

City of Clemson

# Budget Overview

## Fiscal Year 18/19



Issued by the City Administrator's Office

*This document has been prepared by the City of Clemson to provide important information to the public as a summarized version of the FY 2018/2019 Operating and Capital Budget. For more information on the City or the Budget, please visit [www.cityofclemson.org](http://www.cityofclemson.org).*

The City of Clemson Fiscal Year 2018/19 budget document emphasizes a professional and conservative fiscal approach. It is primarily intended to establish an action, operation, and financial plan for the delivery of city services. This budget continues to build upon the solid foundation created in the past to provide quality municipal services that our residents deserve and expect to fulfill the dream of creating this great city.

Importantly, it also serves as an aid to the residents in providing a better understanding of the City's operating and fiscal programs. Notably, it maintains a proper reserve fund to facilitate the preservation of our assets and keep taxes low in the future. This government promotes and supports a very high quality of life for its citizens, businesses and visitors.

## HIGHLIGHTS

- FY 2018/19 City Millage Rate increased from 86.2 to 87.2 mills. One mill was dedicated to the construction and debt service of a new Arts Center building.

### **Last Fiscal Year 17/18:**

- The City of Clemson employed 161 full-time and, 138 part-time employees;
- The Public Works Department collected 688,270 pounds of garbage, 5,723,861 pounds of residential garbage, 6,306,730 pounds of commercial garbage, 31,369 cubic yards of brush and leaves, 1,425,002 pounds of recyclable refuse, and produced 7,243 cubic yards mulch;
- Over 6,736 utilities accounts were processed monthly by the Finance/Billing Admin;
- The City consumed 678.287 million gallons of water;
- Thirty-four Class 1 police officers responded to 59,245 calls for service;
- The City obtained an award from USDA of \$2.9 million grant and \$12 million low interest fixed rate loan for the Cochran Road Wastewater Treatment Plant Expansion; and
- The City also obtained a \$500,000 grant from SC Rural Infrastructure Authority for the Cochran Road Wastewater Treatment Plant Expansion.

## 2018/19 BUDGET PRIORITIES/GOALS

- Adding two new full-time patrol officers to Police Department.
- Started first full year at new fire station, new fire suppression agreement amount is \$1,008,000 and estimated operating expenses for building are \$45,000.
- Replace diesel buses with ten new electric buses with "Low/No Emission grant".
- Adding new chief operator in fall 2018 to be present during the construction of the Cochran Road WWTP expansion.
- Start expansion of Cochran Road WWTP (Financing through USDA). This project will be about \$15 million investment.
- Transit fund starts the new Gold route and stops service on Clemson's campus.

## DESCRIPTION OF CITY FUNDS

The City's annual budget is divided into five primary funds. A separate amount of money is appropriated for each fund. Funds are also established for special program groups, which usually have specific revenue sources with their expenditures.

The General Fund is usually referred to as the City's budget for a given year and is used to finance day-to-day operations and capital improvements. The General Fund represents the largest part of the total financial operations of the City.

Operations that are financed by the general fund include:

- General Government
- Equipment Services
- Public Safety / Police / Fire / E-911 Dispatching
- Public Works / Streets / Residential Sanitation Services
- Parks / Recreation / Horticulture
- Planning and Building Codes Administration
- Municipal Court
- Special Projects: Funded through Grants/Special Revenues

The city's enterprise operations are accounted for in four separate funds:

(1) The Water Fund provides water service to the residents of Clemson. The majority of Water Fund revenues are generated through charges for services and tap fees. During the fiscal year, impact fees provide the fund with restricted capital to be used for improvements only within the water system.

(2) The Wastewater Fund provides wastewater service to the residents of Clemson. The majority of revenues for this fund are generated through charges for services and tap fees. During the year, impact fees provide the fund with restricted capital to be used only for wastewater collection and treatment improvements needed to accommodate growth.

(3) The Sanitation Fund provides commercial businesses a safe and sanitary method of removing waste. Revenues are generated through the removal and land filling of garbage and the lease of garbage containers. Expenses of the fund include administrative costs, depreciation charges, and debt service requirements.

