305,550
State Aid	95,710	-	-	95,710
Charges for Services	44,693	-	-	44,693
Investment Earnings	43,856	2,038	1,911	47,805
Other Revenues	10,130	280	-	10,410
Total Revenues	\$ 2,172,509	\$ 2,318	\$ 111,163	\$ 2,285,990
Expenditures				
Current Operating				
General Government	\$ 4,800	\$ -	\$ -	\$ 4,800
Public Safety	42,174	-	-	42,174
Urban Redevelopment	362,661	-	-	362,661
Culture and Recreation	485,058	-	-	485,058
Debt Service				
Principal	224,118	-	754,124	978,242
Interest	31,689	-	174,890	206,579
Fees	-	-	1,724	1,724
Capital Outlay	690,449	621,999	-	1,312,448
Intergovernmental				
Tourism - Promotion	145,000	-	-	145,000
Tourism - Tourism Related	258,808	-	-	258,808
Total Expenditures	\$ 2,244,757	\$ 621,999	\$ 930,738	\$ 3,797,494
Excess of Revenues Over (Under) Expenditures	\$ (72,248)	\$ (619,681)	\$ (819,575)	\$ (1,511,504)
Other Financing Sources (Uses)				
Issuance of Long Term Debt	\$ 410,000	\$ -	\$ -	\$ 410,000
Transfers In	132,000	97,003	822,045	1,051,048
Transfers Out	(319,500)	(37,003)	-	(356,503)
Total Other Financing Sources (Uses)	\$ 222,500	\$ 60,000	\$ 822,045	\$ 1,104,545
Net Change in Fund Balances	\$ 150,252	\$ (559,681)	\$ 2,470	\$ (406,959)
Fund Balances, Beginning	3,371,730	656,684	153,006	4,181,420
Fund Balances, Ending	\$ 3,521,982	\$ 97,003	\$ 155,476	\$ 3,774,461

CITY OF CLEMSON

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2013

	Community Development Funds	Emergency Phone System	Tourism Fund	Park Land Fund	Hospitality Fee Fund	Hospitality Tax Fund	Local Accom Tax Fund	Total 6/30/13
Assets								
Receivables (Net of Allowance)								
Property Taxes	\$ -	\$ -	\$ -	\$ 1,669	\$ -	\$ -	\$ -	\$ 1,669
Accounts	291,787	2,985	-	-	41,854	41,854	19,653	398,133
Due from Other Governmental Units	-	2,393	58,313	1,459	-	36,285	36,285	134,735
Due from Other Funds	306,613	103,840	41,711	105,211	703,938	1,205,616	558,386	3,025,315
Total Assets	\$ 598,400	\$ 109,218	\$ 100,024	\$ 108,339	\$ 745,792	\$ 1,283,755	\$ 614,324	\$ 3,559,852
Liabilities and Fund Balances								
Liabilities								
Accounts and Vouchers Payable	\$ -	\$ 1,179	\$ -	\$ -	\$ 5,914	\$ 29,585	\$ -	\$ 36,678
Deferred Inflows of Resources								
Unavailable Revenue - Property Taxes	\$ -	\$ -	\$ -	\$ 1,192	\$ -	\$ -	\$ -	\$ 1,192
Fund Balances								
Restricted For Long - Term Receivables	\$ 312,019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 312,019
Assigned To Encumbrances	-	-	-	-	-	164,273	-	164,273
Unreserved	286,381	108,039	100,024	107,147	739,878	1,089,897	614,324	3,045,690
Total Fund Balances	\$ 598,400	\$ 108,039	\$ 100,024	\$ 107,147	\$ 739,878	\$ 1,254,170	\$ 614,324	\$ 3,521,982
Total Liabilities and Fund Balances	\$ 598,400	\$ 109,218	\$ 100,024	\$ 108,339	\$ 745,792	\$ 1,283,755	\$ 614,324	\$ 3,559,852

CITY OF CLEMSON

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
Fiscal Year Ended June 30, 2013

	Community Development Funds	Emergency Phone System	Tourism Fund	Park Land Fund	Hospitality Fee Fund	Hospitality Tax Fund	Local Accom Tax Fund	Total 6/30/12
Revenues								
Property Taxes	\$ -	\$ -	\$ -	\$ 20,311	\$ -	\$ -	\$ -	\$ 20,311
Local Option Sales Tax	-	-	-	7,481	-	-	-	7,481
Local Accommodations Tax	-	-	-	-	-	-	223,138	223,138
Hospitality Fees/Tax	-	-	-	-	562,681	562,680	-	1,125,361
Intergovernmental	-	-	196,279	-	-	100,000	-	296,279
Other Revenues	10,130	-	-	-	-	-	-	10,130
Charges for Services	-	-	-	-	-	-	-	44,693
State Aid	-	44,693	-	-	-	-	-	95,710
Federal Aid	305,550	95,710	-	-	-	-	-	305,550
Investment Earnings	10,689	1,218	731	1,199	8,588	14,037	7,394	43,856
Total Revenues	\$ 326,369	\$ 141,621	\$ 197,010	\$ 28,991	\$ 571,269	\$ 676,717	\$ 230,532	\$ 2,172,509
Expenditures								
Current Operating								
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,800	\$ -	\$ 4,800
Public Safety	-	34,375	-	-	7,799	-	-	42,174
Urban Redevelopment	362,661	-	-	-	-	-	-	362,661
Culture and Recreation	-	-	-	960	161,184	322,914	-	485,058
Capital Outlay	-	131,409	-	-	534,838	24,202	-	690,449
Intergovernmental	-	-	-	-	-	-	-	-
Tourism - Promotion	-	-	145,000	-	-	-	-	145,000
Tourism - Tourism Related	-	-	173,300	-	10,290	53,730	21,488	258,808
Debt Service	-	-	-	-	24,173	199,945	-	224,118
Principal	-	-	-	-	503	31,186	-	31,689
Interest	-	-	-	-	-	-	-	-
Total Expenditures	\$ 362,661	\$ 165,784	\$ 318,300	\$ 960	\$ 738,787	\$ 636,777	\$ 21,488	\$ 2,244,757
Excess of Revenues Over (Under) Expenditures	\$ (36,292)	\$ (24,163)	\$ (121,290)	\$ 28,031	\$ (167,518)	\$ 39,940	\$ 209,044	\$ (72,248)
Other Financing Sources (Uses)								
Issuance of Long Term Debt	\$ -	\$ -	\$ -	\$ -	\$ 410,000	\$ -	\$ -	\$ 410,000
Transfers In	-	-	-	-	-	132,000	-	132,000
Transfers Out	-	-	-	-	(172,500)	(15,000)	(132,000)	(319,500)
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ 237,500	\$ 117,000	\$ (132,000)	\$ 222,500
Net Change in Fund Balances	\$ (36,292)	\$ (24,163)	\$ (121,290)	\$ 28,031	\$ 69,982	\$ 156,940	\$ 77,044	\$ 150,252
Fund Balances, Beginning	634,692	132,202	221,314	79,116	669,896	1,097,230	537,280	3,371,730
Fund Balances, Ending	\$ 598,400	\$ 108,039	\$ 100,024	\$ 107,147	\$ 739,878	\$ 1,254,170	\$ 614,324	\$ 3,521,982

CITY OF CLEMSON

COMMUNITY DEVELOPMENT

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

Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Federal Aid	\$ 305,550	\$ 305,550	\$ -
Investment Earnings	12,000	10,689	(1,311)
Other Revenues	9,000	10,130	1,130
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	\$ 326,550	\$ 326,369	\$ (181)
	<u> </u>	<u> </u>	<u> </u>
Expenditures			
Current Operating			
Urban Redevelopment			
Rehabilitation	\$ 422,205	\$ 362,661	\$ 59,544
	<u> </u>	<u> </u>	<u> </u>
Excess of Revenues Over			
(Under) Expenditures	\$ (95,655)	\$ (36,292)	\$ 59,363
	<u> </u>	<u> </u>	<u> </u>
Fund Balance, Beginning	634,692	634,692	-
	<u> </u>	<u> </u>	<u> </u>
Fund Balance, Ending	\$ 539,037	\$ 598,400	\$ 59,363
	<u> </u>	<u> </u>	<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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Charges for Services	\$ 54,000	\$ 44,693	\$ (9,307)
State Aid	48,000	95,710	47,710
Investment Earnings	2,200	1,218	(982)
Total Revenues	<u>\$ 104,200</u>	<u>\$ 141,621</u>	<u>\$ 37,421</u>
Expenditures			
Current Operating			
Public Safety	\$ 33,060	\$ 34,375	\$ (1,315)
Capital Outlay	120,000	131,409	(11,409)
Total Expenditures	<u>\$ 153,060</u>	<u>\$ 165,784</u>	<u>\$ (12,724)</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (48,860)</u>	<u>\$ (24,163)</u>	<u>\$ 24,697</u>
Fund Balance, Beginning	<u>132,202</u>	<u>132,202</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 83,342</u>	<u>\$ 108,039</u>	<u>\$ 24,697</u>

