



CITY OF CLEMSON
SOUTH CAROLINA



Comprehensive Annual
Financial Report



For the Fiscal Year Ended June 30, 2014

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SOUTH CAROLINA



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Financial Report



For the Fiscal Year Ended June 30, 2014



Prepared by the Office of Finance

CITY OF CLEMSON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2014
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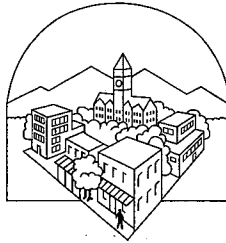
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INTRODUCTORY SECTION





LETTER OF TRANSMITTAL

December 31, 2014

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, 2014. 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 21,000 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

- ***Wastewater Collection Line Replacement*** – Most of the wastewater collection lines selected for replacement were originally installed in the 1960's when subdivisions were built or when the original collection system was installed in Clemson in 1963. The original lines were installed using six-inch clay pipe and brick manholes; this antiquated technology is no longer used and the collection lines have exceeded their useful life. In January 2014 survey crews worked for several months verifying data for the existing collection system and approximately 14,500 feet of lines were identified as needing to be replaced. The \$1.4 million project is being funded with a low interest loan through the South Carolina Clean Water Revolving Fund.
- ***US Highway 76 Median Enhancement*** – The median along US Highway 76 is receiving landscape enhancements as dead or dying Cherry trees, along with overgrown bushes will be removed. Only healthy Maple trees will remain in the median. Additional Maple trees will be planted in order to make the median landscape more uniform and easier to maintain. The new plant material will create a “cleaner” and more inviting gateway into the City of Clemson. In addition, the landscape enhancements will “tie-in” nicely to the SC Highway 93 medians that adjoin Clemson University.
- ***Norfolk Southern Railroad Bridge Replacement*** – This \$11.5 million South Carolina Department of Transportation project will replace the existing railroad overpass with a wider overpass without a center support. The expanded overpass will allow for lengthened vehicular turn lanes and increased mobility for emergency vehicles.
- ***Sidewalk 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 judgements by management.

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

As a part of the City's independent audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's compliance for the fiscal year ended June 30, 2014 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 meeting 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 \$199,412 on all investments for the year ended June 30, 2014.

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, 2014, \$7,211,890 of the City's bank balance of \$9,215,977 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, 2014 amounted to \$1,782,977 of Mortgage Notes and Certificates, \$3,083,041 of Bank Bonds, \$10,100 of South Carolina Public Service Authority Revenue Refunding Bonds, and \$1,029,981 in the South Carolina Pooled Investment Fund. The City recognized a valuation gain on its investments of \$50,044 at June 30, 2014.

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 are 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, 2013. In order to be awarded a Certificate of Achievement, the City of Clemson published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

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

Respectfully submitted,

Richard E. Cotton

Richard E. Cotton
Administrator

Thomas A. Sparacino

Thomas A. Sparacino
Director of Finance

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Government Finance Officers Association

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

Presented to

**City of Clemson
South Carolina**

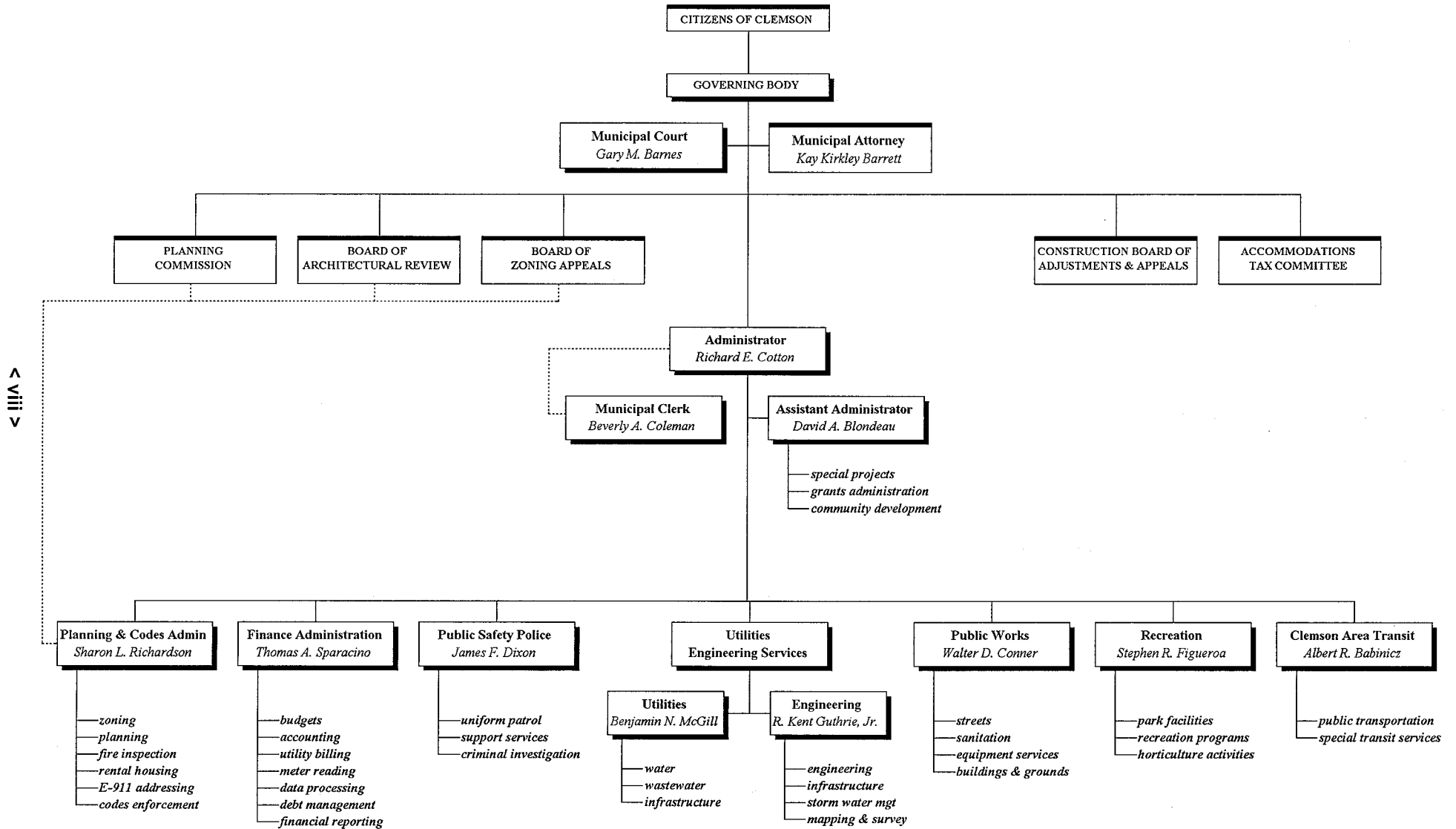
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

A handwritten signature in black ink, reading "Jeffrey R. Emer", is positioned above the title of the signatory.

Executive Director/CEO

CITY OF CLEMSON ORGANIZATION CHART



**CITY OF CLEMSON
PRINCIPAL OFFICIALS
JUNE 30, 2014**

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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*Certified Public
Accountants*

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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, 2014, 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, the hospitality tax fund budget to actual, and the aggregate remaining fund information of the City of Clemson, South Carolina, as of June 30, 2014, 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,



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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 31, 2014, 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 31, 2014

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CITY OF CLEMSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

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, 2014. 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 \$47,980,266 (*ending net position*). Of this amount, \$14,416,858 (*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 \$297,052 during fiscal year 2013-14. Revenues decreased \$3,422,020, while expenses increased approximately \$284,500.
- At the close of the current fiscal year, unassigned fund balance for the General Fund was \$3,502,784 or approximately 38% of total General Fund expenditures.
- The Tax Increment Fund (TIF) and Hospitality Tax Fund were reported as major governmental funds at fiscal year end. Ad valorem taxes and investment earnings are the main sources of revenues in the TIF Fund, while expenses consist of transfers to the Debt Service Fund. The Hospitality Tax Fund is a special revenue fund that has been established as a repository for the collection of taxes imposed on modified food and beverages.

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 2014, the City of Clemson's assets exceeded liabilities by \$47,980,266. The largest portion of the City's total net position (68 percent) reflects its investment in capital assets (land and buildings, other improvements, and equipment). The City of Clemson uses these capital assets to provide services to citizens, and consequently, are *not* available for future spending.

The following table provides a summary comparison of the City's net position for the fiscal years ended June 30, 2014 and June 30, 2013. 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	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Current and Other Assets	\$ 12,112,457	\$ 9,790,195	\$ 9,072,372	\$ 8,635,959	\$ 21,184,829	\$ 18,426,154
Capital Assets	16,969,621	17,937,581	22,442,459	22,574,848	39,412,080	40,512,429
Total Assets	\$ 29,082,078	\$ 27,727,776	\$ 31,514,831	\$ 31,210,807	\$ 60,596,909	\$ 58,938,583
Long-term Liabilities	\$ 2,975,151	\$ 3,709,331	\$ 3,566,017	\$ 3,757,512	\$ 6,541,168	\$ 7,466,843
Other Liabilities	4,892,356	2,530,903	1,183,119	1,257,623	6,075,475	3,788,526
Total Liabilities	\$ 7,867,507	\$ 6,240,234	\$ 4,749,136	\$ 5,015,135	\$ 12,616,643	\$ 11,255,369
Net Position						
Investment Capital Assets (<i>Net of Related Debt</i>)	\$ 13,775,958	\$ 14,340,750	\$ 18,757,994	\$ 18,613,393	\$ 32,533,952	\$ 32,954,143
Restricted	127,012	155,476	902,444	1,008,288	1,029,456	1,163,764
Unrestricted	7,311,601	6,991,316	7,105,257	6,573,991	14,416,858	13,565,307
Total Net Position	\$ 21,214,571	\$ 21,487,542	\$ 26,765,695	\$ 26,195,672	\$ 47,980,266	\$ 47,683,214

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 decreased by \$272,971. Governmental activities received transfers of \$311,538 from business-type activities, which assisted in mitigating the decrease in governmental net position. Without the transfers, governmental activities would have realized a decrease in net position of \$584,509. Other areas of change are as follows:

- Total revenues declined approximately 20% which resulted in a decrease in revenues of \$3,180,962. Various revenue items contributed to the decrease in governmental resources.
- *Net* program revenues declined \$2,539,324 as a result of decreases of approximately \$1.4 and \$1.3 million respectively in operating and capital contributions. Improvements to US Highway 123 at Gateway Village were substantially completed in the prior fiscal year so capital contributions only amounted to \$131,000. Charges for services increased 8% to \$4,732,083 as a result of increases in hospitality resources.
- As a result of the settlement of a tax increment lawsuit, ad valorem taxes decreased approximately \$1.0 million. Favorable economic conditions contributed to a slight increase of \$20,000 in sales and use taxes.
- Intergovernmental revenues increased \$60,000 primarily due to colder seasonal temperatures which resulted in a larger payment from the City's natural gas provider. In addition, other revenues increased approximately \$192,000 due to an increase in non-utility impact fees.

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, 2014 and June 30, 2013. 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	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
REVENUES						
Program Revenues						
Charges for Services	\$ 4,732,083	\$ 4,383,392	\$ 6,035,299	\$ 5,301,388	\$ 10,767,382	\$ 9,684,780
Operating Grants and Contributions	212,023	1,767,822	3,274,439	4,262,214	3,486,462	6,030,036
Capital Grants and Contributions	131,226	1,463,442	708,600	652,438	839,826	2,115,880
General Revenues						
Ad Valorem Taxes	4,561,423	5,557,061	-	-	4,561,423	5,557,061
Sales and Use Taxes	1,533,394	1,512,957	-	-	1,533,394	1,512,957
Intergovernmental	553,667	493,901	-	-	553,667	493,901
Investment Earnings	130,774	106,034	68,638	54,994	199,412	161,028
Other Revenues	434,719	242,662	-	-	434,719	242,662
Total Revenues	\$ 12,289,309	\$ 15,527,271	\$ 10,086,976	\$ 10,271,034	\$ 22,376,285	\$ 25,798,305

(continued)

Summary of Changes in Net Position (continued)

	Governmental Activities		Business-Type Activities		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
EXPENSES						
General Government	\$ 1,234,375	\$ 2,386,752	\$ -	\$ -	\$ 1,234,375	\$ 2,386,752
Public Safety	3,480,770	3,293,682	-	-	3,480,770	3,293,682
Public Works	2,526,267	3,719,287	-	-	2,526,267	3,719,287
Culture and Recreation	3,387,372	2,074,569	-	-	3,387,372	2,074,569
Urban Redevelopment	19,977	362,661	-	-	19,977	362,661
Equipment Services	140,424	150,704	-	-	140,424	150,704
Intergovernmental	1,780,527	403,808	-	-	1,780,527	403,808
Interest Long Term Debt	173,128	210,520	-	-	173,128	210,520
Other Expenses	130,978	330,958	-	-	130,978	330,958
Water Utility	-	-	2,505,582	2,432,057	2,505,582	2,432,057
Wastewater Utility	-	-	2,659,444	2,386,578	2,659,444	2,386,578
Commercial Sanitation	-	-	313,606	292,655	313,606	292,655
Clemson Area Transit	-	-	3,627,531	3,661,994	3,627,531	3,661,994
Parking Deck	-	-	99,252	88,427	99,252	88,427
Total Expenses	\$ 12,873,818	\$ 12,932,941	\$ 9,205,415	\$ 8,861,711	\$ 22,079,233	\$ 21,794,652
Change in Net Position Before Transfers	\$ (584,509)	\$ 2,594,330	\$ 881,561	\$ 1,409,323	\$ 297,052	\$ 4,003,653
Transfers	311,538	254,538	(311,538)	(254,538)	-	-
Change in Net Position After Transfers	\$ (272,971)	\$ 2,848,868	\$ 570,023	\$ 1,154,785	\$ 297,052	\$ 4,003,653
Net Position, Beginning	21,487,542	18,638,674	26,195,672	25,040,887	47,683,214	43,679,561
Net Position, Ending	<u>\$ 21,214,571</u>	<u>\$ 21,487,542</u>	<u>\$ 26,765,695</u>	<u>\$ 26,195,672</u>	<u>\$ 47,980,266</u>	<u>\$ 47,683,214</u>

Business-type Activities

The City's business-type net position increased 2% or \$570,023. A portion of the increase was attributed to a \$229,000 net equity addition to a wastewater treatment facility jointly owned with another municipality, and also a \$56,000 increase in capital grants and contributions. Prior to transfers of \$311,538 related to governmental activities, business-type activities realized an increase in net position of \$881,561. Additional details in net position changes are as follows:

- Charges for utility and transportation services increased approximately 14%, to \$6,035,299. The increase was primarily due to an aggregate increase of approximately \$734,000 in water and wastewater service receipts, tap fees, and impact fees.
- The City's transportation services fund received operating grants amounting to \$1,283,499, and realized \$1,990,940 of intergovernmental revenues from state and local agencies. This is a 23% decrease from the previous year. A \$540,000 federal transportation capital grant was received in order to defray the acquisition cost of a 60' articulated bus.

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 \$7,783,785. Approximately 45% of this total amount (\$3,502,784) 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 (\$3,770,704), Capital Projects Funds (<\$1,568>), and Debt Service Fund (\$127,012), (2) committed in the General Fund (\$201,256), and (3) assigned for encumbrances in the General and Special Revenue Funds (\$183,597). The unassigned fund balance increased \$677,241 from June 30, 2013.

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 \$3,502,784, while total fund balance reached \$3,759,417. 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 38% of total General Fund expenditures, while total fund balance represents approximately 41% of total General Fund expenditures.