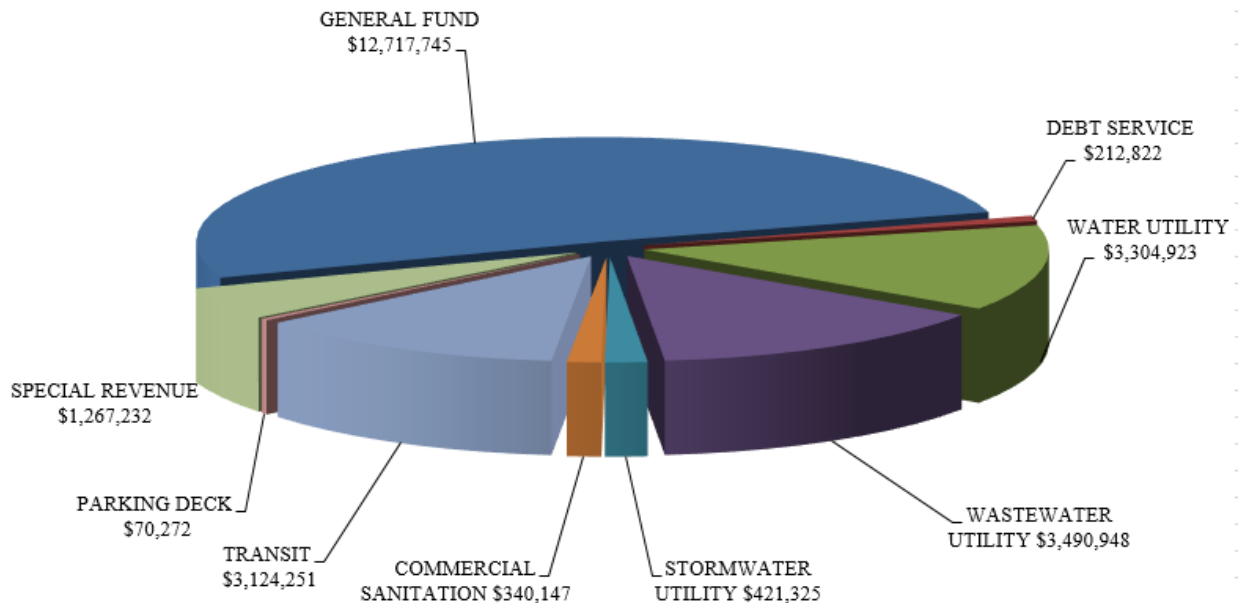
(4) The Transit Fund is established to finance and account for Clemson Area Transit (CAT) Operations. Even though current operations are not financed through user fees and charges, the City has determined that in order to monitor the cost of providing transit service to the public, CAT's activities will be accounted for in the Transit Enterprise Fund. Revenue for this fund is generated from intergovernmental contributions from Clemson University, the municipalities of Central, Pendleton and Seneca, Anderson County, and both the State and Federal Government.

## Combined Statement of Revenues, Expenditures and Changes in Fund Balances

Fund	Beginning Fund Balance (July 1, 2018) ***	Estimated Revenues For FY 2018/2019	Estimated Expenses For FY 2018/2019	Net Transfers and/or Proceeds of LTD For FY 2018/2019	Projected Ending Fund Balance (June 30, 2019)
General	5,554,414	12,144,593	12,717,745	176,300	5,157,562
Debt Service	49,784	269,744	212,822	-	106,706
Water Utility	1,769,826	3,318,100	3,304,923	15,000	1,798,003
Wastewater Utility	3,389,761	3,684,600	3,490,948	-	3,583,413
Stormwater Utility	167,090	437,050	421,325	-	182,815
Commercial Sanitation	194,746	338,000	340,147	-	192,599
Transit	1,916,170	2,938,321	3,124,251	-	1,730,240
Parking Deck	603,949	166,000	70,272	-	699,677
Special Revenues	4,317,085	2,162,519	1,267,232	(433,364)	4,779,008
<b>Total for all Funds</b>	<b>17,962,825</b>	<b>25,458,927</b>	<b>24,949,665</b>	<b>(242,064)</b>	<b>18,230,023</b>