CITY OF CLEMSON

TOURISM FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET TO ACTUAL

Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Intergovernmental	\$ 172,000	\$ 196,279	\$ 24,279
Investment Earnings	700	731	31
	<u>172,700</u>	<u>197,010</u>	<u>24,310</u>
Total Revenues	<u>\$ 172,700</u>	<u>\$ 197,010</u>	<u>\$ 24,310</u>
Expenditures			
Intergovernmental			
Tourism - Promotion	\$ 145,000	\$ 145,000	\$ -
Tourism - Tourism Related	175,000	173,300	1,700
	<u>320,000</u>	<u>318,300</u>	<u>1,700</u>
Total Expenditures	<u>\$ 320,000</u>	<u>\$ 318,300</u>	<u>\$ 1,700</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (147,300)</u>	<u>\$ (121,290)</u>	<u>\$ 26,010</u>
Fund Balance, Beginning	<u>221,314</u>	<u>221,314</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 74,014</u></u>	<u><u>\$ 100,024</u></u>	<u><u>\$ 26,010</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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property Taxes	\$ 19,850	\$ 20,311	\$ 461
Local Option Sales Tax	6,376	7,481	1,105
Investment Earnings	500	1,199	699
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	\$ 26,726	\$ 28,991	\$ 2,265
	<u> </u>	<u> </u>	<u> </u>
Expenditures			
Current Operating			
Culture and Recreation	\$ -	\$ 960	\$ (960)
	<u> </u>	<u> </u>	<u> </u>
Excess of Revenues Over (Under) Expenditures	\$ 26,726	\$ 28,031	\$ 1,305
	<u> </u>	<u> </u>	<u> </u>
Fund Balance, Beginning	79,116	79,116	-
	<u> </u>	<u> </u>	<u> </u>
Fund Balance, Ending	\$ 105,842	\$ 107,147	\$ 1,305
	<u> </u>	<u> </u>	<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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Hospitality Fees	\$ 520,000	\$ 562,681	\$ 42,681
Investment Earnings	7,400	8,588	1,188
Total Revenues	<u>\$ 527,400</u>	<u>\$ 571,269</u>	<u>\$ 43,869</u>
Expenditures			
Current Operating			
Public Safety	\$ 3,000	\$ 7,799	\$ (4,799)
Culture and Recreation	174,328	161,184	13,144
Capital Outlay	521,000	534,838	(13,838)
Tourism - Tourism Related	32,000	10,290	21,710
Debt Service			
Principal	24,200	24,173	27
Interest	505	503	2
Total Expenditures	<u>\$ 755,033</u>	<u>\$ 738,787</u>	<u>\$ 16,246</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (227,633)</u>	<u>\$ (167,518)</u>	<u>\$ 60,115</u>
Other Financing Sources (Uses)			
Issuance of Long Term Debt	\$ 405,000	\$ 410,000	\$ 5,000
Transfer Out	(183,000)	(172,500)	10,500
Total Other Financing Sources (Uses)	<u>\$ 222,000</u>	<u>\$ 237,500</u>	<u>\$ 15,500</u>
Net Change in Fund Balance	<u>\$ (5,633)</u>	<u>\$ 69,982</u>	<u>\$ 75,615</u>
Fund Balance, Beginning	<u>669,896</u>	<u>669,896</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 664,263</u></u>	<u><u>\$ 739,878</u></u>	<u><u>\$ 75,615</u></u>

CITY OF CLEMSON

HOSPITALITY TAX FUND

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

Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Hospitality Tax	\$ 520,000	\$ 562,680	\$ 42,680
Investment Earnings	12,000	14,037	2,037
Intergovernmental	100,000	100,000	-
Total Revenues	<u>\$ 632,000</u>	<u>\$ 676,717</u>	<u>\$ 44,717</u>
Expenditures			
Current Operating			
General Government	\$ 12,000	\$ 4,800	\$ 7,200
Public Safety	8,500	-	8,500
Culture and Recreation	520,000	322,914	197,086
Capital Outlay	35,000	24,202	10,798
Tourism - Tourism Related	104,500	53,730	50,770
Debt Service			
Principal	200,000	199,945	55
Interest	31,200	31,186	14
Total Expenditures	<u>\$ 911,200</u>	<u>\$ 636,777</u>	<u>\$ 274,423</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (279,200)</u>	<u>\$ 39,940</u>	<u>\$ 319,140</u>
Other Financing Sources (Uses)			
Transfers In	\$ 32,000	\$ 132,000	\$ 100,000
Transfers Out	(25,500)	(15,000)	10,500
Total Other Financing Sources (Uses)	<u>\$ 6,500</u>	<u>\$ 117,000</u>	<u>\$ 110,500</u>
Net Change in Fund Balance	<u>\$ (272,700)</u>	<u>\$ 156,940</u>	<u>\$ 429,640</u>
Fund Balance, Beginning	<u>1,097,230</u>	<u>1,097,230</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 824,530</u>	<u>\$ 1,254,170</u>	<u>\$ 429,640</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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Local Accommodations Tax	\$ 212,500	\$ 223,138	\$ 10,638
Investment Earnings	<u>5,000</u>	<u>7,394</u>	<u>2,394</u>
Total Revenues	<u>\$ 217,500</u>	<u>\$ 230,532</u>	<u>\$ 13,032</u>
Expenditures			
Intergovernmental			
Tourism - Tourism Related	<u>\$ 98,800</u>	<u>\$ 21,488</u>	<u>\$ 77,312</u>
Excess of Revenues Over (Under) Expenditures	\$ 118,700	\$ 209,044	\$ 90,344
Other Financing Uses			
Transfer Out	<u>(32,000)</u>	<u>(132,000)</u>	<u>(100,000)</u>
Net Change in Fund Balance	\$ 86,700	\$ 77,044	\$ (9,656)
Fund Balance, Beginning	<u>537,280</u>	<u>537,280</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 623,980</u></u>	<u><u>\$ 614,324</u></u>	<u><u>\$ (9,656)</u></u>

CITY OF CLEMSON

CAPITAL PROJECTS FUND
DOWNTOWN REVITALIZATION PHASE Vb
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET TO ACTUAL

From Inception and for the Fiscal Year Ended June 30, 2013

	Budget	Prior Years	Actual Current Year	Total	Variance
Revenues					
Investment Earnings	\$ 1,500	\$ 2,719	\$ 2,038	\$ 4,757	\$ 3,257
Other Revenues	-	240	280	520	520
Total Revenues	\$ 1,500	\$ 2,959	\$ 2,318	\$ 5,277	\$ 3,777
Expenditures					
Capital Outlay	\$ 893,500	\$ 300,275	\$ 621,999	\$ 922,274	\$ (28,774)
Other Improvements					
Excess of Revenues Over (Under) Expenditures	\$ (892,000)	\$ (297,316)	\$ (619,681)	\$ (916,997)	\$ (24,997)
Other Financing Sources (Uses)					
Transfers In	\$ 940,000	\$ 954,000	\$ -	\$ 954,000	\$ 14,000
Transfers Out	-	-	(37,003)	(37,003)	(37,003)
Total Other Financing Sources (Uses)	\$ 940,000	\$ 954,000	\$ (37,003)	\$ 916,997	\$ (23,003)
Net Change in Fund Balance	\$ 48,000	\$ 656,684	\$ (656,684)	\$ -	\$ (48,000)
Fund Balance, Beginning	-	-	656,684	-	-
Fund Balance, Ending	\$ 48,000	\$ 656,684	\$ -	\$ -	\$ (48,000)