The Tax Increment Fund, a major special revenue fund, had a total fund balance of \$6,194 at the end of the year. This is a \$1,136,971 or 99% decrease from the previous year. The decrease is a result of the settlement of a lawsuit with other taxing entities. Going forward, ad valorem taxes collected in the fund can only be used for debt service payments pertaining to Tax Increment Bonds. The Hospitality Tax Fund had a total fund balance of \$1,417,655 at June 30, 2014.

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 \$479,117 and \$4,929,394 respectively. Commercial sanitation operations ended the year with \$368,991 of unrestricted net position, while transit operations reported \$884,893 of net position that was unrestricted. Also, the City's investment in the downtown parking deck provided this proprietary fund with \$442,862 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 \$535,470 and actual expenditures were \$183,436 more than the City's budget estimates. The combined favorable revenue, and relatively small 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, 2014 amounted to \$39,412,080. This investment in capital assets includes land, buildings, other improvements, equipment, and construction in progress.

Of the \$39,412,080 investment, \$16,969,621 pertained to governmental activities and \$22,442,459 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 \$178,000 of two year Lease Purchase debt to partially defray the cost of acquiring ten police vehicles. General and Hospitality Fee Fund revenues, utilizing a 60/40 ratio, are pledged to retire the debt
- The City also issued \$360,000 of General Obligation Bonds to acquire an 8.65 acre tract of land for the construction of a fire suppression sub-station. General Fund revenues are pledged to retire the debt over a five year period.
- Improvements to US Highway 123 at Gateway Village were completed during the fiscal year. Improvements included turn lane additions, signalization, lighting, and infrastructure enhancements. The \$1.5 million project was funded with developer contributions and state aid.
- Through its fleet replacement program transportation services acquired a second 60' articulated bus in the amount of \$699,000. The acquisition was funded with a \$540,000 federal transportation capital grant and \$159,000 of retained earnings from the Transit Fund.

Capital Assets (net of accumulated depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Land and Buildings	\$ 7,655,388	\$ 7,365,728	\$ 5,287,117	\$ 5,413,978	\$ 12,942,505	\$ 12,779,706
Other Improvements	7,351,288	6,128,912	13,862,180	14,169,050	21,213,468	20,297,962
Equipment	1,962,945	2,218,915	3,120,079	2,920,063	5,083,024	5,138,978
Construction in Progress	-	2,224,026	173,083	71,757	173,083	2,295,783
Total Capital Assets	<u>\$ 16,969,621</u>	<u>\$ 17,937,581</u>	<u>\$ 22,442,459</u>	<u>\$ 22,574,848</u>	<u>\$ 39,412,080</u>	<u>\$ 40,512,429</u>

Debt Administration

At June 30, 2014, the City had total bonded debt outstanding of \$536,000 as a result of refunding three prior General Obligation Bonds and issuing additional G.O. Bonds. 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, 2014 is as follows:

- *General Obligation Bonds \$536,000*
- *Tax Increment Bonds \$2,423,347*
- *Capital Lease Purchase Agreements \$1,108,333*

Outstanding business-type debt at June 30, 2014 is as follows:

- *Water Revenue Bonds (South Carolina Revolving Fund Loans) \$3,217,164*
- *Wastewater Revenue Bonds (South Carolina Revolving Fund Loan) \$423,551*
- *Wastewater Revenue Bonds \$43,750*

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 \$4,335,060, which is in excess of the City's outstanding general obligation debt of \$536,000. 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 61.67 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, 2014

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash	\$ 8,888,632	\$ 625	\$ 8,889,257
Investments	5,924,862	-	5,924,862
Receivables (Net of Allowance):			
Property Taxes	390,671	-	390,671
Accounts	413,308	553,739	967,047
Interest	8,102	-	8,102
Other	97,987	140,778	238,765
Due from Other Governmental Units	755,731	136,490	892,221
Internal Balances	(4,412,099)	4,412,099	-
Inventory	45,263	29,538	74,801
Investment in Joint Venture	-	3,508,168	3,508,168
Restricted Cash - Revenue Bond Covenants	-	290,935	290,935
Capital Assets not Being Depreciated			
Land	2,121,120	462,083	2,583,203
Construction in Progress	-	173,083	173,083
Capital Assets net of Accumulated Depreciation			
Buildings	5,534,268	4,825,034	10,359,302
Other Improvements	7,351,288	13,862,180	21,213,468
Equipment	1,962,945	3,120,079	5,083,024
Total Assets	<u>\$ 29,082,078</u>	<u>\$ 31,514,831</u>	<u>\$ 60,596,909</u>
Liabilities			
Accounts Payable and Other Current Liabilities	\$ 371,904	\$ 209,153	\$ 581,057
Due to Other Governmental Units	2,338,060	-	2,338,060
Contracts Payable	-	119,491	119,491
Accrued Interest Payable	40,677	19,969	60,646
Deferred Support	877	-	877
Revenue Received in Advance	622,819	-	622,819
Liabilities Payable From Restricted Assets	-	547,523	547,523
Noncurrent Liabilities:			
Due Within One Year	1,518,019	286,983	1,805,002
Due in More Than One Year	2,975,151	3,566,017	6,541,168
Total Liabilities	<u>\$ 7,867,507</u>	<u>\$ 4,749,136</u>	<u>\$ 12,616,643</u>
Net Position			
Invested in Capital Assets, Net of Related Debt	\$ 13,775,958	\$ 18,757,994	\$ 32,533,952
Restricted For:			
Debt Service	127,012	902,444	1,029,456
Unrestricted	7,311,601	7,105,257	14,416,858
Total Net Position	<u>\$ 21,214,571</u>	<u>\$ 26,765,695</u>	<u>\$ 47,980,266</u>

See Notes to Financial Statements

CITY OF CLEMSON

STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 3,286,304	\$ 3,703,377	\$ -	\$ 90,226	\$ 507,299	\$ -	\$ 507,299
Public Safety	3,480,770	379,895	-	21,000	(3,079,875)	-	(3,079,875)
Public Works	2,526,267	525,752	-	-	(2,000,515)	-	(2,000,515)
Culture and Recreation	3,387,372	123,059	212,023	20,000	(3,032,290)	-	(3,032,290)
Urban Redevelopment	19,977	-	-	-	(19,977)	-	(19,977)
Interest on Long-term Debt	173,128	-	-	-	(173,128)	-	(173,128)
Total Governmental Activities	\$ 12,873,818	\$ 4,732,083	\$ 212,023	\$ 131,226	\$ (7,798,486)	\$ -	\$ (7,798,486)
Business-type Activities							
Water	\$ 2,505,582	\$ 2,583,576	\$ -	\$ 73,880	\$ -	\$ 151,874	\$ 151,874
Wastewater	2,659,444	3,064,258	-	94,720	-	499,534	499,534
Sanitation	313,606	286,617	-	-	-	(26,989)	(26,989)
Transit	3,627,531	13,240	3,274,439	540,000	-	200,148	200,148
Parking Deck	99,252	87,608	-	-	-	(11,644)	(11,644)
Total Business-type Activities	\$ 9,205,415	\$ 6,035,299	\$ 3,274,439	\$ 708,600	\$ -	\$ 812,923	\$ 812,923
Total Primary Government	\$ 22,079,233	\$ 10,767,382	\$ 3,486,462	\$ 839,826	\$ (7,798,486)	\$ 812,923	\$ (6,985,563)

continued

CITY OF CLEMSON

STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2014

continued

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
General Revenues:							
	Property Taxes				\$ 4,561,423	\$ -	\$ 4,561,423
	Local Option Sales Tax				1,279,399	-	1,279,399
	Local Accommodations Tax				253,995	-	253,995
	Intergovernmental - Unrestricted				553,667	-	553,667
	Unrestricted Investment Earnings				130,774	68,638	199,412
	Other				434,719	-	434,719
	Transfers				311,538	(311,538)	-
	Total General Revenues and Transfers				\$ 7,525,515	\$ (242,900)	\$ 7,282,615
	Change in Net Position				\$ (272,971)	\$ 570,023	\$ 297,052
	Net Position, Beginning				21,487,542	26,195,672	47,683,214
	Net Position, Ending				\$ 21,214,571	\$ 26,765,695	\$ 47,980,266

See Notes to Financial Statements

CITY OF CLEMSON
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2014

	General	Tax Increment Fund	Hospitality Tax Fund	Other Governmental Funds	Total
Assets					
Cash	\$ 8,888,632	\$ -	\$ -	\$ -	\$ 8,888,632
Investments	5,924,862	-	-	-	5,924,862
Receivables (Net of Allowance)					
Property Taxes	305,719	75,951	-	9,001	390,671
Accounts	52,778	-	46,539	313,991	413,308
Interest	8,102	-	-	-	8,102
Other	97,987	-	-	-	97,987
Due from Other Governmental Units	350,317	258,151	36,285	110,978	755,731
Due from Other Funds	-	2,061,464	1,371,462	2,142,617	5,575,543
Inventory	-	-	-	45,264	45,264
Total Assets	\$ 15,628,397	\$ 2,395,566	\$ 1,454,286	\$ 2,621,851	\$ 22,100,100
Liabilities and Fund Balances					
Liabilities:					
Vouchers Payable	\$ 181,857	\$ -	\$ -	\$ -	\$ 181,857
Accounts Payable	139,276	-	36,631	14,410	190,317
Due to Other Governmental Units	-	2,338,060	-	-	2,338,060
Due to Other Funds	9,987,643	-	-	-	9,987,643
Deferred Support	702,283	-	-	-	702,283
Revenue Received in Advance	622,819	-	-	-	622,819
Total Liabilities	\$ 11,633,878	\$ 2,338,060	\$ 36,631	\$ 14,410	\$ 14,022,979
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes	\$ 235,102	\$ 51,312	\$ -	\$ 6,922	\$ 293,336
Fund Balances:					
Restricted For:					
Special Revenue Funds	\$ -	\$ 6,194	\$ 1,412,305	\$ 2,085,304	\$ 3,503,803
Special Revenue Funds - L-T Receivables	-	-	-	266,901	266,901
Capital Projects Funds	-	-	-	(1,568)	(1,568)
Debt Service Fund	-	-	-	127,012	127,012
Committed:					
General Fund	201,256	-	-	-	201,256
Assigned:					
Encumbrances	55,377	-	5,350	5,350	66,077
Special Revenue Funds	-	-	-	117,520	117,520
Unassigned:					
General Fund	3,502,784	-	-	-	3,502,784
Total Fund Balances	\$ 3,759,417	\$ 6,194	\$ 1,417,655	\$ 2,600,519	\$ 7,783,785
Total Liabilities and Fund Balances	\$ 15,628,397	\$ 2,395,566	\$ 1,454,286	\$ 2,621,851	\$ 22,100,100

See Notes to Financial Statements

CITY OF CLEMSON

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2014**

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

Total fund balances - governmental funds	\$	7,783,785
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$36,199,577 and the accumulated depreciation is \$19,229,956.		16,969,621
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds		33,250
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.		(40,677)
Certain deferred revenues in the governmental funds are reportable for governmental activities and, therefore are not included on the statement of net position.		961,492
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	\$ 1,108,333	
Bonds Payable	2,959,347	
Compensated Absences	425,220	
		(4,492,900)
Net position of governmental activities	\$	21,214,571

See Notes to Financial Statements

CITY OF CLEMSON
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Fiscal Year Ended June 30, 2014

	General	Tax Increment Fund	Hospitality Tax Fund	Other Governmental Funds	Total
Revenues					
Property Taxes	\$ 3,335,368	\$ 1,094,605	\$ -	\$ 98,200	\$ 4,528,173
Local Option Sales Tax	1,242,808	-	-	36,591	1,279,399
Local Accomodations Tax	-	-	-	253,995	253,995
Hospitality Fees/Tax	-	-	628,451	628,452	1,256,903
Licenses and Permits	2,446,474	-	-	-	2,446,474
Intergovernmental	553,667	-	-	236,836	790,503
Charges for Services	696,294	-	-	40,655	736,949
Fines and Forfeitures	291,756	-	-	-	291,756
Investment Earnings	52,483	23,464	17,116	37,711	130,774
Contributions and Donations	-	-	-	65,413	65,413
Other	242,314	6,228	4,543	19,708	272,793
Total Revenues	\$ 8,861,164	\$ 1,124,297	\$ 650,110	\$ 1,417,561	\$ 12,053,132
Expenditures					
Current Operating					
General Government	\$ 2,471,980	\$ 52,208	\$ -	\$ 194,262	\$ 2,718,450
Public Safety	3,814,932	-	8,148	27,469	3,850,549
Public Works	1,785,974	-	-	-	1,785,974
Culture and Recreation	763,200	-	234,577	159,804	1,157,581
Equipment Services	140,424	-	-	-	140,424
Urban Redevelopment	-	-	-	19,977	19,977
Other	130,978	-	-	-	130,978
Debt Service					
Principal	78,104	-	207,323	901,323	1,186,750
Interest	7,048	-	23,808	152,217	183,073
Capital Outlay	-	-	13,046	40,737	53,783
Intergovernmental	-	1,380,052	96,223	304,252	1,780,527
Total Expenditures	\$ 9,192,640	\$ 1,432,260	\$ 583,125	\$ 1,800,041	\$ 13,008,066
Excess of Revenues Over (Under)					
Expenditures	\$ (331,476)	\$ (307,963)	\$ 66,985	\$ (382,480)	\$ (954,934)
Other Financing Sources (Uses)					
Issuance of Long Term Debt	\$ 538,000	\$ -	\$ -	\$ -	\$ 538,000
Transfers In	581,338	-	132,000	870,008	1,583,346
Transfers Out	-	(829,008)	(35,500)	(407,300)	(1,271,808)
Total Other Financing Sources (Uses)	\$ 1,119,338	\$ (829,008)	\$ 96,500	\$ 462,708	\$ 849,538
Net Change in Fund Balances	\$ 787,862	\$ (1,136,971)	\$ 163,485	\$ 80,228	\$ (105,396)
Fund Balances, Beginning	2,971,555	1,143,165	1,254,170	2,520,291	7,889,181
Fund Balances, Ending	\$ 3,759,417	\$ 6,194	\$ 1,417,655	\$ 2,600,519	\$ 7,783,785

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, 2014**

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

<i>Net change in fund balances - total governmental funds</i>	\$ (105,396)
<i>Governmental funds report capital outlays as expenditures (\$869,258). However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense (\$1,837,217). This is the amount by which depreciation exceeded capital outlays in the current period.</i>	(967,959)
<i>Revenues in the statement of activities that do not represent current financial resources are not reported as revenues in the funds.</i>	195,175
<i>The issuance of long-term debt (\$538,000) provides current financial resources to governmental funds, while the repayment of long-term debt (\$1,186,750) consumes the current financial resources of governmental funds. This transaction, however, has no effect on net position.</i>	648,750
<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>	9,944
<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>	(53,485)
<i>Change in net position of governmental activities</i>	\$ (272,971)