### FY 18/19 ESTIMATED EXPENDITURES - ALL FUNDS

\$24,949,665



## BUDGET SUMMARY

### GENERAL FUND REVENUES

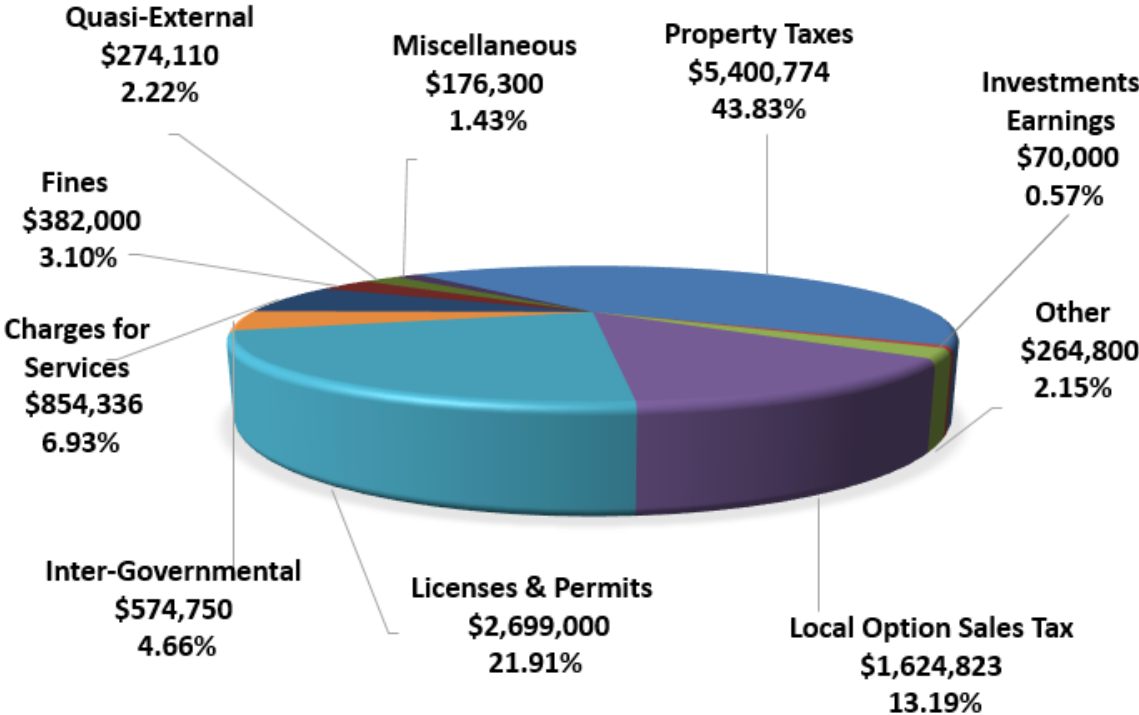
SOURCE OF REVENUE	<u>2017/18</u> FORECAST	<u>2018/19</u> APPROVED
<b>PROPERTY TAXES</b>		
REAL PROPERTY	4,065,000	4,901,408
PERSONAL PROPERTY	325,000	370,607
DELINQUENT	85,000	128,759
SUB -TOTAL	<u>4,475,000</u>	<u>5,400,774</u>
 <b>GENERAL SALES TAXES</b>		
LOCAL OPTION SALES	<u>1,633,293</u>	<u>1,624,823</u>
SUB-TOTAL	<u>1,633,293</u>	<u>1,624,823</u>
 <b>LICENSES &amp; PERMITS</b>		
BUSINESS LICENSES	1,700,000	1,700,000
RENTAL HOUSE LICENSES	75,000	74,000
FRANCHISE FEES	820,000	825,000
BUILDING PERMITS	285,000	100,000
SUB-TOTAL	<u>2,880,000</u>	<u>2,699,000</u>
 <b>INTERGOVERNMENT</b>		
LOCAL GOVERNMENT FUND	314,000	314,000
ACCOMMODATIONS TAX	36,750	37,750
ALCOHOL BEV PERMITS	36,000	32,000
INVENTORY TAX	35,200	36,000
FORT HILL NATURAL GAS	150,163	155,000
SUB-TOTAL	<u>572,113</u>	<u>574,750</u>
 <b>CHARGES FOR SERVICES</b>		
DISPATCHING	63,600	66,780
SANITATION	582,200	600,000
RECREATION	146,000	170,000
BRUSH GRINDING	17,556	17,556
SUB-TOTAL	<u>809,356</u>	<u>854,336</u>