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
EARLE STREET IMPROVEMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET TO ACTUAL**

From Inception and for the Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>Current Year</u>	<u>Variance</u>
Revenues			
Contributions and Donations	\$ 140,412	\$ -	\$ (140,412)
Expenditures			
General Government Streets	329,305	-	329,305
Excess of Revenues Over (Under) Expenditures	\$ (188,893)	\$ -	\$ 188,893
Other Financing Sources			
Transfers In	189,503	97,003	(92,500)
Net Change in Fund Balance	\$ 610	\$ 97,003	\$ 96,393
Fund Balance, Beginning	-	-	-
Fund Balance, Ending	<u>\$ 610</u>	<u>\$ 97,003</u>	<u>\$ 96,393</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
US HWY 123 IMPROVEMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET TO ACTUAL**

From Inception and for the Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>Current Year</u>	<u>Variance</u>
Revenues			
Intergovernmental	\$ 1,015,000	\$ 944,415	\$ (70,585)
Contributions and Donations	527,129	527,128	(1)
Total Revenues	<u>\$ 1,542,129</u>	<u>\$ 1,471,543</u>	<u>\$ (70,586)</u>
Expenditures			
General Government			
Streets	\$ 1,542,129	\$ 1,471,543	\$ 70,586
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -
Fund Balance, Beginning	-	-	-
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET TO ACTUAL

Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property Taxes	\$ 78,574	\$ 79,844	\$ 1,270
Local Option Sales Tax	25,238	29,408	4,170
Investment Earnings	2,700	1,911	(789)
Total Revenues	<u>\$ 106,512</u>	<u>\$ 111,163</u>	<u>\$ 4,651</u>
Expenditures			
Debt Service			
Principal	\$ 754,200	\$ 754,124	\$ 76
Interest	175,000	174,890	110
Fees	2,000	1,724	276
Total Expenditures	<u>\$ 931,200</u>	<u>\$ 930,738</u>	<u>\$ 462</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (824,688)</u>	<u>\$ (819,575)</u>	<u>\$ 5,113</u>
Other Financing Sources			
Transfers In	<u>822,045</u>	<u>822,045</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (2,643)</u>	<u>\$ 2,470</u>	<u>\$ 5,113</u>
Fund Balance, Beginning	<u>153,006</u>	<u>153,006</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 150,363</u></u>	<u><u>\$ 155,476</u></u>	<u><u>\$ 5,113</u></u>

**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, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<i>Capital Assets</i>		
Land	\$ 1,647,400	\$ 1,595,400
Buildings	7,798,737	7,798,737
Other Improvements	16,558,393	15,496,211
Equipment	7,537,141	6,771,682
Construction in Progress	<u>2,224,025</u>	<u>1,602,026</u>
Total Capital Assets	<u>\$ 35,765,696</u>	<u>\$ 33,264,056</u>

<i>Investments In Capital Assets</i>		
General Fund	\$ 10,015,972	\$ 8,824,401
Proprietary Funds	183,071	183,071
Special Revenue Funds	4,490,414	3,802,344
Capital Projects Fund	19,246,992	18,624,993
Debt Service Fund	5,670	5,670
Donations	1,193,276	1,193,276
Prior, Unidentified	<u>630,301</u>	<u>630,301</u>
Total Investments In Capital Assets	<u>\$ 35,765,696</u>	<u>\$ 33,264,056</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, 2013

Asset Type	Balance 6/30/12	Additions	Retirements	Reclassifications & Transfers	Balance 6/30/13
Land					
Public Buildings	\$ 764,125	\$ -	\$ -	\$ -	\$ 764,125
Streets	-	52,000	-	-	52,000
Recreation	827,775	-	-	-	827,775
Community Development	3,500	-	-	-	3,500
Total	\$ 1,595,400	\$ 52,000	\$ -	\$ -	\$ 1,647,400
Buildings					
Public Buildings	\$ 7,073,228	\$ -	\$ -	\$ -	\$ 7,073,228
Recreation	304,564	-	-	-	304,564
Community Development	420,945	-	-	-	420,945
Total	\$ 7,798,737	\$ -	\$ -	\$ -	\$ 7,798,737
Other Improvements					
Municipal Court	\$ 2,126	\$ -	\$ -	\$ -	\$ 2,126
Planning	580,227	-	-	-	580,227
Public Buildings	828,602	-	-	-	828,602
Streets	7,010,399	1,062,182	-	-	8,072,581
Recreation	6,919,544	-	-	-	6,919,544
Equipment Services	26,493	-	-	-	26,493
Community Development	128,820	-	-	-	128,820
Total	\$ 15,496,211	\$ 1,062,182	\$ -	\$ -	\$ 16,558,393
Equipment					
Municipal Court	\$ 13,607	\$ -	\$ -	\$ -	\$ 13,607
Administration	36,414	-	-	-	36,414
Finance	110,731	-	-	-	110,731
Information Technology	62,268	10,950	-	-	73,218
Planning	127,690	19,870	-	-	147,560
Public Buildings	303,057	-	-	-	303,057
Police	1,472,132	165,627	2,378	-	1,635,381
Fire	555,838	511,881	-	-	1,067,719
Streets	860,908	76,380	106,528	(38,427)	792,333
Residential Sanitation	2,314,230	430,907	281,337	(6,162)	2,457,638
Public Works Administration	25,438	-	12,797	-	12,641
Recreation	349,277	-	34,812	(17,235)	297,230
Horticulture	259,291	43,358	-	-	302,649
Equipment Services	276,852	-	-	6,162	283,014
Community Development	3,949	-	-	-	3,949
Total	\$ 6,771,682	\$ 1,258,973	\$ 437,852	\$ (55,662)	\$ 7,537,141
Construction In Progress					
Streets	\$ 1,602,026	\$ 621,999	\$ -	\$ -	\$ 2,224,025
Total Capital Assets	\$ 33,264,056	\$ 2,995,154	\$ 437,852	\$ (55,662)	\$ 35,765,696

CITY OF CLEMSON

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
June 30, 2013

Function & Activity	Land	Buildings	Other Improvements	Equipment	Construction in Progress	Total
General Government						
Municipal Court	\$ -	\$ -	\$ 2,126	\$ 13,607	\$ -	\$ 15,733
Administration	-	-	-	36,414	-	36,414
Finance	-	-	-	110,731	-	110,731
Information Technology	-	-	-	73,218	-	73,218
Planning	-	-	580,227	147,560	-	727,787
Public Buildings	764,125	7,073,228	828,602	303,057	-	8,969,012
Total General Government	\$ 764,125	\$ 7,073,228	\$ 1,410,955	\$ 684,587	\$ -	\$ 9,932,895
Public Safety						
Police	\$ -	\$ -	\$ -	\$ 1,635,381	\$ -	\$ 1,635,381
Fire	-	-	-	1,067,719	-	1,067,719
Total Public Safety	\$ -	\$ -	\$ -	\$ 2,703,100	\$ -	\$ 2,703,100
Public Works						
Streets	\$ 52,000	\$ -	\$ 8,072,581	\$ 792,333	\$ 2,224,025	\$ 11,140,939
Residential Sanitation	-	-	-	2,457,638	-	2,457,638
Public Works Administration	-	-	-	12,641	-	12,641
Total Public Works	\$ 52,000	\$ -	\$ 8,072,581	\$ 3,262,612	\$ 2,224,025	\$ 13,611,218
Culture & Recreation						
Recreation	\$ 827,775	\$ 304,564	\$ 6,919,544	\$ 297,230	\$ -	\$ 8,349,113
Horticulture	-	-	-	302,649	-	302,649
Culture & Recreation	\$ 827,775	\$ 304,564	\$ 6,919,544	\$ 599,879	\$ -	\$ 8,651,762
Equipment Services	\$ -	\$ -	\$ 26,493	\$ 283,014	\$ -	\$ 309,507
Community Development	\$ 3,500	\$ 420,945	\$ 128,820	\$ 3,949	\$ -	\$ 557,214
Total Capital Assets	\$ 1,647,400	\$ 7,798,737	\$ 16,558,393	\$ 7,537,141	\$ 2,224,025	\$ 35,765,696