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, 2014

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$ 3,402,682	\$ 3,402,682	\$ 3,335,368	\$ (67,314)
Local Option Sales Tax	1,159,280	1,159,280	1,242,808	83,528
Licenses and Permits	2,062,500	2,062,500	2,446,474	383,974
Intergovernmental	480,200	480,200	553,667	73,467
Charges for Services	670,032	670,032	696,294	26,262
Fines and Forfeitures	330,000	330,000	291,756	(38,244)
Investment Earnings	40,000	40,000	52,483	12,483
Other	181,000	181,000	242,314	61,314
Total Revenues	\$ 8,325,694	\$ 8,325,694	\$ 8,861,164	\$ 535,470
Expenditures				
Current Operating				
General Government				
Council	\$ 181,860	\$ 181,860	\$ 264,004	\$ (82,144)
Municipal Court	295,640	295,640	288,781	6,859
Administration	514,477	514,477	526,472	(11,995)
Finance	207,535	207,535	200,107	7,428
Information Tech Services	162,159	162,159	148,007	14,152
Planning and Codes	714,973	714,973	684,590	30,383
Public Buildings	329,904	329,904	360,019	(30,115)
Total	\$ 2,406,548	\$ 2,406,548	\$ 2,471,980	\$ (65,432)
Public Safety				
Police	\$ 2,961,148	\$ 2,961,148	\$ 2,781,772	\$ 179,376
Fire	675,000	675,000	1,033,160	(358,160)
Total	\$ 3,636,148	\$ 3,636,148	\$ 3,814,932	\$ (178,784)
Public Works				
Streets	\$ 781,900	\$ 781,900	\$ 624,305	\$ 157,595
Residential Sanitation	924,467	924,467	922,251	2,216
Administration	234,492	234,492	239,418	(4,926)
Total	\$ 1,940,859	\$ 1,940,859	\$ 1,785,974	\$ 154,885
Culture and Recreation	\$ 650,542	\$ 650,542	\$ 763,200	\$ (112,658)
Equipment Services	\$ 141,907	\$ 141,907	\$ 140,424	\$ 1,483
Debt Service				
Principal	\$ 78,000	\$ 78,000	\$ 78,104	\$ (104)
Interest	7,200	7,200	7,048	152
Total	\$ 85,200	\$ 85,200	\$ 85,152	\$ 48

continued

CITY OF CLEMSON

continued

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
Fiscal Year Ended June 30, 2014

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<i>Expenditures, continued</i>				
<i>Other</i>	\$ 148,000	\$ 148,000	\$ 130,978	\$ 17,022
<i>Total Expenditures</i>	\$ 9,009,204	\$ 9,009,204	\$ 9,192,640	\$ (183,436)
<i>Excess of Revenues Over (Under)</i>				
<i>Expenditures</i>	\$ (683,510)	\$ (683,510)	\$ (331,476)	\$ 352,034
<i>Other Financing Sources</i>				
<i>Proceeds Long-Term Debt</i>	\$ 178,000	\$ 178,000	\$ 538,000	\$ 360,000
<i>Transfers In</i>	705,020	705,020	581,338	(123,682)
<i>Transfers Out</i>	4,500	4,500	-	(4,500)
<i>Total</i>	\$ 887,520	\$ 887,520	\$ 1,119,338	\$ 231,818
<i>Net Change in Fund Balances</i>	\$ 204,010	\$ 204,010	\$ 787,862	\$ 583,852
<i>Fund Balance, Beginning</i>	2,971,555	2,971,555	2,971,555	-
<i>Fund Balance, Ending</i>	\$ 3,175,565	\$ 3,175,565	\$ 3,759,417	\$ 583,852

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, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property Taxes	\$ 1,743,000	\$ 1,094,605	\$ (648,395)
Investment Earnings	7,000	23,464	
Other Revenue	-	6,228	6,228
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	\$ 1,750,000	\$ 1,124,297	\$ (642,167)
	<u> </u>	<u> </u>	<u> </u>
Expenditures			
Current Operating			
General Government	\$ 185,000	\$ 52,208	\$ 132,792
Intergovernmental	-	1,380,052	(1,380,052)
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	\$ 185,000	\$ 1,432,260	\$ (1,247,260)
	<u> </u>	<u> </u>	<u> </u>
Excess of Revenues Over (Under) Expenditures	\$ 1,565,000	\$ (307,963)	\$ (1,889,427)
Other Financing Sources (Uses)			
Transfer Out	(2,544,008)	(829,008)	1,715,000
	<u> </u>	<u> </u>	<u> </u>
Net Change in Fund Balance	\$ (979,008)	\$ (1,136,971)	\$ (174,427)
Fund Balance, Beginning	1,143,165	1,143,165	-
	<u> </u>	<u> </u>	<u> </u>
Fund Balance, Ending	\$ 164,157	\$ 6,194	\$ (174,427)
	<u> </u>	<u> </u>	<u> </u>

See Notes To Financial Statements

CITY OF CLEMSON

**HOSPITALITY TAX FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
Fiscal Year Ended June 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Hospitality Tax	\$ 560,000	\$ 628,451	\$ 68,451
Investment Earnings	8,000	17,116	9,116
Other Revenue	-	4,543	4,543
Total Revenues	<u>\$ 568,000</u>	<u>\$ 650,110</u>	<u>\$ 82,110</u>
Expenditures			
Current Operating			
Public Safety	\$ 8,500	\$ 8,148	\$ 352
Culture and Recreation	354,000	234,577	119,423
Capital Outlay	15,600	13,046	2,554
Tourism - Tourism Related	87,000	96,223	(9,223)
Debt Service			
Principal	207,500	207,323	177
Interest	23,900	23,808	92
Total Expenditures	<u>\$ 696,500</u>	<u>\$ 583,125</u>	<u>\$ 113,375</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (128,500)</u>	<u>\$ 66,985</u>	<u>\$ 195,485</u>
Other Financing Sources (Uses)			
Transfers In	\$ 132,000	\$ 132,000	\$ -
Transfers Out	(46,000)	(35,500)	10,500
Total Other Financing Sources (Uses)	<u>\$ 86,000</u>	<u>\$ 96,500</u>	<u>\$ 10,500</u>
Net Change in Fund Balance	<u>\$ (42,500)</u>	<u>\$ 163,485</u>	<u>\$ 205,985</u>
Fund Balance, Beginning	<u>1,254,170</u>	<u>1,254,170</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 1,211,670</u></u>	<u><u>\$ 1,417,655</u></u>	<u><u>\$ 205,985</u></u>

CITY OF CLEMSON
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2014

	<u>Water</u>	<u>Wastewater</u>	<u>Sanitation</u>	<u>Transit</u>	<u>Parking Deck</u>	<u>Total</u>
Assets						
Current Assets						
Cash	\$ 300	\$ 150	\$ -	\$ 175	\$ -	\$ 625
Accounts Receivable	94,157	98,273	24,760	49,382	-	266,572
Unbilled Utility Receivables	131,624	149,435	6,108	-	-	287,167
Note Receivable-Current	16,674	-	-	-	-	16,674
Due from Other Governmental Units	-	-	-	136,490	-	136,490
Due from Other Funds	995,263	1,753,110	357,008	858,775	447,943	4,412,099
Inventory	29,538	-	-	-	-	29,538
Total Current Assets	\$ 1,267,556	\$ 2,000,968	\$ 387,876	\$ 1,044,822	\$ 447,943	\$ 5,149,165
Noncurrent Assets						
Restricted Cash - Revenue Bond Covenants	\$ 236,587	\$ 54,348	\$ -	\$ -	\$ -	\$ 290,935
Investment in Joint Venture	-	3,508,168	-	-	-	3,508,168
Note Receivable	124,104	-	-	-	-	124,104
Capital Assets						
Land and Buildings	167,149	260,171	-	3,011,754	2,683,179	6,122,253
Other Improvements	8,163,997	16,275,334	-	23,673	-	24,463,004
Equipment	618,305	1,255,665	396,722	8,513,172	22,803	10,806,667
Accumulated Depreciation	(2,497,568)	(9,564,751)	(396,722)	(5,848,036)	(642,388)	(18,949,465)
Total Noncurrent Assets	\$ 6,812,574	\$ 11,788,935	\$ -	\$ 5,700,563	\$ 2,063,594	\$ 26,365,666
Total Assets	\$ 8,080,130	\$ 13,789,903	\$ 387,876	\$ 6,745,385	\$ 2,511,537	\$ 31,514,831

continued

CITY OF CLEMSON
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2014

	<u>Water</u>	<u>Wastewater</u>	<u>Sanitation</u>	<u>Transit</u>	<u>Parking Deck</u>	<u>Total</u>
Liabilities						
Current Liabilities						
Accounts Payable	\$ 23,156	\$ 44,623	\$ 932	\$ 88,370	\$ 5,081	\$ 162,162
Contracts Payable	80,058	39,433	-	-	-	119,491
Accrued Expenses	28,026	16,987	1,903	20,044	-	66,960
Compensated Absences	23,198	35,436	4,437	27,766	-	90,837
Revenue Bonds Payable - Current	117,862	78,283	-	-	-	196,145
Total Current Liabilities	\$ 272,300	\$ 214,762	\$ 7,272	\$ 136,180	\$ 5,081	\$ 635,595
Noncurrent Liabilities						
Compensated Absences	\$ 19,843	\$ 30,310	\$ 3,796	\$ 23,749	\$ -	\$ 77,698
Customer Deposits Payable	539,706	-	7,817	-	-	547,523
Revenue Bonds Payable	3,099,302	389,018	-	-	-	3,488,320
Total Noncurrent Liabilities	\$ 3,658,851	\$ 419,328	\$ 11,613	\$ 23,749	\$ -	\$ 4,113,541
Total Liabilities	\$ 3,931,151	\$ 634,090	\$ 18,885	\$ 159,929	\$ 5,081	\$ 4,749,136
Net Position						
Invested in Capital Assets, Net of Related Debt	\$ 3,234,719	\$ 7,759,118	\$ -	\$ 5,700,563	\$ 2,063,594	\$ 18,757,994
Restricted for Debt Service	435,143	467,301	-	-	-	902,444
Unrestricted	479,117	4,929,394	368,991	884,893	442,862	7,105,257
Total Net Position	\$ 4,148,979	\$ 13,155,813	\$ 368,991	\$ 6,585,456	\$ 2,506,456	\$ 26,765,695

See Notes to Financial Statements

CITY OF CLEMSON

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Fiscal Year Ended June 30, 2014

	Water	Wastewater	Sanitation	Transit	Parking Deck	Totals
Operating Revenues						
Charges for Services	\$ 2,413,597	\$ 2,369,392	\$ 282,517	\$ -	\$ 86,011	\$ 5,151,517
Impact Fees	70,197	363,795	-	-	-	433,992
Late Charges	28,728	30,667	2,521	-	-	61,916
Joint Venture Income	-	229,137	-	-	-	229,137
Other	50,664	71,267	1,579	13,240	1,597	138,347
Total Operating Revenues	\$ 2,563,186	\$ 3,064,258	\$ 286,617	\$ 13,240	\$ 87,608	\$ 6,014,909
Operating Expenses						
Water Department	\$ 1,789,914	\$ -	\$ -	\$ -	\$ -	\$ 1,789,914
Wastewater Collection	-	720,640	-	-	-	720,640
Wastewater Treatment	-	1,220,820	-	-	-	1,220,820
Billing Administration	283,819	-	-	-	-	283,819
Engineering	-	227,696	-	-	-	227,696
Commercial Sanitation	-	-	285,801	-	-	285,801
Transit Operations	-	-	-	3,020,209	-	3,020,209
Parking Deck Operations	-	-	-	-	38,283	38,283
Depreciation	265,830	436,262	23,197	604,921	60,969	1,391,179
Other	92,656	44,486	4,460	2,401	-	144,003
Total Operating Expenses	\$ 2,432,219	\$ 2,649,904	\$ 313,458	\$ 3,627,531	\$ 99,252	\$ 9,122,364
Operating Income (Loss)	\$ 130,967	\$ 414,354	\$ (26,841)	\$ (3,614,291)	\$ (11,644)	\$ (3,107,455)

continued

CITY OF CLEMSON

continued

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Fiscal Year Ended June 30, 2014

	<u>Water</u>	<u>Wastewater</u>	<u>Sanitation</u>	<u>Transit</u>	<u>Parking Deck</u>	<u>Totals</u>
Non-Operating Revenues (Expenses)						
Investment Earnings	\$ 17,715	\$ 26,755	\$ 5,950	\$ 12,201	\$ 6,017	\$ 68,638
Operating Grants	-	-	-	1,823,499	-	1,823,499
Intergovernmental	20,390	-	-	1,990,940	-	2,011,330
Debt Service - Interest	(73,363)	(9,540)	(148)	-	-	(83,051)
Total Non-Operating Revenues (Expenses)	<u>\$ (35,258)</u>	<u>\$ 17,215</u>	<u>\$ 5,802</u>	<u>\$ 3,826,640</u>	<u>\$ 6,017</u>	<u>\$ 3,820,416</u>
Income (Loss) Before Contributions and Transfers	<u>\$ 95,709</u>	<u>\$ 431,569</u>	<u>\$ (21,039)</u>	<u>\$ 212,349</u>	<u>\$ (5,627)</u>	<u>\$ 712,961</u>
Capital Contributions	73,880	94,720	-	-	-	168,600
Transfers In	15,000	4,500	-	-	-	19,500
Transfers Out	(96,335)	(218,379)	(7,424)	(8,900)	-	(331,038)
Change in Net Position	<u>\$ 88,254</u>	<u>\$ 312,410</u>	<u>\$ (28,463)</u>	<u>\$ 203,449</u>	<u>\$ (5,627)</u>	<u>\$ 570,023</u>
Total Net Position, Beginning	<u>\$ 4,060,725</u>	<u>\$ 12,843,403</u>	<u>\$ 397,454</u>	<u>\$ 6,382,007</u>	<u>\$ 2,512,083</u>	<u>\$ 26,195,672</u>
Total Net Position, Ending	<u><u>\$ 4,148,979</u></u>	<u><u>\$ 13,155,813</u></u>	<u><u>\$ 368,991</u></u>	<u><u>\$ 6,585,456</u></u>	<u><u>\$ 2,506,456</u></u>	<u><u>\$ 26,765,695</u></u>

See Notes to Financial Statements

CITY OF CLEMSON

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
Fiscal Year Ended June 30, 2014