**GENERAL FUND REVENUES**

SOURCE OF REVENUE	<u>2017/18</u> <b>FORECAST</b>	<u>2018/19</u> <b>APPROVED</b>
<b>FINES &amp; FORFEITURES</b>		
COURT	283,546	280,000
PARKING	86,308	90,000
NARCOTICS	96,395	12,000
SUB-TOTAL	<u>466,249</u>	<u>382,000</u>
<b>INVESTMENT EARNINGS</b>		
INVESTMENT EARNINGS	85,000	70,000
SUB-TOTAL	<u>85,000</u>	<u>70,000</u>
<b>OTHER REVENUES</b>		
OTHER	293,500	234,800
RECYCLED MATERIALS	30,000	30,000
SUB-TOTAL	<u>323,500</u>	<u>264,800</u>
<b>QUASI-EXTERNAL REVENUES</b>		
PYMT IN LIEU OF TAXES	77,780	77,780
BUSINESS LICENSES	380	380
FRANCHISE FEES	107,850	107,850
BUILDING OCCUPANCY	28,650	28,650
INSURANCE REIMBURSE	6,000	6,000
INFORMATION TECH	53,450	53,450
SUB-TOTAL	<u>274,110</u>	<u>274,110</u>
<b>MISCELLANEOUS</b>		
TRANSFERS IN	285,800	293,300
PROCEEDS LTD.	345,279	-
USE OF FUND BALANCE	(260,169)	(117,000)
SUB-TOTAL	<u>370,910</u>	<u>176,300</u>
<b>TOTAL REVENUES</b>	<u>11,941,361</u>	<u>12,320,893</u>