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OTHER REQUIRED INFORMATION



CITY OF CLEMSON

**VICTIM SERVICES
SUPPLEMENTARY SCHEDULE OF FINES AND ASSESSMENTS
Fiscal Year Ended June 30, 2013**

Collections: (Municipal Court)

<i>Fines</i>	\$ 494,268	
<i>Assessments</i>	191,164	
<i>Surcharges</i>	<u>130,233</u>	
Total Collections		\$ <u>815,665</u>

Retainage: (Municipal Treasurer)

<i>Fines</i>	\$ 494,268	
<i>Assessments</i>	21,012	
<i>Surcharges</i>	<u>5,608</u>	
Total Retainage		\$ <u>520,888</u>

Amounts Remitted:

<i>State Treasurer - Assessments</i>	\$ <u>294,777</u>
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**Amount of Funds Allocated to Victim
Services by Fund Source:**

<i>From Assessments and Surcharges (Paid prior to 06/30/2013)</i>	\$ <u>26,620</u>
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**Funds Carried Forward to FY 2014
Designated as Victim Right's Funds**

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STATISTICAL SECTION



STATISTICAL SECTION

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

<u>Contents</u>	<u>Pages</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	80-85
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>	86-89
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>	90-94
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>	95-96
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>	97-99

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 Position by Component, Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities									
Invested in capital assets, net of related debt	\$ 7,169,768	\$ 6,603,640	\$ 6,219,941	\$ 8,291,242	\$ 8,978,544	\$ 10,785,335	\$ 14,364,423	\$ 12,388,670	\$ 14,340,750
Restricted	743,483	197,031	176,906	214,128	237,353	265,347	150,655	153,006	155,476
Unrestricted	810,128	3,547,765	6,496,742	5,563,862	5,782,454	5,168,202	5,090,063	6,096,998	6,991,316
Total Governmental Activities Net Position	\$ 8,723,379	\$ 10,438,436	\$ 12,893,589	\$ 14,069,232	\$ 14,998,351	\$ 16,218,884	\$ 19,605,141	\$ 18,638,674	\$ 21,487,542
Business-type Activities									
Invested in capital assets, net of related debt	\$ 14,417,580	\$ 14,334,572	\$ 13,222,737	\$ 13,973,938	\$ 13,761,737	\$ 13,583,307	\$ 13,107,084	\$ 17,783,553	\$ 18,613,393
Restricted	765,375	797,255	925,932	838,462	803,817	720,860	1,200,157	1,094,499	1,008,288
Unrestricted	2,105,454	2,736,692	3,909,291	3,986,342	4,084,506	4,018,772	4,470,248	6,131,877	6,573,991
Total Business-type Activities Net Position	\$ 17,288,409	\$ 17,868,519	\$ 18,057,960	\$ 18,798,742	\$ 18,650,060	\$ 18,322,939	\$ 18,777,489	\$ 25,009,929	\$ 26,195,672
Primary Government									
Invested in capital assets, net of related debt	\$ 21,587,348	\$ 21,028,212	\$ 19,442,678	\$ 22,265,180	\$ 22,740,281	\$ 24,368,642	\$ 27,471,507	\$ 30,172,223	\$ 32,954,143
Restricted	1,508,858	994,286	1,102,838	1,052,590	1,041,170	986,207	1,350,812	1,247,505	1,163,764
Unrestricted	2,915,582	6,284,457	10,406,033	9,550,204	9,866,960	9,186,974	9,560,311	12,228,875	13,565,307
Total Primary Government Net Position	\$ 26,011,788	\$ 28,306,955	\$ 30,951,549	\$ 32,867,974	\$ 33,648,411	\$ 34,541,823	\$ 38,382,630	\$ 43,648,603	\$ 47,683,214

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 Position, Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses									
Governmental Activities:									
General Government	\$ 1,904,745	\$ 2,339,510	\$ 2,558,597	\$ 2,669,850	\$ 2,836,335	\$ 2,692,818	\$ 2,761,322	\$ 2,935,243	\$ 3,272,222
Public Safety	2,191,053	2,377,965	2,540,899	2,857,097	2,960,726	3,081,726	3,235,124	3,314,838	3,293,682
Public Works	1,776,676	1,996,915	1,883,390	2,022,930	2,086,131	2,260,906	2,132,326	2,200,326	3,719,287
Culture and Recreation	936,997	1,238,200	1,008,891	1,249,955	1,778,272	1,748,027	1,647,387	1,656,778	2,074,569
Equipment Services	115,716	-	-	-	-	-	-	-	-
Urban Redevelopment	73,816	12,748	34,016	31,082	13,611	8,773	2,214	9,762	362,661
Other	43,381	-	-	-	-	-	-	-	-
Interest on Long-term Debt	313,638	386,742	452,246	438,945	387,754	352,448	291,601	246,178	210,520
Intergovernmental	1,545,283	-	-	-	-	-	-	-	-
Total Governmental Activities Expenses	8,901,305	8,352,080	8,478,039	9,269,859	10,062,829	10,124,698	10,069,974	10,363,125	12,932,941
Business-type Activities:									
Water	1,516,779	1,706,688	1,749,773	2,252,466	2,215,120	2,261,429	2,439,081	2,446,654	2,432,057
Wastewater	1,843,171	1,968,864	1,991,209	2,310,876	2,257,442	2,208,398	2,300,009	2,491,592	2,386,578
Sanitation	171,340	199,796	192,632	229,168	252,576	285,825	294,317	299,734	292,665
Transit	2,228,119	2,366,298	3,038,536	3,779,376	3,690,818	3,686,934	3,491,385	3,574,179	3,661,994
Parking Deck	79,614	104,854	92,298	97,552	102,568	97,435	175,947	81,991	88,427
Total Business-type Activities Expenses	5,839,023	6,346,500	7,064,448	8,669,438	8,518,524	8,540,021	8,700,739	8,894,150	8,861,711
Total Primary Government Expenses	\$ 14,740,328	\$ 14,698,580	\$ 15,542,487	\$ 17,939,297	\$ 18,581,353	\$ 18,664,719	\$ 18,770,713	\$ 19,257,275	\$ 21,794,652
Program Revenues									
Governmental Activities:									
Charges for Services:	\$ 225,275	\$ 357,585	\$ 425,071	\$ 414,130	\$ 419,044	\$ 443,712	\$ 446,842	\$ 454,066	\$ 500,575
Refuse Collection	414,027	388,035	443,250	429,580	434,494	459,162	464,398	471,622	518,131
Other Public Works	524,264	662,028	618,925	81,352	92,301	111,767	114,364	109,685	106,412
Parks and Recreation	1,654,840	1,618,798	1,759,671	2,400,789	2,580,247	2,644,133	2,724,689	2,959,209	3,258,274
Other Activities	1,518,446	866,865	601,931	476,736	270,519	251,184	218,731	360,004	1,767,822
Operating Grants and Contributions	122,660	64,669	17,759	440,350	734,000	455,162	2,201,458	360,380	1,463,442
Capital Grants and Contributions	4,459,512	3,957,980	3,866,607	4,242,937	4,530,605	4,365,120	6,170,482	4,714,966	7,614,656
Total Governmental Activities Program Revenues									
Business-type Activities:									
Charges for Services:	1,616,573	1,919,062	2,046,144	2,181,428	2,124,358	2,176,734	2,272,815	2,432,497	2,350,277
Water	2,205,649	2,059,271	2,202,635	2,180,063	2,190,405	2,503,183	2,849,556	4,609,065	2,557,008
Wastewater	136,642	134,931	157,695	224,671	316,247	287,780	287,559	296,946	282,837
Sanitation	169,873	156,395	150,467	116,079	37,868	57,833	4,387	42,748	25,625
Transit	23,721	77,987	80,148	88,472	93,546	74,788	80,543	86,826	85,641
Parking Deck	1,840,856	1,852,063	2,891,904	3,311,138	3,096,441	3,283,773	3,580,810	4,599,791	4,262,214
Operating Grants and Contributions	1,737,605	842,528	155,620	721,636	145,000	21,614	10,580	102,558	652,438
Capital Grants and Contributions	7,729,919	7,042,237	7,684,613	8,823,487	8,003,865	8,415,645	9,086,250	12,170,431	10,216,040
Total Business-type Activities Program Revenues	\$ 12,189,431	\$ 11,000,217	\$ 11,551,220	\$ 13,066,424	\$ 12,534,470	\$ 12,780,765	\$ 15,256,732	\$ 16,885,397	\$ 17,830,696