Business-type Activities - Enterprise Funds

	<u>Water</u>	<u>Wastewater</u>	<u>Sanitation</u>	<u>Transit</u>	<u>Parking Deck</u>	<u>Totals</u>
Cash Flows from Operating Activities						
Receipts from Customers and Users	\$ 2,608,639	\$ 2,830,381	\$ 288,109	\$ 13,240	\$ 87,608	\$ 5,827,977
Payments to Suppliers	(1,495,954)	(1,134,429)	(144,781)	(1,544,583)	(33,719)	(4,353,466)
Payments to Employees	(669,531)	(1,032,352)	(146,300)	(1,486,559)	-	(3,334,742)
Net Cash Provided (Used) by Operating Activities	<u>\$ 443,154</u>	<u>\$ 663,600</u>	<u>\$ (2,972)</u>	<u>\$ (3,017,902)</u>	<u>\$ 53,889</u>	<u>\$ (1,860,231)</u>
Cash Flows from Noncapital Financing Activities						
Transfer from (to) Other Funds	\$ (209,065)	\$ (256,783)	\$ 20,466	\$ 30,129	\$ (59,906)	\$ (475,159)
Grants Available for Operating Purposes	-	-	-	1,690,854	-	1,690,854
Subsidies from Other Governmental Agencies	20,390	-	-	1,990,940	-	2,011,330
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ (188,675)</u>	<u>\$ (256,783)</u>	<u>\$ 20,466</u>	<u>\$ 3,711,923</u>	<u>\$ (59,906)</u>	<u>\$ 3,227,025</u>
Cash Flows from Capital and Related Financing Activities						
Capital Contributions	\$ 73,880	\$ 94,720	\$ -	\$ -	\$ -	\$ 168,600
Purchases of Capital Assets	(60,604)	(284,761)	-	(706,222)	-	(1,051,587)
Acquisition and Construction of Capital Assets	(112,482)	(94,720)	-	-	-	(207,202)
Principal Paid on Capital Debt	(115,248)	(139,008)	(22,734)	-	-	(276,990)
Interest Paid on Capital Debt	(74,011)	(9,806)	(710)	-	-	(84,527)
Proceeds from Sale of Capital Asset	16,264	-	-	-	-	16,264
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ (272,201)</u>	<u>\$ (433,575)</u>	<u>\$ (23,444)</u>	<u>\$ (706,222)</u>	<u>\$ -</u>	<u>\$ (1,435,442)</u>
Cash Flows from Investing Activities						
Investment Income Received	\$ 17,715	\$ 26,755	\$ 5,950	\$ 12,201	\$ 6,017	\$ 68,638
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (7)	\$ (3)	\$ -	\$ -	\$ -	\$ (10)
Cash and Cash Equivalents, Beginning	236,894	54,501	-	175	-	291,570
Cash and Cash Equivalents, Ending	<u>\$ 236,887</u>	<u>\$ 54,498</u>	<u>\$ -</u>	<u>\$ 175</u>	<u>\$ -</u>	<u>\$ 291,560</u>

continued

CITY OF CLEMSON

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
Fiscal Year Ended June 30, 2014**

continued

Business-type Activities - Enterprise Funds

	<u>Water</u>	<u>Wastewater</u>	<u>Sanitation</u>	<u>Transit</u>	<u>Parking Deck</u>	<u>Totals</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities						
Operating Income (Loss)	\$ 130,967	\$ 414,354	\$ (26,841)	\$ (3,614,291)	\$ (11,644)	\$ (3,107,455)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities						
Depreciation Expense	\$ 265,830	\$ 436,262	\$ 23,197	\$ 604,921	\$ 60,969	\$ 1,391,179
(Increase) Decrease in Accounts Receivable	(2,162)	(4,740)	762	-	-	(6,140)
(Increase) Decrease in Inventory	6,250	-	-	-	-	6,250
(Increase) Decrease in Investment in Joint Venture	-	(229,137)	-	-	-	(229,137)
(Increase) Decrease in Deferred Charges	63,324	9,282	-	-	-	72,606
Increase (Decrease) in Accounts Payable	(82,665)	(918)	(8)	(7,291)	4,564	(86,318)
Increase (Decrease) in Contracts Payable	16,687	23,872	-	-	-	40,559
Increase (Decrease) in Accrued Wages	(272)	1,382	(9)	2,018	-	3,119
Increase (Decrease) in Compensated Absences	(2,420)	13,243	(803)	(3,259)	-	6,761
Increase (Decrease) in Customer Deposits	47,615	-	730	-	-	48,345
Total Adjustments	<u>\$ 312,187</u>	<u>\$ 249,246</u>	<u>\$ 23,869</u>	<u>\$ 596,389</u>	<u>\$ 65,533</u>	<u>\$ 1,247,224</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 443,154</u>	<u>\$ 663,600</u>	<u>\$ (2,972)</u>	<u>\$ (3,017,902)</u>	<u>\$ 53,889</u>	<u>\$ (1,860,231)</u>

See Notes To Financial Statements

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CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

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

The accompanying financial statement presents the government and its component units, which are entities for which the City is considered financially accountable. Blended component units are legally separate entities albeit, in substance, part of the primary government and, therefore are included with data of the primary government. Discretely presented component units are presented separately to emphasize legal separation from the primary government. The City of Clemson is comprised of the various departments of the General Fund, the 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 Hospitality Tax Fund is used to account for one-half of the collections of a gross proceeds tax on the sale of all food and beverages by certain businesses within the City. The proceeds of this fund is to be used for the preservation, maintenance, and development of the City of Clemson; acquisition of lands and construction of passive and active parks; acquisition of capital equipment for

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

public safety enhancement of existing infrastructures, and the costs to forfend the general health, safety, and welfare of the citizens of, and visitors to, the City of Clemson.

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

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

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. The inventory in the Community Development Fund is land which is valued at cost.

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 Inflows of Resources

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.

Adoption of Accounting Standards

The City implemented for the fiscal year ended June 30, 2014, GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities". Among other things, GASB 65 reclassifies certain items previously reported as assets "Deferred Outflows of Resources". GASB 65 required debt issuance costs to be recognized as an expense in the period incurred. Issuance costs expensed during the fiscal year ended June 30, 2014 totaled \$72,606.

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. City Council has by resolution designated the City Administrator as responsible for assigning amounts for a specific purpose.*

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 gain on its investments of \$50,044 as of the balance sheet date.

The following is an analysis of investments held at June 30, 2014: 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	\$ 111,384
Due 05/05/17	AAA	117,128	111,559
Due 06/04/18	AAA	80,737	78,032
Due 10/02/18	AAA/Aaa	100,179	100,357
Due 05/07/20	AAA/Aaa/AAA	104,525	115,385
Due 12/21/20	AAA/Aaa/AAA	100,552	110,688
Due 03/13/24	AAA/Aaa/AAA	93,174	94,833
Due 11/26/24	AAA/Aaa/AAA	125,297	134,448
Due 02/14/25	AAA/Aaa	51,952	55,606
Due 10/24/25	AAA/Aaa	101,308	91,710
Due 10/06/26	AAA/Aaa/AAA	101,655	95,811
Due 02/01/28	AAA/Aaa/AAA	151,167	168,496
Due 08/03/28	AAA/Aaa	60,108	55,136
Due 11/24/28	AAA/Aaa/AAA	196,244	218,182
Due 04/24/29	AAA	102,995	102,202
Due 01/18/30	AAA/Aaa	104,480	99,956
Due 11/08/32	AAA/Aaa/AAA	184,656	185,586
Due 09/01/33	AAA/Aaa	103,852	104,629
Due 06/08/37	AAA/Aaa	100,352	113,411
Due 08/08/39	AAA/Aaa	101,910	91,556
Due 11/02/40	AAA/Aaa	102,646	100,994
Federal Home Loan Mortgage Notes			
Due 09/15/25	AAA/Aaa/AAA	150,000	144,122
Due 09/15/25	AAA/Aaa/AAA	100,000	97,663
Due 07/15/30	AAA/Aaa/AAA	100,000	100,130
Tennessee Valley Auth			
Due 07/15/33	AAA/Aaa/AAA	50,326	55,987
Due 09/15/39	AAA/Aaa/AAA	48,779	54,609
Due 12/15/42	AAA/Aaa/AAA	131,978	119,318

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>
Federal Home Loan Banks			
Due 10/24/16	AAA/Aaa	\$ 98,875	\$ 99,850
Due 03/12/21	AAA/Aaa	221,708	238,154
Due 03/11/22	AAA/Aaa	214,528	200,298
Due 03/10/23	AAA/Aaa	138,633	143,336
Due 12/01/26	AAA/Aaa	105,480	100,470
GNMA II Guaranteed Pass Thru			
Due 06/20/28	N/A	16,897	11,476
S.C. State Public Service Auth			
Due 01/01/32	AA-/Aa3/AA	10,100	10,033
Federal Home Loan MTG Corp			
Due 04/15/33	N/A	103,362	104,442
Federal National Mortgage			
Due 11/15/16	AAA	102,402	101,440
Due 11/24/17	AAA	102,200	103,733
Due 04/30/18	AAA	99,625	98,425
Due 05/21/18	AAA	48,688	49,161
Due 04/18/36	AAA/Aaa/AAA	107,505	108,558
U.S. Treasury Notes			
Due 01/31/15	AAA	105,916	101,266
Due 11/30/15	AAA	101,683	101,617
Due 03/31/16	AAA	106,930	103,543
Due 08/31/17	AAA	103,829	102,836
Due 11/30/17	AAA	103,125	103,930
Due 08/31/18	AAA	99,732	100,523
State Investment Pool			
Due 09/30/15	AAA/Aaa	1,029,981	1,029,981
Totals		\$ 5,906,099	\$ 5,924,862

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, 2014, \$7,211,890 of

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

3. CASH AND INVESTMENTS, *continued*

the City's bank balance of \$9,215,977 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name. The City minimizes its exposure to custodial credit risk for deposits by review of financial statements issued by the financial institutions holding municipal deposits.

Custodial credit risk, investments - For investments, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments of collateral securities that are in the possession of an outside party. The City does not have a formal investment policy for custodial credit risk. Of the investments of \$5,924,862 the City has a custodial credit risk exposure of \$115,918 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:

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

4. PROPERTY TAXES / RECEIVABLES, continued

	<u>General</u>	<u>Tax Increment</u>	<u>Hospitality</u> <u>Tax</u>	<u>Water</u>	<u>Wastewater</u>	<u>Sanitation</u>	<u>Transit</u>	<u>Nonmajor</u>	<u>Total</u>
Receivables:									
Property Taxes	\$ 321,809	\$ 79,948	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,475	\$ 411,232
Accounts	52,778	-	46,539	225,781	247,708	30,868	49,382	313,991	967,047
Interest	8,102	-	-	-	-	-	-	-	8,102
Inter-governmental	350,317	258,151	36,285	-	-	-	136,490	110,978	892,221
Other	97,987	-	-	-	-	-	-	-	97,987
Gross Receivables	\$ 830,993	\$ 338,099	\$ 82,824	\$ 225,781	\$ 247,708	\$ 30,868	\$ 185,872	\$ 434,444	\$2,376,589
Less: Allowance for Uncollectibles	(16,090)	(3,997)	-	-	-	-	-	(474)	(20,561)
Net Total Receivables	\$ 814,903	\$ 334,102	\$ 82,824	\$ 225,781	\$ 247,708	\$ 30,868	\$ 185,872	\$ 433,970	\$2,356,028

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, 2014 is \$278,179 of which \$266,901 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, 2014 is \$140,778 with \$16,674 due within the next year.

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Governmental activities:				
Capital assets, not depreciated:				
Land	\$ 1,647,400	\$ 473,720	\$ -	\$ 2,121,120
Construction in Progress	2,224,026	-	(2,224,026)	-
Total capital assets, not depreciated	\$ 3,871,426	\$ 473,720	\$(2,224,026)	\$ 2,121,120
Capital assets, depreciated:				
Other improvements	\$ 7,785,461	\$ -	\$ -	\$ 7,785,461
Buildings	7,798,737	-	-	7,798,737
Infrastructure	8,772,932	2,224,026	-	10,996,958
Furniture and equipment	7,537,141	408,288	(448,129)	7,497,300
Total capital assets depreciated	\$ 31,894,271	\$ 2,632,314	\$ (448,129)	\$ 34,078,456

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

6. CAPITAL ASSETS, continued

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Less accumulated depreciation for:				
Other improvements	\$ (5,208,398)	\$ (519,200)	\$ -	\$ (5,727,598)
Buildings	(2,080,408)	(184,061)	-	(2,264,469)
Infrastructure	(5,221,082)	(482,451)	-	(5,703,533)
Furniture and equipment	(5,318,227)	(664,257)	448,129	(5,534,355)
Total accumulated depreciation	\$ (17,828,115)	\$ (1,849,969)	\$ 448,129	\$ (19,229,955)
Total capital assets, depreciated, net	\$ 14,066,156	\$ 782,345	\$ -	\$ 14,848,501
Governmental activities capital assets, net	\$ 17,937,582	\$ 1,256,065	\$(2,224,026)	\$ 16,969,621
 Business-type activities:	 <u>Beginning Balance</u>	 <u>Increases</u>	 <u>Decreases</u>	 <u>Ending Balance</u>
Capital assets, not depreciated:				
Land	\$ 462,083	\$ -	\$ -	\$ 462,083
Construction in Progress	71,757	158,936	(57,611)	173,082
Total capital assets, not depreciated	\$ 533,840	\$ 158,936	\$ (57,611)	\$ 635,165
Capital assets, depreciated:				
Other improvements	\$ 7,938,410	\$ -	\$ -	\$ 7,938,410
Buildings	5,660,170	-	-	5,660,170
Infrastructure	16,086,700	264,812	-	16,351,512
Furniture and equipment	9,956,122	892,651	(42,106)	10,806,667
Total capital assets depreciated	\$ 39,641,402	\$ 1,157,463	\$ (42,106)	\$ 40,756,759
Less accumulated depreciation for:				
Other improvements	\$ (4,660,591)	\$ (162,344)	\$ -	\$ (4,822,935)
Buildings	(708,275)	(126,861)	-	(835,136)
Infrastructure	(5,195,471)	(409,336)	-	(5,604,807)
Furniture and equipment	(7,036,059)	(692,635)	42,106	(7,686,588)
Total accumulated depreciation	\$ (17,600,396)	\$ (1,391,176)	\$ 42,106	\$ (18,949,466)
Total capital assets, depreciated, net	\$ 22,041,006	\$ (233,713)	\$ -	\$ 21,807,293
Business-type activities capital assets, net	\$ 22,574,846	\$ (74,777)	\$ (57,611)	\$ 22,442,458

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

6. CAPITAL ASSETS, continued

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

<i>Government Activities:</i>	
General Government	\$ 278,520
Public Safety	243,964
Public Works	761,215
Culture and Recreation	540,138
Equipment Services	13,380
Total Depreciation Expense-Governmental Activities	<u>\$ 1,837,217</u>
<i>Business-type Activities:</i>	
Water	\$ 265,830
Wastewater	436,262
Sanitation	23,197
Transit	604,921
Parking Deck	60,969
Total Depreciation Expense-Business-Type Activities	<u>\$ 1,391,179</u>

7. CAPITAL LEASES

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

	<i>Governmental Activities</i>
Equipment	\$ 1,095,623
Other Improvements	2,309,124
Less: Accumulated Depreciation	<u>(1,773,391)</u>
Carrying Value	<u>\$ 1,631,356</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, 2014:

<i>Fiscal Year Ending</i>	<i>Governmental Activities</i>
06/30/2015	\$ 492,045
06/30/2016	491,661
06/30/2017	85,777
06/30/2018	<u>85,777</u>
Total minimum lease payments	\$ 1,155,260
Less interest portion	<u>(46,927)</u>
Present value of future minimum Lease payments	<u>\$ 1,108,333</u>

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

8. LONG-TERM DEBT

The City issued revenue bonds in its business-type activities where the City pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding at June 30, 2014, are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Balance</u>	<u>Current Portion</u>
2009 Wastewater Fund	1.82 %	\$ 423,551	\$ 34,533
2005 Water A	2.25 %	2,762,097	99,630
2005 Water B	2.25 %	455,067	18,232
1994 Wastewater Fund	68 % of Prime*	43,750	43,750
Total		\$ 3,684,465	\$ 196,145

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

Annual debt service requirements to maturity for revenue bonds including interest of \$894,934 are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	165,756	65,102	230,858
2020-2024	883,853	270,441	1,154,294
2025-2029	823,066	175,233	998,299
2030-2034	863,412	82,886	946,298
2035-2036	275,414	6,231	281,645
Totals	\$ 3,684,465	\$ 894,934	\$ 4,579,399

Water and Wastewater System Revenue Bond Ordinances require the following reserves on the Water and Wastewater Funds retained earnings at June 30, 2014:

	<u>Water</u>	<u>Wastewater</u>
Reserve for future principal and interest payments (1)	\$ 118,287	\$ 182,754
Reserve for operations and maintenance	188,257	204,233
Reserve for depreciation	127,599	709,194
Reserve for contingency	1,000	1,000
Less adjustment to bond balance	-	(629,880)
Total	\$ 435,143	\$ 467,301

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

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

8. LONG-TERM DEBT, continued

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, 2014 are as follows:

<u>Purpose</u>	<u>Bond Proceeds</u>	<u>Interest Rate</u>	<u>Balance 6/30/14</u>
Law Enforcement/Central Recreation/			
Capital Projects / Land	\$ 806,000	2.220 %	\$ 206,000
Fire Substation Land	360,000	1.510%	330,000
Various Capital Projects	5,000,000	4.810 %	1,480,000
Various Capital Projects	3,000,000	3.790 %	943,347
Totals	\$ 9,166,000		\$ 2,959,347

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>
2015	\$ 854,827	\$ 116,497	\$ 971,324
2016	958,460	82,101	1,040,561
2017	1,046,060	45,206	1,091,266
2018	100,000	1,510	101,510
Totals	\$ 2,959,347	\$ 245,314	\$ 3,204,661

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, 2014, 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	\$ 3,420,960	\$ 360,000	\$ (821,613)	\$ 2,959,347	\$ 854,827
Capital Leases	1,295,201	178,000	(364,868)	1,108,333	464,293
Compensated Absences	372,003	258,810	(205,323)	425,490	198,899
Governmental Activity Long-Term Liabilities	\$ 5,088,164	\$ 796,810	\$ (1,391,804)	\$ 4,493,170	\$ 1,518,019
Business-Type Activities:					
Revenue Bonds	\$ 3,938,721	\$ -	\$ (254,256)	\$ 3,684,465	\$ 196,145
Capital Leases	22,735	-	(22,735)	-	-
Compensated Absences	161,774	108,939	(102,178)	168,535	90,838
Business-Type Activity Long-Term Liabilities	\$ 4,123,230	\$ 108,939	\$ (379,169)	\$ 3,853,000	\$ 286,983

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2014 is as follows:

Due to/from funds:

Receivable Fund	Payable Fund	Amount
Water	General	\$ 995,263
Wastewater	General	1,753,110
Sanitation	General	357,008
Transit	General	858,775
Parking Deck	General	447,943
Tax Increment	General	2,061,464
Hospitality Tax	General	1,371,462
Nonmajor Governmental Funds	General	2,142,617
Total		<u>\$ 9,987,642</u>

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	\$ 254,800	\$ -	
Wastewater	52,500	-	
Total General Fund	<u>\$ 307,300</u>	<u>\$ -</u>	
Tax Increment Fund:			
Nonmajor Governmental	\$ -	\$ 829,008	
Hospitality Tax Fund:			
Water Fund	\$ -	\$ 15,000	
Nonmajor Governmental	111,500	-	
Total Hospitality Tax Fund	<u>\$ 111,500</u>	<u>\$ 15,000</u>	
Nonmajor Governmental:			
General Fund	\$ -	\$ 254,800	
Tax Increment Fund	829,008	-	
Hospitality Tax Fund	-	111,500	
Nonmajor Governmental	20,500	20,500	
Total Nonmajor Governmental	<u>\$ 849,508</u>	<u>\$ 386,800</u>	
Total Governmental Fund Transfers	<u>\$ 1,268,308</u>	<u>\$ 1,230,808</u>	<u>\$ 37,500</u>
<u>Proprietary Funds</u>			
Water:			
Wastewater Fund	\$ -	\$ 4,500	
Hospitality Tax Fund	15,000	-	
Total Water	<u>\$ 15,000</u>	<u>\$ 4,500</u>	
Wastewater:			
General Fund	\$ -	\$ 52,500	
Water Fund	4,500	-	
Total Wastewater	<u>\$ 4,500</u>	<u>\$ 52,500</u>	
Total Proprietary Fund Transfers	<u>\$ 19,500</u>	<u>\$ 57,000</u>	<u>\$ (37,500)</u>

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS, continued

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

10. 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 \$675,000 for fire suppression services.

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

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

11. EMPLOYEES RETIREMENT SYSTEMS

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

Both the South Carolina Retirement System and the Police Officers Retirement System offer retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits, and survivor benefits.

Both employees and employers are required to contribute to the Plan. The Plan's provisions are established under Title 9 of the South Carolina Code of Laws.

Employee required contributions to the plan are as follows:

South Carolina Retirement System	7.5% of salary
Police Officers Retirement System	7.84% of salary

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

11. EMPLOYEES RETIREMENT SYSTEMS, continued

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

South Carolina Retirement System	10.45% of salary
Police Officers Retirement System	12.44% of salary

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

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

Year Ending	South Carolina Retirement System		Police Officers Retirement System	
	Required Contribution	Percentage Contributed	Required Contribution	Percentage Contributed
06/30/14	\$ 518,141	100 %	\$ 195,054	100 %
06/30/13	517,368	100 %	181,230	100 %
06/30/12	476,619	100 %	178,820	100 %

A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement System and Police Officers Retirement System is issued and publicly available on the internet at www.retirement.sc.gov/financial/cafr.htm.

12. 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	\$ 181,860	\$ 264,004
Administration	514,477	526,472
Public Buildings	329,904	360,019
Public Safety		
Fire	675,000	1,033,160
Public Works		
Administration	234,492	239,418
Culture and Recreation	650,542	763,200
Debt Service – Principal	78,000	78,104

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

12. EXCESS OF EXPENDITURES OVER APPROPRIATIONS, continued

<u>Tax Increment Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>
Current Operating		
Intergovernmental	\$ -	\$ 1,380,052
<u>Hospitality Tax Fund</u>		
Current Operating		
Tourism - Tourism Related	87,000	96,233
<u>Nonmajor Governmental Funds</u>		
Debt Service		
Principal	791,800	821,778
Interest	144,200	145,985

13. 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.

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

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

13. JOINT VENTURE, continued

include plant facility and collector lines which are included in the financial statements of the Wastewater Fund.

During the past fiscal year the plant went through a waste treatment facility upgrade of \$5,782,559. 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, 2014 the City's Wastewater Fund had total assets of \$13,789,903 and total liabilities of \$634,090.

The financial activity of the joint facility operated by the Town of Pendleton is included in the Town of Pendleton's financial statements and is audited by the Town's independent auditors. A copy of the 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	\$ 7,693,175
Total Liabilities	1,456,593
Total Equity	6,236,582
Total Operating Revenues	1,013,170
Total Operating Expenses	602,594
Operating Income	410,576

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 \$3,508,168 which includes a \$33,062 contribution towards debt on new capacity, \$9,213 of amortization of the difference of the cost of the investment and the value of the underlying assets, and \$205,288 of current year net income as follows:

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

13. JOINT VENTURE, continued

Carrying Value, 6/30/13	\$ 3,279,031	
Current year income (loss)	205,288	
	<u>\$ 3,484,319</u>	\$ 3,484,319
Net value of underlying assets	<u>(3,115,791)</u>	
Difference	<u>\$ 368,528</u>	
Amortization - SL over 40 years		(9,213)
Contribution towards debt on new capacity		33,062
Carrying Value, 6/30/14		<u>\$ 3,508,168</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

14. 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

15. 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 \$1,279,399 during the current year.

16. 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 \$628,452 of hospitality fees and \$628,451 of hospitality taxes.

17. 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.

18. 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

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

18. CLEMSON REDEVELOPMENT PLAN / CAPITAL PROJECTS, continued

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 \$1,094,605 in TIF designated property taxes. The City expended \$52,208 in improvements during the current year and \$829,008 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>

19. 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

20. FUND BALANCES

	<u>GOVERNMENTAL FUNDS</u>				
	<u>General</u>	<u>Tax Increment Fund</u>	<u>Hospitality Tax Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
FUND BALANCES					
Restricted for:					
Tax Increment Fund	\$ -	\$ 6,194	\$ -	\$ -	\$ 6,194
Hospitality Tax Fund	-	-	1,412,305	-	1,412,305
Community Development Fund	-	-	-	334,906	334,906
Emergency Phone System	-	-	-	123,293	123,293
Tourism Fund	-	-	-	82,307	82,307
Hospitality Fee Fund	-	-	-	875,063	875,063
Local Accommodation Tax Fund	-	-	-	669,735	669,735
Comm Dev – L-T Receivables	-	-	-	266,901	266,901
Earle Street Improvements	-	-	-	(1,568)	(1,568)
Debt Service	-	-	-	127,012	127,012
Committed for:					
Duke Power Underground Power	201,256	-	-	-	201,256
Assigned to:					
Public Works	55,377	-	-	-	55,377
Hospitality Tax Fund	-	-	5,350	-	5,350
Local Accommodation Tax Fund	-	-	-	5,350	5,350
Park Land Fund	-	-	-	117,520	117,520
Unassigned:	3,502,784	-	-	-	3,502,784
TOTAL FUND BALANCES	\$3,759,417	\$ 6,194	\$ 1,417,655	\$ 2,600,519	\$ 7,783,785

21. TAX INCREMENT FUND SETTLEMENT

In May of 2012 Pickens County and the School District of Pickens County brought suit against the City disputing how the City spent tax increment funds after the fiscal year of 2011. On April 14, 2014 a compromise settlement was reached by all parties involved. In connection with this settlement the City agreed to pay the following:

For fiscal year 2011 the City paid the County \$173,723.23 and the School District \$501,918.29.

For the fiscal year 2012 the City paid the County \$182,307.73 and the School District \$522,102.41.

These funds were to be paid on or before July 31, 2014. Additionally the County was to pay the City \$49,081.00 by July 31, 2014 for an ongoing tax billing fee dispute. These payments forever settled all claims by each party against each other in regard to the TIF dispute and tax billing fee dispute.

CITY OF CLEMSON

NOTES TO FINANCIAL STATEMENTS

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 31, 2014, the date that the financial statements were available to be issued.

23. PENDING CONTINGENT LIABILITY

GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" (GASB 68), was issued by GASB in June 2013. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions and pension plans. It also improves information provided state and local government employers about financial support for pensions that is provided by other entities. In addition, state and local governments who participate in a cost-sharing multiple employer plan will now be required to recognize a liability for its proportionate share of net pension liability of that plan. It is GASB's intention that this new Statement will provide citizens and other users of financial statements with a clearer picture of the size and nature of the City's financial obligations to current and former employees for past services rendered. This Statement will require the City to report a net pension liability for its participation in the South Carolina Retirement System on the Statement of Net Assets for the government-wide statements and present more extensive note disclosures. In general, it should not have a significant impact on the City's government funds. The effect of implementation of this Statement has not been determined at this time, but it is anticipated that it will materially decrease the City's net assets. GASB 68 is required to be implemented by the City no later than the fiscal year ended June 30, 2015.

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** is used to account for one-half of the collections of a gross proceeds tax on the sale of all food and beverages by certain businesses within the City. The proceeds of this fund is 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 forefund 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, 2014**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
Assets				
Receivables (Net of Allowance)				
Property Taxes	\$ 1,825	\$ -	\$ 7,176	\$ 9,001
Accounts	313,991	-	-	313,991
Due from Other Governmental Units	105,037	-	5,941	110,978
Due from Other Funds	2,015,705	7,499	119,413	2,142,617
Inventory	45,264	-	-	45,264
Total Assets	<u>\$ 2,481,822</u>	<u>\$ 7,499</u>	<u>\$ 132,530</u>	<u>\$ 2,621,851</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 5,343	\$ 9,067	\$ -	\$ 14,410
Deferred Inflows of Resources				
Unavailable Revenue - Property Taxes	\$ 1,404	\$ -	\$ 5,518	\$ 6,922
Fund Balances				
Restricted for Debt Service Fund	\$ -	\$ -	\$ 127,012	\$ 127,012
Restricted for Long - Term Receivables	266,901	-	-	266,901
Assigned to Encumbrances	5,350	-	-	5,350
Unassigned	2,202,824	(1,568)	-	2,201,256
Total Fund Balances	<u>\$ 2,475,075</u>	<u>\$ (1,568)</u>	<u>\$ 127,012</u>	<u>\$ 2,600,519</u>
Total Liabilities and Fund Balances	<u>\$ 2,481,822</u>	<u>\$ 7,499</u>	<u>\$ 132,530</u>	<u>\$ 2,621,851</u>

CITY OF CLEMSON

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Fiscal Year Ended June 30, 2014

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
Revenues				
Property Taxes	\$ 19,814	\$ -	\$ 78,386	\$ 98,200
Local Option Sales Tax	7,421	-	29,170	36,591
Local Accomodations Tax	253,995	-	-	253,995
Hospitality Fees/Tax	628,452	-	-	628,452
Intergovernmental	212,023	24,813	-	236,836
Charges for Services	40,655	-	-	40,655
Investment Earnings	35,085	465	2,161	37,711
Contributions and Donations	-	65,413	-	65,413
Other Revenues	19,134	-	574	19,708
Total Revenues	\$ 1,216,579	\$ 90,691	\$ 110,291	\$ 1,417,561
Expenditures				
Current Operating				
General Government	\$ 5,000	\$ 189,262	\$ -	\$ 194,262
Public Safety	27,469	-	-	27,469
Urban Redevelopment	19,977	-	-	19,977
Culture and Recreation	159,804	-	-	159,804
Debt Service				
Principal	79,545	-	821,778	901,323
Interest	6,232	-	145,985	152,217
Capital Outlay	40,737	-	-	40,737
Intergovernmental				
Tourism - Promotion	100,000	-	-	100,000
Tourism - Tourism Related	204,252	-	-	204,252
Total Expenditures	\$ 643,016	\$ 189,262	\$ 967,763	\$ 1,800,041
Excess of Revenues Over (Under) Expenditures	\$ 573,563	\$ (98,571)	\$ (857,472)	\$ (382,480)
Other Financing Sources (Uses)				
Transfers In	\$ 41,000	\$ -	\$ 829,008	\$ 870,008
Transfers Out	(407,300)	-	-	(407,300)
Total Other Financing Sources (Uses)	\$ (366,300)	\$ -	\$ 829,008	\$ 462,708
Net Change in Fund Balances	\$ 207,263	\$ (98,571)	\$ (28,464)	\$ 80,228
Fund Balances, Beginning	2,267,812	97,003	155,476	2,520,291
Fund Balances, Ending	\$ 2,475,075	\$ (1,568)	\$ 127,012	\$ 2,600,519

CITY OF CLEMSON

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

June 30, 2014

	Community Development Funds	Emergency Phone System	Tourism Fund	Park Land Fund	Hospitality Fee Fund	Local Accom Tax Fund	Total 6/30/14
Assets							
<i>Receivables (Net of Allowance)</i>							
Property Taxes	\$ -	\$ -	\$ -	\$ 1,825	\$ -	\$ -	\$ 1,825
Accounts	245,711	2,532	-	-	46,539	19,209	313,991
Due from Other Governmental Units	-	5,928	61,312	1,512	-	36,285	105,037
Due from Other Funds	310,832	116,613	20,995	115,587	832,087	619,591	2,015,705
Inventory	45,264	-	-	-	-	-	45,264
Total Assets	\$ 601,807	\$ 125,073	\$ 82,307	\$ 118,924	\$ 878,626	\$ 675,085	\$ 2,481,822
Liabilities and Fund Balances							
<i>Liabilities</i>							
Accounts and Vouchers Payable	\$ -	\$ 1,780	\$ -	\$ -	\$ 3,563	\$ -	\$ 5,343
<i>Deferred Inflows of Resources</i>							
Unavailable Revenue - Property Taxes	\$ -	\$ -	\$ -	\$ 1,404	\$ -	\$ -	\$ 1,404
<i>Fund Balances</i>							
Restricted For Long - Term Receivables	\$ 266,901	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 266,901
Assigned To Encumbrances	-	-	-	-	-	5,350	5,350
Unreserved	334,906	123,293	82,307	117,520	875,063	669,735	2,202,824
Total Fund Balances	\$ 601,807	\$ 123,293	\$ 82,307	\$ 117,520	\$ 875,063	\$ 675,085	\$ 2,475,075
Total Liabilities and Fund Balances	\$ 601,807	\$ 125,073	\$ 82,307	\$ 118,924	\$ 878,626	\$ 675,085	\$ 2,481,822