**GENERAL FUND FY 2018/2019 REVENUES**

**\$12,320,893**



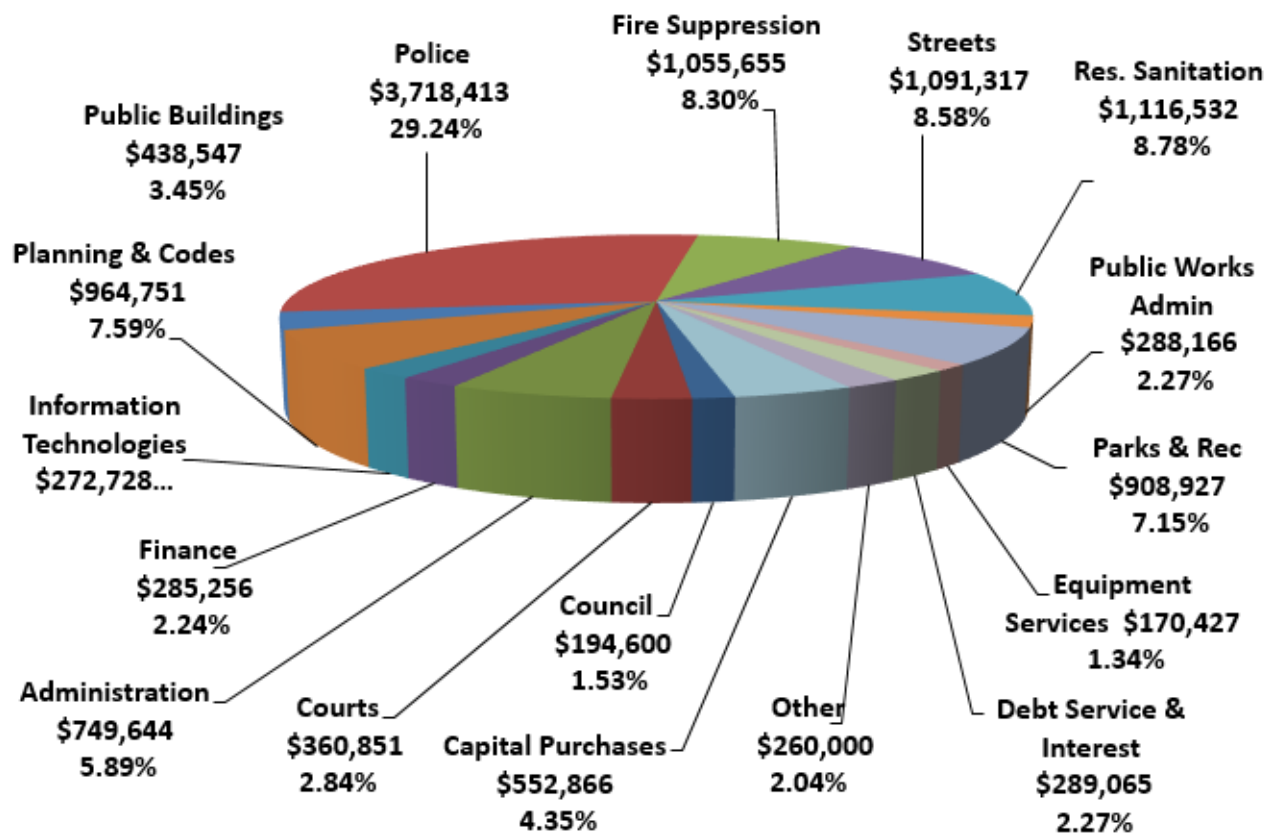
**GENERAL FUND EXPENDITURES**

<b>FUNCTION</b>	<b>2017/18 FORECAST</b>	<b>2018/19 APPROVED</b>
COUNCIL	232,190	194,600
MUNICIPAL COURT	339,480	360,851
ADMINISTRATION	699,976	749,644
FINANCE	267,095	285,256
INFORMATION TECHNOLOGY SERVICES	254,627	272,728
PLANNING & CODES ADMINISTRATION	916,687	964,751
PUBLIC BUILDINGS	337,436	438,547
POLICE	3,391,709	3,718,413
FIRE SUPPRESSION	895,758	1,055,655
STREETS	765,177	1,091,317
RESIDENTIAL SANITATION	1,049,157	1,116,532
PUBLIC WORKS ADMINISTRATION	282,848	288,166
PARKS & RECREATION	830,862	908,927
EQUIPMENT SERVICES	147,118	170,427
DEBT SERVICE PRINCIPAL & INTEREST	114,411	289,065
OTHER EXPENDITURES	115,000	260,000
CAPTAL PURCHASES	1,867,231	552,866
<b>TOTAL OPERATING EXPENDITURES</b>	<b>12,506,762</b>	<b>12,717,745</b>



## GENERAL FUND TOTAL FY 2018/19 EXPENDITURES

**\$12,717,745**



## THE AD VALOREM PROPERTY TAX

### How does it work and how much is my bill?

The property tax is one of the least understood of any of the taxes that we pay to support government services. In Clemson, a local resident will pay property taxes to support the Pickens County School District, the County of Pickens, the Pickens County Library System, the Tri County Technical College, and the City of Clemson. Like its Latin word origin, “Ad Val Orem”, implies – the property tax is calculated “in accordance with the value of the property.” In order to ensure that each property is paying a uniform and equal share of taxes, the General Assembly requires that a reappraisal of property or “reassessment” be completed by every county in the State of South Carolina on a five-year interval. The reappraisal process will create a “market value” of the property, which is the anticipated price at which the property would generate a sale between a willing seller and buyer. Once the market value of a property is established by the County Assessor an “assessed value” can be generated. The assessed value is calculated by multiplying the market value of your property by the assessment rate that has been set by the General Assembly. The assessment rates for various types of property are as follows:

- A. Residential Owner-Occupied Homes - 4% rate
- B. “Second Homes,” Rental Property, and Commercial Property - 6% rate
- C. Private Utility and Manufacturing Property - 10.5% rate