Continued

Schedule 2

City of Clemson

Changes in Net Position, Last Nine Fiscal Years
(accrual basis of accounting)

Continued

	Fiscal Year								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (Expense)/Revenue									
Governmental Activities	\$ (4,441,793)	\$ (4,394,100)	\$ (4,611,432)	\$ (5,026,922)	\$ (5,532,224)	\$ (5,759,578)	\$ (3,899,492)	\$ (5,648,159)	\$ (5,318,285)
Business-type Activities	1,890,896	695,737	620,165	154,049	(514,659)	(124,376)	385,511	3,276,281	1,354,329
Total Primary Government Net Expense	<u>\$ (2,550,897)</u>	<u>\$ (3,698,363)</u>	<u>\$ (3,991,267)</u>	<u>\$ (4,872,873)</u>	<u>\$ (6,046,883)</u>	<u>\$ (5,883,954)</u>	<u>\$ (3,513,981)</u>	<u>\$ (2,371,878)</u>	<u>\$ (3,963,956)</u>
General Revenues and Other Changes in Net Position									
Governmental Activities:									
General Revenues									
Property Taxes	\$ 2,558,706	\$ 3,316,692	\$ 3,592,878	\$ 4,044,877	\$ 4,422,204	\$ 4,683,648	\$ 4,878,599	\$ 5,227,080	\$ 5,557,061
Local Option Sales Tax	878,318	980,250	1,005,458	1,067,525	1,014,343	991,493	1,063,281	1,119,299	1,289,819
Local Accommodations Tax	-	126,535	139,593	148,489	138,533	173,057	206,726	226,527	223,138
Intergovernmental	713,355	650,137	642,409	679,677	654,347	544,975	649,341	470,878	493,901
Unrestricted Investment Earnings	129,730	293,493	523,332	333,429	195,704	168,538	110,136	101,358	106,034
Other	612,900	455,721	268,377	337,791	291,376	249,294	367,097	428,762	242,662
Loss on Disposal of Assets	-	-	-	-	-	(133,081)	(12,035)	-	-
Transfers	217,638	286,329	894,538	(399,223)	(255,164)	302,187	22,604	(2,892,212)	254,538
Total Governmental Activities	<u>5,110,647</u>	<u>6,109,157</u>	<u>7,066,585</u>	<u>6,202,565</u>	<u>6,461,343</u>	<u>6,980,111</u>	<u>7,285,749</u>	<u>4,681,692</u>	<u>8,167,153</u>
Business-type Activities:									
Investment Earnings	107,691	170,702	213,814	187,510	110,813	99,442	91,643	76,174	54,994
Gain on Sale of Capital Assets	-	-	250,000	-	-	-	-	-	-
Transfers	(217,638)	(286,329)	(894,538)	399,223	255,164	(302,187)	(22,604)	2,892,212	(254,538)
Total Business-type Activities	<u>(109,947)</u>	<u>(115,627)</u>	<u>(430,724)</u>	<u>586,733</u>	<u>365,977</u>	<u>(202,745)</u>	<u>69,039</u>	<u>2,968,386</u>	<u>(199,544)</u>
Total Primary Government	<u>\$ 5,000,700</u>	<u>\$ 5,993,530</u>	<u>\$ 6,635,861</u>	<u>\$ 6,789,298</u>	<u>\$ 6,827,320</u>	<u>\$ 6,777,366</u>	<u>\$ 7,354,788</u>	<u>\$ 7,650,078</u>	<u>\$ 7,967,609</u>
Changes in Net Position									
Governmental Activities	\$ 668,854	\$ 1,715,057	\$ 2,455,153	\$ 1,175,643	\$ 929,119	\$ 1,220,533	\$ 3,386,257	\$ (966,467)	\$ 2,848,868
Business-type Activities	1,780,949	580,110	189,441	740,782	(148,682)	(327,121)	454,550	6,244,667	1,154,785
Total Primary Government	<u>\$ 2,449,803</u>	<u>\$ 2,295,167</u>	<u>\$ 2,644,594</u>	<u>\$ 1,916,425</u>	<u>\$ 780,437</u>	<u>\$ 893,412</u>	<u>\$ 3,840,807</u>	<u>\$ 5,278,200</u>	<u>\$ 4,003,653</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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	144,989	18,259	188,910	90,500	203,045	3,000	38,128	34,939	89,126	144,227
Assigned	-	-	-	-	-	-	105,645	41,209	28,850	1,785
Unassigned	2,208,561	2,244,457	2,462,084	2,687,519	2,606,828	2,814,699	2,746,243	2,644,280	2,883,627	2,825,543
Total General Fund	\$ 2,353,550	\$ 2,262,716	\$ 2,650,994	\$ 2,778,019	\$ 2,809,873	\$ 2,817,699	\$ 2,890,016	\$ 2,720,428	\$ 3,001,603	\$ 2,971,555
All Other Governmental Funds										
Restricted, Reported In:										
Special Revenue Funds	\$ 1,287,166	\$ 989,375	\$ 2,493,241	\$ 2,852,293	\$ 1,887,062	\$ 1,961,596	\$ 2,237,004	\$ 2,625,844	\$ 2,790,556	\$ 3,250,562
Community Development Fund	-	563,026	-	-	-	719,440	1,309,143	414,664	283,848	1,118,251
Tax Increment Fund	-	-	-	-	1,871,324	2,449,148	296,537	-	-	-
City Hall Expansion Fund	-	-	-	-	-	-	-	-	-	-
Natties Park Fund	-	-	1,638,776	123,880	-	-	-	-	-	-
Parking Deck Fund	135,980	-	-	-	-	-	-	-	-	-
Capital Project Funds	903,754	437,526	1,239,821	2,763,767	991,027	-	-	287,211	97,396	97,003
Debt Service Fund	229,724	207,391	197,031	176,906	214,128	237,353	265,347	150,655	153,006	155,476
Assigned, Reported In:										
Special Revenue Funds	66,387	11,166	67,080	20,553	97,000	11,100	-	121,002	581,174	271,420
Tax Increment Fund	-	-	-	-	13,821	-	-	-	-	24,914
City Hall Expansion Fund	-	-	-	-	-	42,309	345,487	-	-	-
Natties Park Fund	-	-	290,819	405,275	-	-	-	-	-	-
Parking Deck Fund	4,000	-	-	-	-	-	-	-	-	-
Capital Project Funds	278,578	141,329	1,994,010	180,333	1,128,081	-	-	617,065	559,288	-
Unassigned, Reported In:										
Transit Multi-Modal Facility Fund	-	-	-	-	-	-	-	(51,760)	-	-
Total All Other Governmental Funds	\$ 2,905,589	\$ 2,329,813	\$ 7,920,778	\$ 6,523,007	\$ 6,202,443	\$ 5,420,946	\$ 4,453,518	\$ 4,164,681	\$ 4,465,268	\$ 4,917,626