CITY OF CLEMSON

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
Fiscal Year Ended June 30, 2014**

	Community Development Funds	Emergency Phone System	Tourism Fund	Park Land Fund	Hospitality Fee Fund	Local Accom Tax Fund	Total 6/30/14
Revenues							
Property Taxes	\$ -	\$ -	\$ -	\$ 19,814	\$ -	\$ -	\$ 19,814
Local Option Sales Tax	-	-	-	7,421	-	-	7,421
Local Accommodations Tax	-	-	-	-	-	253,995	253,995
Hospitality Fees/Tax	-	-	-	-	628,452	-	628,452
Intergovernmental	-	-	212,023	-	-	-	212,023
Other Revenues	12,667	434	55	448	3,021	2,509	19,134
Charges for Services	-	40,655	-	-	-	-	40,655
Investment Earnings	10,717	1,634	205	1,690	11,384	9,455	35,085
Total Revenues	\$ 23,384	\$ 42,723	\$ 212,283	\$ 29,373	\$ 642,857	\$ 265,959	\$ 1,216,579
Expenditures							
Current Operating							
General Government	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ 5,000
Public Safety	-	27,469	-	-	-	-	27,469
Urban Redevelopment	19,977	-	-	-	-	-	19,977
Culture and Recreation	-	-	-	-	159,804	-	159,804
Capital Outlay	-	-	-	-	40,737	-	40,737
Intergovernmental							
Tourism - Promotion	-	-	100,000	-	-	-	100,000
Tourism - Tourism Related	-	-	130,000	-	26,354	47,898	204,252
Debt Service							
Principal	-	-	-	-	79,545	-	79,545
Interest	-	-	-	-	6,232	-	6,232
Total Expenditures	\$ 19,977	\$ 27,469	\$ 230,000	\$ -	\$ 317,672	\$ 47,898	\$ 643,016
Excess of Revenues Over (Under) Expenditures	\$ 3,407	\$ 15,254	\$ (17,717)	\$ 29,373	\$ 325,185	\$ 218,061	\$ 573,563
Other Financing Sources (Uses)							
Transfers In	\$ -	\$ -	\$ -	\$ -	\$ 41,000	\$ -	\$ 41,000
Transfers Out	-	-	-	(19,000)	(231,000)	(157,300)	(407,300)
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ (19,000)	\$ (190,000)	\$ (157,300)	\$ (366,300)
Net Change in Fund Balances	\$ 3,407	\$ 15,254	\$ (17,717)	\$ 10,373	\$ 135,185	\$ 60,761	\$ 207,263
Fund Balances, Beginning	598,400	108,039	100,024	107,147	739,878	614,324	2,267,812
Fund Balances, Ending	\$ 601,807	\$ 123,293	\$ 82,307	\$ 117,520	\$ 875,063	\$ 675,085	\$ 2,475,075

CITY OF CLEMSON

**COMMUNITY DEVELOPMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
Fiscal Year Ended June 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Investment Earnings	\$ 4,500	\$ 10,717	\$ 6,217
Other Revenues	<u>8,000</u>	<u>12,667</u>	<u>4,667</u>
Total Revenues	<u>\$ 12,500</u>	<u>\$ 23,384</u>	<u>\$ 10,884</u>
Expenditures			
Current Operating			
Urban Redevelopment			
Rehabilitation	<u>\$ 53,900</u>	<u>\$ 19,977</u>	<u>\$ 33,923</u>
Excess of Revenues Over (Under) Expenditures	\$ (41,400)	\$ 3,407	\$ 44,807
Fund Balance, Beginning	<u>598,400</u>	<u>598,400</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 557,000</u></u>	<u><u>\$ 601,807</u></u>	<u><u>\$ 44,807</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, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Charges for Services	\$ 47,800	\$ 40,655	\$ (7,145)
Investment Earnings	1,500	1,634	134
Other Revenue	-	434	434
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	\$ 49,300	\$ 42,723	\$ (6,577)
Expenditures			
Current Operating			
Public Safety	33,060	27,469	5,591
	<u> </u>	<u> </u>	<u> </u>
Excess of Revenues Over (Under) Expenditures	\$ 16,240	\$ 15,254	\$ (12,168)
Fund Balance, Beginning	108,039	108,039	-
	<u> </u>	<u> </u>	<u> </u>
Fund Balance, Ending	<u>\$ 124,279</u>	<u>\$ 123,293</u>	<u>\$ (12,168)</u>

CITY OF CLEMSON

TOURISM FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET TO ACTUAL

Fiscal Year Ended June 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Intergovernmental	\$ 170,000	\$ 212,023	\$ 42,023
Investment Earnings	750	205	(545)
Other Revenue	-	55	55
Total Revenues	<u>\$ 170,750</u>	<u>\$ 212,283</u>	<u>\$ 41,533</u>
Expenditures			
Intergovernmental			
Tourism - Promotion	\$ 100,000	\$ 100,000	\$ -
Tourism - Tourism Related	130,000	130,000	-
Total Expenditures	<u>\$ 230,000</u>	<u>\$ 230,000</u>	<u>\$ -</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (59,250)</u>	<u>\$ (17,717)</u>	<u>\$ 41,533</u>
Fund Balance, Beginning	<u>100,024</u>	<u>100,024</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 40,774</u></u>	<u><u>\$ 82,307</u></u>	<u><u>\$ 41,533</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, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property Taxes	\$ 20,174	\$ 19,814	\$ (360)
Local Option Sales Tax	6,873	7,421	548
Investment Earnings	500	1,690	1,190
Other Revenue	-	448	448
Total Revenues	<u>\$ 27,547</u>	<u>\$ 29,373</u>	<u>\$ 1,826</u>
Expenditures			
Current Operating			
Culture and Recreation	\$ -	\$ -	\$ -
Excess of Revenues Over (Under) Expenditures	\$ 27,547	\$ 29,373	\$ 1,826
Other Financing Sources (Uses)			
Transfer Out		(19,000)	(19,000)
Net Change in Fund Balance	\$ 27,547	\$ 10,373	\$ (17,174)
Fund Balance, Beginning	<u>107,147</u>	<u>107,147</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 134,694</u></u>	<u><u>\$ 117,520</u></u>	<u><u>\$ (17,174)</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, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Hospitality Fees	\$ 560,000	\$ 628,452	\$ 68,452
Investment Earnings	4,500	11,384	
Other Revenue	-	3,021	3,021
Total Revenues	<u>\$ 564,500</u>	<u>\$ 642,857</u>	<u>\$ 71,473</u>
Expenditures			
Current Operating			
General Government	\$ 8,000	\$ 5,000	\$ 3,000
Culture and Recreation	177,816	159,804	18,012
Capital Outlay	41,000	40,737	263
Tourism - Tourism Related	46,250	26,354	19,896
Debt Service			
Principal	79,600	79,545	55
Interest	6,300	6,232	68
Total Expenditures	<u>\$ 358,966</u>	<u>\$ 317,672</u>	<u>\$ 41,294</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 205,534</u>	<u>\$ 325,185</u>	<u>\$ 112,767</u>
Other Financing Sources (Uses)			
Transfer In	\$ 41,000	\$ 41,000	\$ -
Transfer Out	(241,500)	(231,000)	10,500
Total Other Financing Sources (Uses)	<u>\$ (200,500)</u>	<u>\$ (190,000)</u>	<u>\$ 10,500</u>
Net Change in Fund Balance	<u>\$ 5,034</u>	<u>\$ 135,185</u>	<u>\$ 123,267</u>
Fund Balance, Beginning	<u>739,878</u>	<u>739,878</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 744,912</u></u>	<u><u>\$ 875,063</u></u>	<u><u>\$ 123,267</u></u>

CITY OF CLEMSON

**LOCAL ACCOMMODATIONS TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
Fiscal Year Ended June 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Local Accommodations Tax	\$ 230,000	\$ 253,995	\$ 23,995
Investment Earnings	4,000	9,455	5,455
Other Revenue	-	2,509	2,509
Total Revenues	<u>\$ 234,000</u>	<u>\$ 265,959</u>	<u>\$ 31,959</u>
Expenditures			
Intergovernmental			
Tourism - Tourism Related	\$ 54,800	\$ 47,898	\$ 6,902
Excess of Revenues Over (Under) Expenditures	\$ 179,200	\$ 218,061	\$ 38,861
Other Financing Uses			
Transfer Out	(152,500)	(157,300)	(4,800)
Net Change in Fund Balance	\$ 26,700	\$ 60,761	\$ 34,061
Fund Balance, Beginning	<u>614,324</u>	<u>614,324</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 641,024</u></u>	<u><u>\$ 675,085</u></u>	<u><u>\$ 34,061</u></u>

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, 2014

	<u>Budget</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Variance</u>
Revenues					
Contributions and Donations	\$ 140,412	\$ -	\$ 65,413	\$ 65,413	\$ (74,999)
Investment Earnings	-	-	465	465	465
Total Revenues	<u>\$ 140,412</u>	<u>\$ -</u>	<u>\$ 65,878</u>	<u>\$ 65,878</u>	<u>\$ (74,534)</u>
Expenditures					
General Government					
Streets	\$ 329,305	\$ -	\$ 164,449	\$ 164,449	\$ 164,856
Excess of Revenues Over (Under) Expenditures	<u>\$ (188,893)</u>	<u>\$ -</u>	<u>\$ (98,571)</u>	<u>\$ (98,571)</u>	<u>\$ 90,322</u>
Other Financing Sources (Uses)					
Transfers In	189,503	97,003	-	97,003	(92,500)
Net Change in Fund Balance	<u>\$ 610</u>	<u>\$ 97,003</u>	<u>\$ (98,571)</u>	<u>\$ (1,568)</u>	<u>\$ (2,178)</u>
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>97,003</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 610</u></u>	<u><u>\$ 97,003</u></u>	<u><u>\$ (1,568)</u></u>	<u><u>\$ (1,568)</u></u>	<u><u>\$ (2,178)</u></u>

Note:

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

CITY OF CLEMSON
CAPITAL PROJECTS FUND
US HIGHWAY 123 IMPROVEMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2014

	<u>Budget</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Variance</u>
Revenues					
Intergovernmental	\$ 1,015,000	\$ 944,415	\$ 24,813	\$ 969,228	\$ (45,772)
Contributions and Donations	527,129	527,128	-	527,128	(1)
Total Revenues	\$ 1,542,129	\$ 1,471,543	\$ 24,813	\$ 1,496,356	\$ (45,773)
Expenditures					
General Government	\$ 1,542,129	\$ 1,471,543	\$ 24,813	\$ 1,496,356	\$ 45,773
Streets					
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance, Beginning	-	-	-	-	-
Fund Balance, Ending	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property Taxes	\$ 79,855	\$ 78,386	\$ (1,469)
Local Option Sales Tax	27,206	29,170	1,964
Investment Earnings	1,000	2,161	1,161
Other Revenue	-	574	574
Total Revenues	<u>\$ 108,061</u>	<u>\$ 110,291</u>	<u>\$ 2,230</u>
Expenditures			
Debt Service			
Principal	\$ 791,800	\$ 821,778	\$ (29,978)
Interest	144,200	145,985	(1,785)
Total Expenditures	<u>\$ 936,000</u>	<u>\$ 967,763</u>	<u>\$ (31,763)</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (827,939)</u>	<u>\$ (857,472)</u>	<u>\$ (29,533)</u>
Other Financing Sources			
Transfers In	829,008	829,008	-
Net Change in Fund Balance	<u>\$ 1,069</u>	<u>\$ (28,464)</u>	<u>\$ (29,533)</u>
Fund Balance, Beginning	<u>155,476</u>	<u>155,476</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 156,545</u></u>	<u><u>\$ 127,012</u></u>	<u><u>\$ (29,533)</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, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Capital Assets		
Land	\$ 2,121,120	\$ 1,647,400
Buildings	7,798,737	7,798,737
Other Improvements	18,782,419	16,558,393
Equipment	7,497,301	7,537,141
Construction in Progress	<u>-</u>	<u>2,224,025</u>
Total Capital Assets	<u><u>\$ 36,199,577</u></u>	<u><u>\$ 35,765,696</u></u>
 Investments In Capital Assets		
General Fund	\$ 9,472,655	\$ 10,015,972
Proprietary Funds	195,823	183,071
Special Revenue Funds	4,357,434	4,490,414
Capital Projects Fund	19,241,235	19,246,992
Debt Service Fund	5,670	5,670
Donations	2,296,459	1,193,276
Prior, Unidentified	<u>630,301</u>	<u>630,301</u>
Total Investments In Capital Assets	<u><u>\$ 36,199,577</u></u>	<u><u>\$ 35,765,696</u></u>

CITY OF CLEMSON

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
 Fiscal Year Ended June 30, 2014

Asset Type	Balance 6/30/13	Additions	Retirements	Reclassifications & Transfers	Balance 6/30/14
Land					
Public Buildings	\$ 764,125	\$ -	\$ -	\$ -	\$ 764,125
Fire	-	358,160	-	-	358,160
Streets	52,000	-	-	-	52,000
Recreation	827,775	115,560	-	-	943,335
Community Development	3,500	-	-	-	3,500
Total	\$ 1,647,400	\$ 473,720	\$ -	\$ -	\$ 2,121,120
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	8,072,581	2,224,026	-	-	10,296,607
Recreation	6,919,544	-	-	-	6,919,544
Equipment Services	26,493	-	-	-	26,493
Community Development	128,820	-	-	-	128,820
Total	\$ 16,558,393	\$ 2,224,026	\$ -	\$ -	\$ 18,782,419
Equipment					
Municipal Court	\$ 13,607	\$ -	\$ -	\$ -	\$ 13,607
Administration	36,414	-	-	-	36,414
Finance	110,731	2,224	-	-	112,955
Information Technology	73,218	9,282	2,115	-	80,385
Planning	147,560	-	-	-	147,560
Public Buildings	303,057	-	-	-	303,057
Police	1,635,381	289,977	371,649	33,751	1,587,460
Fire	1,067,719	-	-	-	1,067,719
Streets	792,333	8,857	20,575	-	780,615
Residential Sanitation	2,457,638	20,711	12,543	-	2,465,806
Public Works Administration	12,641	-	-	-	12,641
Recreation	297,230	-	32,782	-	264,448
Horticulture	302,649	40,737	8,465	-	334,921
Equipment Services	283,014	2,750	-	-	285,764
Community Development	3,949	-	-	-	3,949
Total	\$ 7,537,141	\$ 374,538	\$ 448,129	\$ 33,751	\$ 7,497,301
Construction In Progress					
Streets	\$ 2,224,025	\$ -	\$ -	\$ (2,224,025)	\$ -
Total Capital Assets	<u>\$ 35,765,696</u>	<u>\$ 3,072,284</u>	<u>\$ 448,129</u>	<u>\$ (2,190,274)</u>	<u>\$ 36,199,577</u>