The next step in calculating your tax bill is to determine the “tax rate.” Each local government taxing entity establishes a tax rate, which is calculated and expressed in a “millage rate.” Each mill is \$1 per \$1,000 of assessed value. For the City of Clemson, the tax rate that was established to support the annual operating budget is 87.2 mills. The tax rate for each local government taxing entity is established during the annual budget adoption process, and a City of Clemson tax payer will also see the following tax rates on their bill: (using 2018 tax rates)

• Pickens County School District - Bonds	54.0 mills	Owner-
• Pickens County School Operations	114.0 mills	Occupied
• Pickens County Government	61.3 mills	home
• Pickens County Library System	6.3 mills	exempt from
• Tri-County Technical College	2.6 mills	school operations
• City of Clemson	<u>87.2 mills</u>	tax

### **Total Property Tax Rate on a City of Clemson owner occupied property: 211.4 mills**

In 1995, the voters in Pickens County approved a Local Option Sales Tax (LOST) that is utilized to reduce the property tax. You will find a City LOST Credit and a County LOST Credit on your tax bill. This credit is calculated by multiplying the market value of your property times the credit factor. In Clemson, the LOST Credit is 105.20 per \$100,000 market value of your property. The County LOST Credit is \$103.80 per \$100,000 market value of your property. Both of these credits are subtracted from the total tax bill.

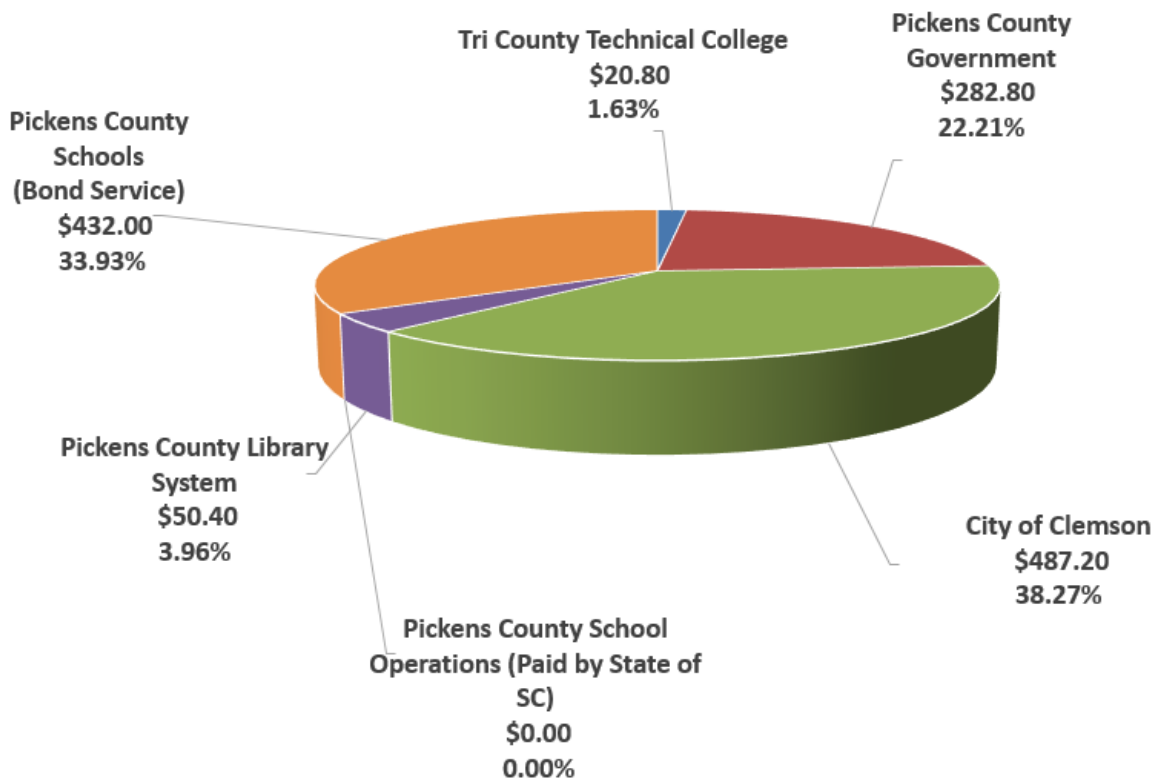
The chart below illustrates the calculation of a sample property tax bill for the City of Clemson portion of an owner-occupied home, valued at \$200,000. In this example, the City Property Tax Bill would be \$487.20 for the year. The total tax bill for this home would be \$1,273.20 for the year. When you receive your tax statement, please check to ensure that your home has an assessment rate of 4%. The assessment rate is in the middle, left-hand side of the tax statement, next to the due date. If your tax statement does not indicate that the property is a “Legal Resident,” then your assessment will be calculated as a commercial property at the 6% assessment rate and you will not receive the credit for public school support from the State.