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Property Taxes	\$ 2,664,653	\$ 2,558,706	\$ 3,316,692	\$ 3,592,878	\$ 4,044,877	\$ 4,422,204	\$ 4,683,648	\$ 4,878,599	\$ 5,227,080	\$ 5,286,975
Local Option Sales Tax	811,222	878,318	980,250	1,005,458	1,057,525	1,014,343	991,493	1,063,281	1,119,299	1,289,819
Local Accommodations Tax	-	-	126,535	139,593	148,489	138,533	173,057	206,726	226,527	223,138
Hospitality Fees	616,806	715,752	776,428	823,234	878,930	911,540	965,309	1,047,555	1,094,957	1,125,361
Licenses and Permits	1,277,546	1,421,173	1,413,112	1,566,309	1,565,539	1,709,230	1,676,777	1,710,786	1,910,700	2,299,077
Intergovernmental	881,582	831,123	1,172,118	1,004,678	1,081,210	885,289	774,304	818,149	826,389	1,734,595
Federal Aid	374,534	9,668	385,485	117,181	73,023	323,577	467,017	2,211,470	360,380	305,550
State Aid	597,771	1,513,670	14,669	17,759	264,000	-	10,000	39,911	4,493	95,710
Charges for Services	442,108	463,530	537,153	599,252	591,127	613,206	680,413	675,943	673,946	714,476
Fines and Forfeitures	181,838	217,951	309,152	288,122	290,255	292,110	333,274	316,708	314,979	244,478
Investment Earnings	88,405	129,730	293,493	523,332	333,429	195,704	169,538	110,136	101,358	106,034
Contributions & Donations	-	-	-	122,481	178,530	450,000	-	-	4,000	527,128
Other Revenues	335,329	559,392	214,103	261,352	328,241	289,010	215,396	369,871	304,888	231,205
Total Revenues	8,271,794	9,299,013	9,539,190	10,031,629	10,835,175	11,244,746	11,142,226	13,448,435	12,168,996	14,193,546
Expenditures										
General Government	1,748,670	1,807,368	2,037,702	2,127,550	2,204,790	2,376,389	2,454,355	2,263,785	2,403,514	2,525,063
Public Safety	2,017,402	2,124,176	2,267,304	2,461,131	2,764,753	2,732,920	2,893,005	3,148,688	3,118,552	3,129,270
Public Works	1,442,850	1,734,580	1,828,740	1,761,507	2,007,694	2,098,513	1,950,062	1,949,444	1,883,926	3,765,108
Culture and Recreation	611,158	702,074	858,965	651,509	745,854	856,646	872,293	1,136,068	848,754	1,136,837
Urban Redevelopment	60,128	73,816	12,748	34,016	31,082	13,611	8,773	2,214	9,762	362,661
Equipment Services	102,747	110,636	116,558	163,516	140,489	128,521	247,971	136,193	136,743	150,704
Capital Outlay	4,567,445	1,249,093	466,962	4,297,994	1,958,847	2,015,519	2,530,964	3,493,631	1,650,552	1,312,448
Debt Service	333,083	317,409	325,568	464,602	436,311	399,863	355,374	300,511	260,290	216,873
Interest	377,737	475,444	489,805	924,149	973,920	1,049,817	1,025,322	2,016,553	1,139,974	1,100,320
Fees	1,567	1,565	1,563	1,561	1,013	1,013	1,013	20,134	-	1,724
Intergovernmental	725,180	1,545,283	120,399	140,897	175,473	329,162	297,380	231,951	191,252	403,808
Other	31,911	41,816	93,882	153,481	142,097	161,759	158,013	181,292	197,953	330,958
Total Expenditures	12,019,878	10,183,260	8,620,196	13,201,913	11,582,323	12,163,733	12,794,525	14,880,464	11,841,272	14,435,774
Excess of Revenues Over (Under) Expenditures	(3,748,084)	(884,247)	918,994	(3,170,284)	(747,148)	(918,987)	(1,652,299)	(1,432,029)	327,724	(242,228)

Continued

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

Continued

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Other Financing Sources (Uses)										
Lease Purchase Agreements	\$ 187,000	\$ -	\$ 2,039,833	\$ 355,000	\$ 135,000	\$ -	\$ 455,000	\$ 951,000	\$ -	\$ 410,000
Tax Incremental Bonds	-	-	2,350,000	-	-	-	-	-	-	-
Transfers In	1,554,071	1,204,192	1,500,103	2,046,491	1,559,591	3,972,567	1,490,295	2,947,203	2,246,399	1,497,586
Transfers Out	(1,003,963)	(986,555)	(829,687)	(1,151,953)	(1,236,153)	(3,827,251)	(1,186,107)	(2,924,599)	(1,992,361)	(1,243,048)
Total Other Financing Sources (Uses)	737,108	217,637	5,060,249	1,249,538	458,438	145,316	757,188	973,604	254,038	664,538
Net Change In Fund Balances	\$ (3,010,976)	\$ (666,610)	\$ 5,979,243	\$ (1,920,746)	\$ (288,710)	\$ (773,671)	\$ (895,111)	\$ (458,425)	\$ 581,762	\$ 422,310
Debt Service As a Percentage of Noncapital Expenditures	9.9%	9.5%	10.5%	16.7%	15.8%	15.2%	14.6%	22.3%	14.0%	11.5%

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 (b)	Total Direct Tax Rate (a)	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value	
2004	30,463,882	4,796,716	35,260,598	81.60	553,414,376	6.37%	
2005	32,654,430	4,550,980	37,205,410	81.60	587,583,167	6.33%	
2006	37,945,629	4,063,665	42,009,294	76.90	700,154,900	6.00%	
2007	37,736,666	4,076,916	41,813,582	77.90	822,681,920	5.08%	
2008	37,527,471	4,041,902	41,569,373	79.50	817,914,453	5.08%	
2009	42,741,623	3,808,547	46,550,170	81.00	918,308,243	5.07%	
2010	43,858,444	3,319,726	47,178,170	81.00	932,497,647	5.06%	
2011	48,677,448	3,161,465	51,838,913	78.60	1,026,240,043	5.05%	
2012	48,964,038	3,386,351	52,350,389	83.34	1,035,719,943	5.05%	
2013	49,157,941	3,819,936	52,977,877	83.34	1,046,824,420	5.06%	

Source: Pickens County Auditor's Office

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

(b) Total taxable assessed values include Tax Increment
Finance District base assessment only.

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		Special Revenue Rate	Total Direct Rate	Pickens County	
		Service				School District	Pickens County
2004	76.30	4.73		0.57	81.60	140.10	63.00
2005	76.30	4.73		0.57	81.60	147.10	67.50
2006	71.60	4.73		0.57	76.90	140.00	61.40
2007	73.30	4.11		0.49	77.90	137.10	60.50
2008	74.90	4.11		0.49	79.50	176.10	61.50
2009	76.80	3.71		0.49	81.00	174.10	61.50
2010	76.80	3.71		0.49	81.00	168.10	61.50
2011	74.53	3.60		0.47	78.60	168.50	59.00
2012	80.96	1.90		0.48	83.34	170.50	59.00
2013	80.96	1.90		0.48	83.34	169.00	59.00

Source of Overlapping Rates: Pickens County

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

Taxpayer	2013		Taxpayer	2004	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value		Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Duke Energy Corporation	\$ 988,990	1.87%	Duke Energy Corporation	\$ 1,014,410	2.88%
Lowes Home Center, Inc.	723,520	1.37%	Bellsouth Telecommunications	901,900	2.56%
Clemson I, LLC	575,900	1.09%	Clemson Area Retirement Center, Inc.	364,150	1.03%
Tiger Towne Village, LLC	534,920	1.01%	Langston Place Partnership	300,300	0.85%
Clemson II, LLC	529,340	1.00%	Clemson Inn Associates (Comfort Inn)	249,960	0.71%
Bellsouth Telecommunications	526,520	0.99%	Heritage Pointe, LLC	225,960	0.64%
BCH Clemson, LLC	470,870	0.89%	Nirman Enterprise Associates (Hampton Inn)	179,090	0.51%
Ingles Markets, Inc.	373,430	0.70%	Advantage Properties, LLC	178,840	0.50%
Tristate SC One, Limited Partnership	345,430	0.65%	Falls Landing Apartments, LP	160,320	0.45%
JSI Clemson, LLC	344,590	0.65%	Hunter's Glen Apartments, LLC	156,530	0.44%
Total	<u>\$ 5,413,510</u>	<u>10.28%</u>		<u>\$ 3,731,460</u>	<u>10.57%</u>

Source: Pickens County Auditor's Office

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

Fiscal Year Ended June 30,	Taxes Levied For the Fiscal Year	Collected Within the Fiscal Year of the Levy (a)		Estimated Tax Collections to Date (b)	
		Amount	Percentage of Levy	Estimated Amount	Percentage of Levy
2004	2,068,971	2,031,750	98.20%	2,059,252	99.53%
2005	2,224,741	1,930,474	86.77%	2,213,753	99.51%
2006	2,355,234	2,264,062	96.13%	2,341,783	99.43%
2007	2,268,425	2,338,708	103.10%	2,247,015	99.06%
2008	2,296,135	2,487,570	108.34%	2,241,404	97.62%
2009	2,732,167	2,762,699	101.12%	2,645,456	96.83%
2010	2,772,651	2,901,164	104.64%	2,565,607	92.53%
2011	2,833,871	3,134,190	110.60%	2,651,577	93.57%
2012	3,317,771	3,296,380	99.36%	3,111,916	93.80%
2013	3,243,562	3,333,308	102.77%	3,016,144	92.99%