CITY OF CLEMSON

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
June 30, 2014**

<u>Function & Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Other Improvements</u>	<u>Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
General Government						
Municipal Court	\$ -	\$ -	\$ 2,126	\$ 13,607	\$ -	\$ 15,733
Administration	-	-	-	36,414	-	36,414
Finance	-	-	-	112,955	-	112,955
Information Technology	-	-	-	80,385	-	80,385
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	\$ 693,978	\$ -	\$ 9,942,286
Public Safety						
Police	\$ -	\$ -	\$ -	\$ 1,587,460	\$ -	\$ 1,587,460
Fire	358,160	-	-	1,067,719	-	1,425,879
Total Public Safety	\$ 358,160	\$ -	\$ -	\$ 2,655,179	\$ -	\$ 3,013,339
Public Works						
Streets	\$ 52,000	\$ -	\$ 10,296,607	\$ 780,615	\$ -	\$ 11,129,222
Residential Sanitation	-	-	-	2,465,806	-	2,465,806
Public Works Administration	-	-	-	12,641	-	12,641
Total Public Works	\$ 52,000	\$ -	\$ 10,296,607	\$ 3,259,062	\$ -	\$ 13,607,669
Culture & Recreation						
Recreation	\$ 943,335	\$ 304,564	\$ 6,919,544	\$ 264,448	\$ -	\$ 8,431,891
Horticulture	-	-	-	334,921	-	334,921
Culture & Recreation	\$ 943,335	\$ 304,564	\$ 6,919,544	\$ 599,369	\$ -	\$ 8,766,812
Equipment Services	\$ -	\$ -	\$ 26,493	\$ 285,764	\$ -	\$ 312,257
Community Development	\$ 3,500	\$ 420,945	\$ 128,820	\$ 3,949	\$ -	\$ 557,214
Total Capital Assets	\$ 2,121,120	\$ 7,798,737	\$ 18,782,419	\$ 7,497,301	\$ -	\$ 36,199,577

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OTHER REQUIRED INFORMATION



CITY OF CLEMSON

**VICTIM SERVICES
SUPPLEMENTARY SCHEDULE OF FINES AND ASSESSMENTS
Fiscal Year Ended June 30, 2014**

Collections: (Municipal Court)

<i>Fines</i>	\$ 512,020	
<i>Assessments</i>	206,099	
<i>Surcharges</i>	<u>123,040</u>	
Total Collections		<u>\$ 841,159</u>

Retainage: (Municipal Treasurer)

<i>Fines</i>	\$ 512,020	
<i>Assessments</i>	22,458	
<i>Surcharges</i>	<u>6,767</u>	
Total Retainage		<u>\$ 541,245</u>

Amounts Remitted:

<i>State Treasurer - Assessments</i>	<u>\$ 299,914</u>
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**Amount of Funds Allocated to Victim
Services by Fund Source:**

<i>From Assessments and Surcharges (Paid prior to 06/30/2014)</i>	<u>\$ 29,225</u>
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**Funds Carried Forward to FY 2015
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

Contents

Pages

Financial Trends

80-85

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

86-89

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

Debt Capacity

90-94

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.

Demographic and Economic Information

95-96

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.

Operating Information

97-99

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.

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 Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Invested in capital assets, net of related debt	\$ 7,169,768	\$ 6,693,640	\$ 6,219,941	\$ 8,291,242	\$ 8,978,544	\$ 10,785,335	\$ 14,364,423	\$ 12,388,670	\$ 14,340,750	\$ 13,775,958
Restricted	743,483	197,031	176,906	214,128	237,353	265,347	150,655	153,006	155,476	127,012
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	7,311,601
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	\$ 21,214,571
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	\$ 18,757,994
Restricted	765,375	797,255	925,932	838,462	803,817	720,860	1,200,157	1,094,499	1,008,288	902,444
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	7,105,257
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	\$ 26,765,695
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	\$ 32,533,952
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	1,029,456
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	14,416,858
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	\$ 47,980,266

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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 Ten
Fiscal Years
(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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	\$ 3,286,304
Public Safety	2,191,053	2,377,965	2,540,899	2,857,097	2,960,726	3,061,726	3,235,124	3,314,838	3,293,682	3,480,770
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	2,526,267
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	3,387,372
Equipment Services	115,716	-	-	-	-	-	-	-	-	-
Urban Redevelopment	73,816	12,748	34,016	31,082	13,611	8,773	2,214	9,762	362,661	19,977
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	173,128
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	12,873,818
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	2,505,582
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	2,659,444
Sanitation	171,340	199,796	192,632	229,168	252,576	285,825	294,317	299,734	292,655	313,606
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	3,627,531
Parking Deck	79,614	104,854	92,298	97,552	102,568	97,435	175,947	81,991	88,427	99,252
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	9,205,415
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	\$ 22,079,233
Program Revenues										
Governmental Activities:										
Charges for Services:										
Refuse Collection	\$ 225,275	\$ 357,585	\$ 425,071	\$ 414,130	\$ 419,044	\$ 443,712	\$ 446,842	\$ 454,066	\$ 500,575	\$ 508,196
Other Public Works	414,027	388,035	443,250	429,580	434,494	459,162	464,398	471,622	518,131	525,752
Parks and Recreation	524,264	662,028	618,925	81,352	92,301	111,767	114,364	109,685	106,412	123,059
Other Activities	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	3,575,076
Operating Grants and Contributions	1,518,446	866,865	601,931	476,736	270,519	251,184	218,731	360,004	1,767,822	212,023
Capital Grants and Contributions	122,660	64,669	17,759	440,350	734,000	455,162	2,201,458	360,380	1,463,442	131,226
Total Governmental Activities Program Rev	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	5,075,332
Business-type Activities:										
Charges for Services:										
Water	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	2,583,576
Wastewater	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	3,064,258
Sanitation	135,642	134,931	157,695	224,671	316,247	297,780	287,559	296,946	282,837	286,617
Transit	169,873	156,395	150,467	116,079	37,868	57,833	42,748	42,748	25,625	13,240
Parking Deck	23,721	77,987	80,148	88,472	93,546	74,788	80,543	86,826	85,641	87,608
Operating Grants and Contributions	1,840,856	1,852,063	2,891,904	3,311,138	3,096,441	3,283,713	3,580,810	4,599,791	4,262,214	3,274,439
Capital Grants and Contributions	1,737,605	842,528	155,620	721,636	145,000	21,614	10,580	102,558	652,438	708,600
Total Business-type Activities Program Rev	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	10,018,338
Total Primary Government Program Rev	\$ 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	\$ 15,093,670

Continued

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

Continued

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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)	\$ (7,798,486)
Business-type Activities	1,890,896	695,737	620,165	154,049	(514,659)	(124,376)	385,511	3,276,281	1,354,329	812,923
Total Primary Government Net Expense	\$ (2,550,897)	\$ (3,698,363)	\$ (3,991,267)	\$ (4,872,873)	\$ (6,046,883)	\$ (5,883,954)	\$ (3,513,981)	\$ (2,371,878)	\$ (3,963,956)	\$ (6,985,563)
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	\$ 4,561,423
Local Option Sales Tax	878,318	980,250	1,005,458	1,057,525	1,014,343	991,493	1,063,281	1,119,299	1,289,819	1,279,399
Local Accommodations Tax	-	126,535	139,593	148,489	138,533	173,057	206,726	226,527	223,138	253,995
Intergovernmental	713,355	650,137	642,409	679,677	654,347	544,975	649,341	470,878	493,901	553,667
Unrestricted Investment Earnings	129,730	293,493	523,332	333,429	195,704	168,538	110,136	101,358	106,034	130,774
Other	612,900	455,721	268,377	337,791	291,376	249,294	367,097	428,762	242,662	434,719
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	311,538
Total Governmental Activities	5,110,647	6,109,157	7,066,585	6,202,565	6,461,343	6,980,111	7,285,749	4,681,692	8,167,153	7,525,515
Business-type Activities:										
Investment Earnings	107,691	170,702	213,814	187,510	110,813	99,442	91,643	76,174	54,994	68,638
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)	(311,538)
Total Business-type Activities	(109,947)	(115,627)	(430,724)	586,733	365,977	(202,745)	69,039	2,968,386	(199,544)	(242,900)
Total Primary Government	\$ 5,000,700	\$ 5,993,530	\$ 6,635,861	\$ 6,789,298	\$ 6,827,320	\$ 6,777,366	\$ 7,354,788	\$ 7,650,078	\$ 7,967,609	7,282,615
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	(272,971)
Business-type Activities	1,780,949	580,110	189,441	740,782	(148,682)	(327,121)	454,550	6,244,667	1,154,785	570,023
Total Primary Government	\$ 2,449,803	\$ 2,295,167	\$ 2,644,594	\$ 1,916,425	\$ 780,437	\$ 893,412	\$ 3,840,807	\$ 5,278,200	\$ 4,003,653	\$ 297,052

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-	-	38,128	34,939	89,126	144,227	201,256
Assigned	18,259	188,910	90,500	203,045	3,000	105,645	41,209	28,850	1,785	55,377
Unassigned	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	3,502,784
Total General Fund	\$ 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	\$ 3,759,417
All Other Governmental Funds										
Restricted, Reported In:										
Special Revenue Funds	\$ 969,375	\$ 2,493,241	\$ 2,852,293	\$ 1,887,062	\$ 1,961,596	\$ 2,237,004	\$ 2,625,844	\$ 2,790,556	\$ 3,250,562	\$ 2,352,205
Community Development Fund	563,026	-	-	-	-	-	-	-	-	-
Tax Increment Fund	-	-	-	1,871,324	719,440	1,309,143	414,664	283,848	1,118,251	6,194
City Hall Expansion Fund	-	-	-	-	2,449,148	296,537	-	-	-	-
Nettles Park Fund	-	1,638,776	123,880	-	-	-	-	-	-	-
Hospitality Tax Fund	-	-	-	-	-	-	-	-	-	1,412,305
Capital Project Funds	437,526	1,239,821	2,763,767	991,027	-	-	287,211	97,396	97,003	(1,568)
Debt Service Fund	207,391	197,031	176,906	214,128	237,353	265,347	150,655	153,006	155,476	127,012
Assigned, Reported In:										
Special Revenue Funds	11,166	67,080	20,553	97,000	11,100	-	121,002	581,174	271,420	122,870
Tax Increment Fund	-	-	-	13,821	-	-	-	-	24,914	-
City Hall Expansion Fund	-	-	-	-	42,309	345,487	-	-	-	-
Nettles Park Fund	-	290,819	405,275	-	-	-	-	-	-	-
Hospitality Tax Fund	-	-	-	-	-	-	-	-	-	5,350
Capital Project Funds	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	\$ 2,329,813	\$ 7,920,778	\$ 6,523,007	\$ 6,202,443	\$ 5,420,946	\$ 4,453,518	\$ 4,164,681	\$ 4,465,268	\$ 4,917,626	\$ 4,024,368

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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	\$ 5,296,975	\$ 4,528,173
Local Option Sales Tax	878,318	980,250	1,005,458	1,057,525	1,014,343	991,493	1,063,281	1,119,299	1,289,819	1,279,399
Local Accommodations Tax	-	126,535	139,593	148,489	138,533	173,057	206,726	226,527	223,138	253,995
Hospitality Fees	715,752	776,428	823,234	878,930	911,540	968,309	1,047,555	1,094,957	1,125,361	1,256,903
Licenses and Permits	1,421,173	1,413,112	1,566,309	1,565,539	1,709,230	1,676,777	1,710,186	1,910,700	2,299,077	2,446,474
Intergovernmental	831,123	1,172,118	1,004,678	1,081,210	885,289	774,304	818,149	826,389	1,734,595	790,503
Federal Aid	9,668	385,485	117,181	73,023	323,577	467,017	2,211,470	360,380	305,550	-
State Aid	1,513,670	14,669	17,759	264,000	-	10,000	39,911	4,493	95,710	-
Charges for Services	463,530	537,153	599,252	591,127	613,206	680,413	675,843	673,946	714,476	736,949
Fines and Forfeitures	217,951	309,152	258,122	290,255	292,110	333,274	316,708	314,979	244,478	291,756
Investment Earnings	129,730	293,493	523,332	333,429	195,704	168,538	110,136	101,358	106,034	130,774
Contributions & Donations	-	-	122,481	178,530	450,000	-	-	4,000	527,128	65,413
Other Revenues	559,392	214,103	261,352	328,241	289,010	215,396	369,871	304,888	231,205	272,793
Total Revenues	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	12,053,132
Expenditures										
General Government	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	2,718,450
Public Safety	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	3,850,549
Public Works	1,734,580	1,828,740	1,781,507	2,007,694	2,098,513	1,950,062	1,949,444	1,883,926	3,765,108	1,785,974
Culture and Recreation	702,074	858,965	651,509	745,854	856,646	872,293	1,136,068	848,754	1,136,837	1,157,581
Urban Redevelopment	73,816	12,748	34,016	31,082	13,611	8,773	2,214	9,762	362,661	19,977
Equipment Services	110,636	116,558	163,516	140,489	128,521	247,971	136,193	136,743	150,704	140,424
Capital Outlay	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	53,783
Debt Service										
Interest	317,409	325,568	464,602	436,311	399,863	355,374	300,511	260,290	216,873	183,073
Principal	475,444	489,805	924,149	973,920	1,049,817	1,025,322	2,016,553	1,139,974	1,100,320	1,186,750
Fees	1,565	1,563	1,561	1,013	1,013	1,013	20,134	-	1,724	-
Intergovernmental	1,545,283	120,399	140,897	175,473	329,162	297,380	231,951	191,252	403,808	1,780,527
Other	41,816	93,882	153,481	142,097	161,759	158,013	181,292	197,953	330,958	130,978
Total Expenditures	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	13,008,066
Excess of Revenues Over (Under) Expenditures	(884,247)	918,994	(3,170,284)	(747,148)	(918,987)	(1,652,299)	(1,432,029)	327,724	(242,228)	(954,934)

Continued

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

Continued

	<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>	<u>2014</u>
Other Financing Sources (Uses)										
Lease Purchase Agreements \$	-	\$ 2,039,833	\$ 355,000	\$ 135,000	\$ -	\$ 455,000	\$ 951,000	\$ -	\$ 410,000	\$ 178,000
General Obligation Bonds	-	-	-	-	-	-	-	-	-	360,000
Tax Increment Bonds	-	2,350,000	-	-	-	-	-	-	-	-
Transfers In	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	1,583,346
Transfers Out	(986,555)	(829,687)	(1,151,953)	(1,236,153)	(3,827,251)	(1,188,107)	(2,924,599)	(1,992,361)	(1,243,048)	(1,271,808)
Total Other Financing Sources (Uses)	<u>217,637</u>	<u>5,060,249</u>	<u>1,249,538</u>	<u>458,438</u>	<u>145,316</u>	<u>757,188</u>	<u>973,604</u>	<u>254,038</u>	<u>664,538</u>	<u>849,538</u>
Net Change In Fund Balances	<u>\$ (666,610)</u>	<u>\$ 5,979,243</u>	<u>\$ (1,920,746)</u>	<u>\$ (288,710)</u>	<u>\$ (773,671)</u>	<u>\$ (895,111)</u>	<u>\$ (458,425)</u>	<u>\$ 581,762</u>	<u>\$ 422,310</u>	<u>\$ (105,396)</u>
 Debt Service As a Percentage of Noncapital Expenditures										
	9.5%	10.5%	16.7%	15.8%	15.2%	14.6%	22.3%	14.0%	11.5%	11.3%

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
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%
2014	49,944,239	4,244,018	54,188,257	83.34	1,069,618,413	5.07%

Source: Pickens County Auditor's Office

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

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

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

<i>Fiscal Year</i>	<i>City Direct Rates</i>				<i>Overlapping Rates</i>	
	<i>Basic Rate</i>	<i>General Obligation Debt Service</i>	<i>Special Revenue Rate</i>	<i>Total Direct Rate</i>	<i>Pickens County School District</i>	<i>Pickens County</i>
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
2014	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	2014		Taxpayer	2005	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value		Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Duke Energy Corporation	\$ 1,063,910	2.01%	Duke Energy Corporation	\$ 1,126,200	3.03%
Lowes Home Center, Inc.	723,520	1.37%	Bellsouth Telecommunications	888,010	2.39%
Clemson I, LLC	573,070	1.08%	Clemson Area Retirement Center, Inc.	364,150	0.98%
Tiger Towne Village, LLC	534,920	1.01%	Langston Place Partnership	300,300	0.81%
Clemson II, LLC	527,960	1.00%	GDG Investments, LLC (Comfort Inn)	249,960	0.67%
Bellsouth Telecommunications	497,110	0.94%	Heritage Pointe, LLC	225,960	0.61%
Cellco Partnership, DBA Verizon	469,100	0.89%	Advantage Properties, LLC	184,270	0.50%
BCH Clemson, LLC	445,380	0.84%	Nirman Enterprise Associates (Hampton Inn)	179,090	0.48%
Ingles Markets, Inc.	373,430	0.70%	Falls Landing Apartments, LP	160,320	0.43%
Tristate SC One, Limited Partnership	345,430	0.65%	Hunter's Glen Apartments, LLC	156,530	0.42%
Total	<u>\$ 5,553,830</u>	<u>10.28%</u>		<u>\$ 3,834,790</u>	<u>10.32%</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)		Receivable June 30	Estimated Tax Collections to Date (b)	
		Amount	Percentage of Levy		Estimated Amount	Percentage of Levy
2005	2,224,741	1,930,474	86.77%	10,988	2,213,753	99.51%
2006	2,355,234	2,264,062	96.13%	13,451	2,341,783	99.43%
2007	2,268,425	2,338,708	103.10%	21,410	2,247,015	99.06%
2008	2,296,135	2,487,570	108.34%	54,731	2,241,404	97.62%
2009	2,732,167	2,762,699	101.12%	86,711	2,645,456	96.83%
2010	2,772,651	2,901,164	104.64%	207,044	2,565,607	92.53%
2011	2,833,871	3,134,190	110.60%	182,294	2,651,577	93.57%
2012	3,317,771	3,296,380	99.36%	205,855	3,111,916	93.80%
2013	3,243,562	3,333,308	102.77%	227,418	3,016,144	92.99%
2014	3,374,611	3,328,212	98.63%	288,143	3,086,468	91.46%

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, 2014 were used to estimate the total collections to date.