Although the City Council can only control the “City portion” of your tax bill, it is important that you know how much of your tax bill is going to each unit of local government. We encourage you to review county and school taxes every year and provide input to all your local legislative representatives.

### WHERE DOES MY PROPERTY TAX PAYMENT GO?

(Based on property tax payment for a home valued at \$200,000)

**\$1,273.20**



## NET TAX LIABILITY FOR RESIDENTIAL PROPERTY



### CITY OF CLEMSON AD VALORUM PROPERTY TAX NET TAX LIABILITY FOR RESIDENTIAL PROPERTY

To determine a homeowner's monthly Property Tax Liability for the City of Clemson, follow these steps:

<u>Steps</u>	<u>Example</u>
• Identify the <b>Market Value</b> of your Home.	Market Value = \$200,000
• To compute the <b>Assessed Valuation</b> multiply the Market Value by 4%.	$\$200,000 \times .04 = \$8,000$
• To compute your <b>Property Tax Bill</b> , multiply the Assessed Valuation by a levy rate of 87.2 mills.	$\$8,000 \times .0872 = \$697.60$
• To determine your <b>Local Option Sales Tax Credit</b> , multiply your Market Value by the Credit Factor of .001052.	$\$200,000 \times .001052 = \$210.40$
• To determine your <b>Net City Tax Liability</b> , subtract the Local Option Sales Tax credit from the Property Tax Credit.	$\$697.60 - \$210.40 = \$487.20$
• To find your <b>Monthly Tax expense</b> For city Services, take your Net City Tax Liability and divide by 12.	$\$487.20 / 12 = \$40.60$

### VALUE OF YOUR CITY OF CLEMSON TAX DOLLAR

The following list represents a sampling of the services in which the City provides for your Monthly Net City Tax Liability

Police Protection	Free Mulch
Street Maintenance/Repair	Fire Protection
Trash Disposal Subsidy	Traffic Control and Street Marking
Emergency Dispatch Service	Transit Service
Municipal Improvements	Park Maintenance
Legal Counsel	Leaf & Brush Pick-Up
Recreational Programs/Facilities	Mosquito Fogging
City Administration	Community Planning
Animal Control Service	Recycling Service
Building Inspection	Engineering Service
Zoning/Land-Use Administration	Snow Removal
Bond Debt Service Payments	

A homeowner having a house valued at \$200,000 receives all of the above services for only \$40.60 per month. By way of comparison, the following items denote common monthly expenses for a family living in Clemson:

- A 16-gallon tank of self-service gas at \$2.29 gallon costs \$36.64.
- Expanded Basic cable television package with no pay movie channels will cost \$59.27 per month. (Varies between TV packages)
- The monthly cost of homeowners insurance for a \$200,000 house is approximately \$46.66 for a standard protection policy.

All businesses and residences within the city of Clemson enjoy a low Class 2 fire rating. On average, most businesses and homes in the areas surrounding Clemson have a Class 6 rating. The better fire rating enjoyed by residents of Clemson can result in significant savings on a homeowner's premium. For instance, a home insured for \$200,000 with a standard insurance package would cost a Clemson resident approximately \$560 per year. The same house in other areas (Class 6) with equivalent coverage would cost about \$710 in annual premiums. The savings of \$150 in premiums account for about 31% of your Net City Property Tax Liability on a residential property.

Revised 12/14/2018