Source: Pickens County Office of Finance

- Notes:**
- (a) Does not include current year taxes collected as delinquent in the year of the levy.
 - (b) Collections in subsequent years by year of levy were unavailable. Amounts receivable at June 30, 2013 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		Water Revenue Bonds	Capital Leases	Capital Leases			
		Incremental Financing Bonds	Capital Leases						
2004	1,590,000	4,645,000	330,513	1,156,432	616,118	8,338,063	3.62%	698	
2005	1,460,000	4,400,000	230,119	1,020,637	877,196	7,987,952	3.47%	669	
2006	1,320,000	7,140,000	2,180,097	3,628,317	636,877	14,905,291	6.48%	1,248	
2007	1,160,000	6,640,120	2,270,829	4,537,319	702,606	15,310,874	6.65%	1,282	
2008	1,040,000	6,116,718	2,075,430	4,485,925	431,899	14,149,972	6.15%	1,185	
2009	915,000	5,574,391	1,692,940	4,287,772	392,217	12,862,320	4.21%	989	
2010	780,000	5,002,851	1,829,158	4,329,517	365,184	12,306,710	4.02%	947	
2011	500,000	4,401,934	1,644,523	4,431,925	232,084	11,210,466	3.39%	806	
2012	404,000	3,771,084	1,231,396	4,189,912	94,782	9,691,174	2.83%	695	
2013	306,000	3,114,960	1,295,201	3,938,721	22,735	8,677,617	2.67%	616	

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.

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

General Bonded Debt Outstanding						
Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Actual Taxable Value of Property ^(a)	Per Capita ^(b)	
2004	1,590,000	229,724	1,360,276	0.25%	113.94	
2005	1,460,000	207,391	1,252,609	0.21%	104.92	
2006	1,320,000	197,031	1,122,969	0.16%	94.06	
2007	1,160,000	176,906	983,094	0.12%	82.34	
2008	1,040,000	214,128	825,872	0.10%	69.17	
2009	915,000	237,353	677,647	0.07%	52.12	
2010	780,000	265,347	514,653	0.06%	39.58	
2011	500,000	150,655	349,345	0.03%	25.12	
2012	404,000	153,006	250,994	0.02%	18.00	
2013	306,000	155,476	150,524	0.01%	10.68	

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, 2013

<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	\$ 323,824,397	12.14%	\$ 39,312,282
Pickens County General Obligation Debt	10,112,744	13.94%	1,409,717
Other Debt			
Pickens County Capital Leases	550,518	13.94%	76,742
Pickens County Notes Payable	4,538,744	13.94%	632,701
Pickens County - Other Debt	6,531,584	13.94%	910,503
Subtotal, Overlapping Debt			42,341,945
City Direct Debt			4,716,161
Total Direct and Overlapping Debt			<u>\$ 47,058,106</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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$ 2,820,848	\$ 2,976,433	\$ 3,360,744	\$ 3,325,550	\$ 3,724,014	\$ 3,774,254	\$ 4,147,113	\$ 4,147,113	\$ 4,188,031	\$ 4,238,230
Total Net Debt Applicable to Limit	1,360,276	1,252,609	1,122,968	983,094	825,872	677,647	514,653	349,345	250,994	150,524
Legal Debt Margin	\$ 1,460,572	\$ 1,723,824	\$ 2,237,776	\$ 2,342,456	\$ 2,898,142	\$ 3,096,607	\$ 3,632,460	\$ 3,797,768	\$ 3,937,037	\$ 4,087,706
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	48.22%	42.08%	33.41%	29.56%	22.18%	17.95%	12.41%	8.42%	5.99%	3.55%

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed Value	\$ 52,977,877
Debt Limit (8% of assessed value)	4,238,230
Debt Applicable to Limit:	
General Obligation Bonds	306,000
Less: Amount Set Aside for Repayment of General Obligation Debt	(155,476)
Total Net Debt Applicable to Limit	150,524
Legal Debt Margin	\$ 4,087,706

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

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Water Revenue Bonds										
Utility Service Charges	\$ 1,455,712	\$ 1,572,123	\$ 1,938,992	\$ 2,059,097	\$ 2,210,784	\$ 2,134,850	\$ 2,165,443	\$ 2,248,188	\$ 2,411,340	\$ 2,300,173
Less: Operating Expenses	1,417,959	1,448,236	1,631,567	1,555,486	1,953,270	1,910,885	1,939,959	2,114,790	2,118,323	2,102,688
Net Available Revenue	37,753	123,887	307,425	503,611	257,514	223,965	225,484	133,398	293,017	197,485
Debt Service										
Principal	18,408	19,162	19,823	66,791	90,602	93,153	71,445	97,418	105,056	112,691
Interest	1,953	1,198	413	76,332	99,244	97,115	94,701	92,225	81,266	75,935
Coverage	1.85	6.08	15.19	3.52	1.36	1.18	1.36	0.70	1.57	1.05
Wastewater Revenue Bonds and Capital Leases										
Utility Service Charges	2,128,078	2,018,221	2,124,192	2,132,578	2,195,198	2,176,696	2,452,746	2,838,828	4,386,262	2,513,772
Less: Operating Expenses	1,384,400	1,457,827	1,570,485	1,594,632	1,919,478	1,887,071	1,789,368	1,858,048	2,028,092	1,933,792
Net Available Revenue	743,678	560,394	553,707	537,946	275,720	289,625	663,378	980,780	2,358,170	579,980
Debt Service										
Principal	220,150	116,634	117,035	105,000	105,000	105,000	105,000	177,498	184,958	188,500
Interest	34,852	37,152	45,704	46,504	33,546	16,572	16,182	19,556	17,025	12,735
Coverage	2.92	3.64	3.40	3.55	1.99	2.38	5.47	4.98	11.88	2.88
Commercial Sanitation Capital Leases										
Utility Service Charges	150,332	146,180	144,392	168,482	233,563	323,910	304,782	294,849	303,784	288,175
Less: Operating Expenses	137,387	149,955	157,750	150,586	192,441	224,545	234,322	243,456	249,574	263,859
Net Available Revenue	12,945	(3,775)	(13,358)	17,896	41,122	99,365	70,460	51,393	54,210	24,316
Debt Service										
Principal	-	-	-	-	-	-	20,106	20,733	21,379	22,047
Interest	-	-	-	-	-	2,643	2,842	2,199	1,536	853
Coverage	-	-	-	-	-	37.60	3.07	2.24	2.37	1.06
Transit Capital Leases										
Contract Services	1,468,800	2,025,502	1,943,035	3,082,395	3,478,832	3,161,802	3,367,597	3,543,096	4,662,556	4,298,200
Less: Operating Expenses	1,284,997	1,541,107	1,634,800	2,279,350	3,010,710	2,993,888	3,113,133	3,077,098	3,437,739	3,103,435
Net Available Revenue	183,803	484,395	308,235	803,045	468,122	167,914	254,464	465,998	1,224,817	1,194,765
Debt Service										
Principal	150,297	238,923	240,319	249,271	270,707	146,682	151,927	65,367	67,923	-
Interest	27,992	34,823	29,184	30,992	22,127	13,570	8,240	3,494	871	-
Coverage	1.03	1.77	1.14	2.87	1.60	1.05	1.59	6.77	17.80	-

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

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

<i>Calendar Year</i>	<i>Population</i>	<i>Personal Income</i>	<i>Per Capita Personal Income</i>	<i>Unemployment Rate</i>
2004	11,939	230,088,408	19,272	6.8%
2005	11,939	230,088,408	19,272	6.9%
2006	11,939	230,088,408	19,272	6.2%
2007	11,939	230,088,408	19,272	5.5%
2008	11,939	230,088,408	19,272	7.1%
2009	13,002	305,859,048	23,524	9.8%
2010	13,002	305,859,048	23,524	11.0%
2011	13,905	330,772,140	23,788	8.1%
2012	13,946	342,820,572	24,582	8.0%
2013	14,089	324,399,225	23,025	8.0%