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

<i>Fiscal Year</i>	<i>Governmental Activities</i>			<i>Business-type Activities</i>		<i>Total Primary Government</i>	<i>Percentage of Personal Income ^(a)</i>	<i>Per Capita ^(a)</i>
	<i>General Obligation Bonds</i>	<i>Tax Increment Financing Bonds</i>	<i>Capital Leases</i>	<i>Water Revenue Bonds</i>	<i>Capital Leases</i>			
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
2014	536,000	2,423,347	1,108,333	3,684,465	-	7,752,145	2.34%	543

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

<u>General Bonded Debt Outstanding</u>					
<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Net</u>	<u>Percentage of Actual Taxable Value of Property ^(a)</u>	<u>Per Capita ^(b)</u>
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
2014	536,000	127,012	408,988	0.04%	28.65

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, 2014

<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	\$ 310,657,000	12.14%	\$ 37,713,760
Pickens County General Obligation Debt	10,977,125	13.94%	1,530,211
Other Debt			
Pickens County Capital Leases	430,556	13.94%	60,020
Pickens County Notes Payable	4,115,131	13.94%	573,649
Pickens County - Other Debt	6,949,149	13.94%	968,711
Subtotal, Overlapping Debt			40,846,351
City Direct Debt			4,067,680
Total Direct and Overlapping Debt			<u>\$ 44,914,031</u>

Source: Pickens County and Pickens County School District

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

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

	<u>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>	<u>2014</u>
Debt Limit	\$ 2,976,433	\$ 3,360,744	\$ 3,345,087	\$ 3,325,550	\$ 3,724,014	\$ 3,774,254	\$ 4,147,113	\$ 4,188,031	\$ 4,238,230	\$ 4,335,060
Total Net Debt Applicable to Limit	<u>1,252,609</u>	<u>1,122,968</u>	<u>983,094</u>	<u>825,872</u>	<u>677,647</u>	<u>514,653</u>	<u>349,345</u>	<u>250,994</u>	<u>50,524</u>	<u>408,988</u>
Legal Debt Margin	<u>\$ 1,723,824</u>	<u>\$ 2,237,776</u>	<u>\$ 2,361,993</u>	<u>\$ 2,499,678</u>	<u>\$ 3,046,367</u>	<u>\$ 3,259,601</u>	<u>\$ 3,797,768</u>	<u>\$ 3,937,037</u>	<u>\$ 4,187,706</u>	<u>\$ 3,926,072</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	42.08%	33.41%	29.39%	24.83%	18.20%	13.64%	8.42%	5.99%	1.19%	9.43%

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed Value	\$ 54,188,257
Debt Limit (8% of assessed value)	4,335,060
Debt Applicable to Limit:	
General Obligation Bonds	536,000
Less: Amount Set Aside for Repayment of General Obligation Debt	<u>(127,012)</u>
Total Net Debt Applicable to Limit	<u>408,988</u>
Legal Debt Margin	<u>\$ 3,926,072</u>

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

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

	<u>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>	<u>2014</u>
<i>Water Revenue Bonds</i>										
<i>Utility Service Charges</i>	\$ 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	2,510,704
<i>Less: Operating Expenses</i>	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	2,166,389
<i>Net Available Revenue</i>	123,887	307,425	503,611	257,514	223,965	225,484	133,398	293,017	197,485	344,315
<i>Debt Service</i>										
<i>Principal</i>	19,162	19,823	66,791	90,602	93,153	71,445	97,418	105,056	112,691	115,248
<i>Interest</i>	1,198	413	76,332	99,244	97,115	94,701	92,225	81,266	75,935	73,363
<i>Coverage</i>	6.08	15.19	3.52	1.36	1.18	1.36	0.70	1.57	1.05	1.83
<i>Wastewater Revenue Bonds and Capital Leases</i>										
<i>Utility Service Charges</i>	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	2,727,218
<i>Less: Operating Expenses</i>	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	2,213,642
<i>Net Available Revenue</i>	560,394	553,707	537,946	275,720	289,625	663,378	980,780	2,358,170	579,980	513,576
<i>Debt Service</i>										
<i>Principal</i>	116,634	117,035	105,000	105,000	105,000	105,000	177,498	184,958	188,500	139,008
<i>Interest</i>	37,152	45,704	46,504	33,546	16,572	16,182	19,556	17,025	12,735	9,540
<i>Coverage</i>	3.64	3.40	3.55	1.99	2.38	5.47	4.98	11.68	2.88	3.46
<i>Commercial Sanitation Capital Leases</i>										
<i>Utility Service Charges</i>	146,180	144,392	168,482	233,563	323,910	304,782	294,849	303,784	288,175	292,567
<i>Less: Operating Expenses</i>	149,955	157,750	150,586	192,441	224,545	234,322	243,456	249,574	263,859	290,261
<i>Net Available Revenue</i>	(3,775)	(13,358)	17,896	41,122	99,365	70,460	51,393	54,210	24,316	2,306
<i>Debt Service</i>										
<i>Principal</i>	-	-	-	-	-	20,106	20,733	21,379	22,047	22,734
<i>Interest</i>	-	-	-	-	2,643	2,842	2,199	1,536	853	148
<i>Coverage</i>	-	-	-	-	37.60	3.07	2.24	2.37	1.06	0.10
<i>Transit Capital Leases</i>										
<i>Contract Services</i>	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	3,839,880
<i>Less: Operating Expenses</i>	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	3,022,610
<i>Net Available Revenue</i>	484,395	308,235	803,045	468,122	167,914	254,464	465,998	1,224,817	1,194,765	817,270
<i>Debt Service</i>										
<i>Principal</i>	238,923	240,319	249,271	270,707	146,682	151,927	65,367	67,923	-	-
<i>Interest</i>	34,823	29,184	30,992	22,127	13,570	8,240	3,494	871	-	-
<i>Coverage</i>	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>
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%
2014	14,276	331,702,860	23,235	5.2%

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

Employer	2014		2005	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Clemson University ^(a)	4,769	47.69%	4,619	46.19%
City of Clemson	330	3.30%	321	3.21%
Bi-Lo	140	1.40%	120	1.20%
Ingles Markets	124	1.24%	84	0.84%
Clemson Elementary School	119	1.19%	103	1.03%
Ruby Tuesday	110	1.10%	135	1.35%
Pixie & Bills Restaurant	60	0.60%	76	0.76%
Trehel Corporation	59	0.59%	130	1.30%
Courtyard by Marriott	30	0.30%	Not Established	-
University Inn	25	0.25%	Not Established	-
Total	5,766	57.66%	5,588	55.88%

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>FY 04-05</u>	<u>FY 05-06</u>	<u>FY 06-07</u>	<u>FY 07-08</u>	<u>FY 08-09</u>	<u>FY 09-10</u>	<u>FY 10-11</u>	<u>FY 11-12</u>	<u>FY 12-13</u>	<u>FY 13-14</u>
<u>Function/Program</u>										
General Government										
Council	2	2	1	1	1	1	1	1	0	0
Municipal Court	4	4	4	5	5	4	4	4	4	4
Administration	7	7	7	8	9	7	8	8	8	7
Finance	3	3	3	3	3	3	3	3	3	3
Information Technology	1	1	1	1	1	1	1	1	1	1
Planning & Codes Administration	6	8	8	8	7	8	7	7	8	8
Public Buildings	2	2	2	2	2	2	2	2	2	2
Police										
Officers	25	26	26	28	27	26	26	26	28	28
Telecommunicators	5	5	5	6	6	6	6	6	6	6
Other	3	3	3	3	3	3	3	3	3	3
Refuse Collection										
Residential Sanitation	14	14	14	13	13	12	13	13	14	14
Commercial Sanitation	2	2	2	2	2	2	2	2	2	2
Other Public Works										
Streets	6	6	6	6	6	5	5	5	5	6
Public Works Administration	2	2	3	3	3	3	3	3	3	3
Equipment Services	2	2	2	2	2	2	2	2	2	2
Engineering	3	3	3	2	2	2	2	2	2	3
Other										
Recreation	6	6	6	7	7	8	7	7	7	7
Water	7	7	7	8	8	7	7	7	7	7
Utility Billing Administration	5	5	5	5	7	7	7	7	7	7
Wastewater Collection	7	7	7	7	7	7	7	7	7	6
Wastewater Treatment	4	4	4	4	6	4	4	4	4	4
Transit Administration	4	4	6	6	6	6	6	6	6	6
Transit Operations	9	9	12	13	11	11	13	13	13	13
Horticulture	2	2	3	3	3	3	3	3	3	2
Total	131	134	140	146	147	140	142	142	145	144

Source : The City's Office of Human Resources

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

	<u>FY 04-05</u>	<u>FY 05-06</u>	<u>FY 06-07</u>	<u>FY 07-08</u>	<u>FY 08-09</u>	<u>FY 09-10</u>	<u>FY 10-11</u>	<u>FY 11-12</u>	<u>FY 12-13</u>	<u>FY 13-14</u>
Function/Program										
General Government										
Building Permits Issued	552	557	616	512	410	195	465	594	1,224	902
Building Inspections Conducted	3,166	3,232	2,084	1,246	786	967	1,053	1,716	2,843	3,059
Police										
Parking Violations	2,800	2,932	2,201	4,207	3,113	3,970	3,612	4,586	5,010	6,135
Traffic Violations	3,620	3,800	4,833	5,430	4,687	8,173	7,267	6,075	5,175	8,096
Fire										
Inspections	5,527	5,535	2,769	2,126	2,106	2,932	3,207	2,134	1,415	1,128
Refuse Collection										
Refuse Collected (lbs)	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	5,427,081
Recyclables Collected (lbs)	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	1,403,343
Other Public Works										
Street Resurfacing (miles)	3.22	4.43	4.62	4.45	0.00	2.10	2.90	3.30	3.28	0.71
Water										
New Taps	39	78	79	97	49	79	208	147	260	117
Water Main Breaks	153	188	170	179	161	229	200	193	207	207
Average Daily Consumption	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	1,805,000
Peak Daily Consumption	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	2,707,000
Wastewater										
Average Daily Sewage Treatment	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	1,810,000
Transit										
Total Route Miles	506,591	623,562	831,996	852,930	727,946	725,487	676,374	517,056	699,790	665,555
Passengers	1,404,892	1,513,134	1,771,346	1,877,448	1,613,403	1,609,349	1,622,498	1,504,570	1,849,064	1,824,053

Source: Various City Departments

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

<u>Function/Program</u>	<u>FY 04-05</u>	<u>FY 05-06</u>	<u>FY 06-07</u>	<u>FY 07-08</u>	<u>FY 08-09</u>	<u>FY 09-10</u>	<u>FY 10-11</u>	<u>FY 11-12</u>	<u>FY 12-13</u>	<u>FY 13-14</u>
<i>Police</i>										
Stations	1	1	1	1	1	1	1	1	1	1
Uniform Patrol Units	18	18	18	18	18	18	18	18	19	20
<i>Refuse Collection</i>										
Collection Trucks	4	4	4	5	5	5	5	5	5	5
<i>Other Public Works</i>										
Streets (miles)	64	64	64	64	64	64	64	64	64	64
Streetlights	696	696	696	696	696	696	696	696	696	696
Traffic Signals	1	1	1	1	1	1	1	1	1	1
<i>Parks and Recreation</i>										
Acreage	85	85	100	100	100	100	100	100	100	102
Playgrounds	6	6	7	7	7	7	7	7	7	7
Soccer Fields	1	1	1	6	6	6	6	6	6	6
Recreation Centers	1	1	1	1	1	1	1	1	1	1
<i>Water</i>										
Water Mains (miles)	90	98.5	100	101.5	101.5	108	109.2	109.5	111.4	112
Fire Hydrants	372	392	412	439	439	479	480	480	496	500
<i>Wastewater</i>										
Sewer Mains Gravity (miles)	60	60	64	64	65	65.3	65.3	103.7	105.1	105.6
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
<i>Stormwater</i>										
Stormwater Lines (miles)	7	7	7	7	7	7	7	7	7.25	7.25
<i>Transit</i>										
Buses	20	20	26	26	26	26	26	23	26	26

Source : Various City Departments

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FEDERAL FINANCIAL ASSISTANCE



CITY OF CLEMSON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Year Ended June 30, 2014

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, Office of Public Transit			
Formula Grants for Other Than Urbanized Areas:			
Public Transportation Assistance...Transit Fund	20.509	PT-3A111-18	\$ 494,773
Capital Earmarks (Section 5309) ***	20.500	PT-3A109-H5	540,000
Passed Through Greenville Transit Authority			
Federal Transit-Formula Grants (Urbanized Area Formula Program) ***	20.507	SC-90-X276-00	788,726
Total Federal Transit Cluster			1,328,726
Total Federal Assistance Expended			\$ 1,823,499

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, 2014, 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 31, 2014.

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 31, 2014*



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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, 2014. 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, 2014.

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 31, 2014

CITY OF CLEMSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2014

A. SUMMARY OF AUDIT RESULTS

The auditors' report expresses an unmodified 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 "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".

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 "Independent Auditor's Report on Compliance for Each Major Program and Internal Control over Compliance in Required by OMB Circular A-133".

The auditors' report on compliance for the major federal award programs for the City of Clemson expresses an unmodified 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:

- *Capital Earmarks (Section 5309), Grant # PT-3A109-H5, CFDA # 20.500*
- *Federal Transit- Formula Grant (Urbanized Area Formula Program), Grant # SC-90-X276-00, CFDA # 20.507*

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

The City of Clemson did 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, 2014

No Prior Year Audit Findings