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

Employer	2013		2004	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
<i>Clemson University ^(a)</i>	4,727	47.27%	4,461	44.61%
<i>City of Clemson</i>	312	3.12%	307	3.07%
<i>Ingles Markets</i>	218	2.18%	84	0.84%
<i>Clemson Elementary School</i>	112	1.12%	98	0.98%
<i>Ruby Tuesday</i>	110	1.10%	135	1.35%
<i>Bi-Lo</i>	97	0.97%	128	1.28%
<i>Pixie & Bills Restaurant</i>	60	0.60%	76	0.76%
<i>Trehel Corporation</i>	56	0.56%	126	1.26%
<i>University Inn</i>	54	0.54%	-	-
<i>Courtyard by Marriott</i>	30	0.30%	-	-
Total	5,776	57.76%	5,415	54.15%

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.*

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

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Government										
Council	2	2	2	1	1	1	1	1	1	0
Municipal Court	4	4	4	4	5	5	4	4	4	4
Administration	7	7	7	7	8	9	7	8	8	8
Finance	3	3	3	3	3	3	3	3	3	3
Information Technology	1	1	1	1	1	1	1	1	1	1
Planning & Codes Administration	6	6	8	8	8	7	8	7	7	8
Public Buildings	2	2	2	2	2	2	2	2	2	2
Police										
Officers	25	25	26	26	28	27	26	26	26	28
Telecommunicators	5	5	5	5	6	6	6	6	6	6
Other	3	3	3	3	3	3	3	3	3	3
Refuse Collection										
Residential Sanitation	14	14	14	14	13	13	12	13	13	14
Commercial Sanitation	2	2	2	2	2	2	2	2	2	2
Other Public Works										
Streets	6	6	6	6	6	6	5	5	5	5
Public Works Administration	2	2	2	3	3	3	3	3	3	3
Equipment Services	2	2	2	2	2	2	2	2	2	2
Engineering	3	3	3	3	2	2	2	2	2	2
Other										
Recreation	6	6	6	6	7	7	8	7	7	7
Water	7	7	7	7	8	8	7	7	7	7
Utility Billing Administration	5	5	5	5	5	7	7	7	7	7
Wastewater Collection	7	7	7	7	7	7	7	7	7	7
Wastewater Treatment	4	4	4	4	4	6	4	4	4	4
Transit Administration	4	4	4	6	6	6	6	6	6	6
Transit Operations	7	9	9	12	13	11	11	13	13	13
Horticulture	1	2	2	3	3	3	3	3	3	3
Total	128	131	134	140	146	147	140	142	142	145

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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Government										
Building Permits Issued	523	552	557	616	512	410	195	465	594	1,224
Building Inspections Conducted	3,074	3,166	3,232	2,084	1,246	786	967	1,053	1,716	2,843
Police										
Parking Violations	2,856	2,800	2,932	2,201	4,207	3,113	3,970	3,612	4,586	5,010
Traffic Violations	3,579	3,620	3,800	4,833	5,430	4,687	8,173	7,267	6,075	5,175
Fire										
Inspections	5,482	5,527	5,535	2,769	2,126	2,106	2,932	3,207	2,134	1,415
Refuse Collection										
Refuse Collected (lbs)	11,821,440	11,860,800	11,331,260	10,983,442	11,599,320	11,348,554	58,494,982	9,997,000	9,789,537	5,379,355
Recyclables Collected (lbs)	1,235,440	1,111,240	1,002,000	1,369,296	1,427,760	1,521,644	1,662,024	1,424,360	1,463,920	818,448
Other Public Works										
Street Resurfacing (miles)	4.11	3.22	4.43	4.62	4.45	0.00	2.10	2.90	3.30	3.28
Water										
New Taps	31	39	78	79	97	49	79	208	147	260
Water Main Breaks	178	153	188	170	179	161	229	200	193	207
Average Daily Consumption	1,604,000	1,681,000	1,705,000	1,736,000	1,892,000	1,829,000	1,869,000	1,910,000	1,932,000	1,599,000
Peak Daily Consumption	2,133,000	2,024,000	2,197,000	2,880,000	2,581,000	2,480,000	2,480,000	2,481,111	2,381,000	2,260,000
Wastewater										
Average Daily Sewage Treatment	1,060,000	1,090,000	1,110,000	1,140,000	1,440,000	1,450,000	1,450,000	1,450,000	1,440,000	1,910,000
Transit										
Total Route Miles	480,253	506,591	623,562	831,996	852,930	727,946	725,487	676,374	517,056	699,790
Passengers	1,343,234	1,404,892	1,513,134	1,771,346	1,877,448	1,613,403	1,609,349	1,622,498	1,504,570	1,849,084

Source: Various City Departments

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

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Uniform Patrol Units	18	18	18	18	18	18	18	18	18	19
Refuse Collection										
Collection Trucks	4	4	4	4	5	5	5	5	5	5
Other Public Works										
Streets (miles)	64	64	64	64	64	64	64	64	64	64
Streetlights	695	696	696	696	696	696	696	696	696	696
Traffic Signals	1	1	1	1	1	1	1	1	1	1
Parks and Recreation										
Acreage	85	85	85	100	100	100	100	100	100	100
Playgrounds	6	6	6	7	7	7	7	7	7	7
Soccer Fields	1	1	1	1	6	6	6	6	6	6
Recreation Centers	1	1	1	1	1	1	1	1	1	1
Water										
Water Mains (miles)	90	90	98.5	100	101.5	101.5	108	109.2	109.5	111.4
Fire Hydrants	371	372	392	412	439	439	479	480	480	496
Wastewater										
Sewer Mains Gravity (miles)	60	60	60	64	64	65	65.3	65.3	103.7	105.1
Sewer Mains Force (miles)	9	9	9	9	9	9	9	9	9	9
Treatment Capacity (millions of gallons)	3.15	3.15	3.15	3.15	3.15	3.15	3.15	3.15	3.15	3.15
Stormwater										
Stormwater Lines (miles)	6	7	7	7	7	7	7	7	7	7.25
Transit										
Buses	19	20	20	26	26	26	26	26	23	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, 2013

Federal Grantor/Pass-Through Grantor /Program Title	Federal CFDA Number	Pass Through Grantor's Number	Total Expenditures
US Department of Transportation Passed Through SC Dept. of Transportation Formula Grants for Other Than Urbanized Areas: Public Transportation Assistance... Transit Fund	20.509	PT-3A111-18	\$ 2,293,205
US Department of Commerce Passed Through SC Dept. of Commerce Community Development Block Grant	14.228	4-CI-11-007	305,550
Total Federal Assistance Expended			\$ 2,598,755

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".

*** Major Programs

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**INDEPENDENT AUDITOR'S 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, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clemson, South Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Clemson, South Carolina's basic financial statements, and have issued our report thereon dated December 6, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Clemson, South Carolina's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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, South Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Clemson, South Carolina's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during

our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Clemson, South Carolina's financial statements are free from 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.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Stancil Cooley Estep & Stamey, LLP

Clemson, South Carolina
December 6, 2013



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited the City of Clemson, South Carolina's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the City of Clemson, South Carolina's major federal programs for the year ended June 30, 2013. The City of Clemson, South Carolina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Clemson, South Carolina's major federal programs based on our audit of the types of compliance requirements referred to above. 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, South Carolina'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Clemson, South Carolina's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Clemson, South Carolina, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the City of Clemson, South Carolina, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Clemson, South Carolina's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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, South Carolina's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Stancil Cooley Estep & Stamey, LLP

Clemson, South Carolina
December 6, 2013

CITY OF CLEMSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Fiscal Year Ended June 30, 2013

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 or significant deficiencies 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 on all major federal programs.

There are no audit findings that are required to be reported in accordance with section 510(a) of OMB Circular A-133 reported in this Schedule.

The following programs were tested as major programs:

- *Transit Operating Grant, Grant # PT-3A111-18, CFDA # 20.509*
- *Community Development Block Grant, Grant # 4-CI-11-007, CFDA # 14.228*

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

The City of Clemson did not qualify to be a low-risk auditee.

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

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

CITY OF CLEMSON

SCHEDULE OF SUMMARY OF PRIOR YEAR AUDIT FINDINGS
Fiscal Year Ended June 30, 2013

No Prior Year Audit Findings