

City of Clemson

Budget Overview

Fiscal Year 19/20



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 2019/2020 Operating and Capital Budget. For more information on the City or the Budget, please visit www.cityofclemson.org.

The City of Clemson Fiscal Year 2019/20 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 2019/20 City Millage Rate decreased from 87.2 to 86.7 mills. 2019 is a re-assessment year in Pickens County, after re-assessment City Millage decreased to 78.8 mills.

Last Fiscal Year 18/19:

- The City of Clemson employed 168 full-time and, 129 part-time employees;
- The Public Works Department collected 535,468 pounds of garbage, 5,592,958 pounds of residential garbage, 6,405,888 pounds of commercial garbage, 32,259 cubic yards of brush and leaves, 1,292,816 pounds of recyclable refuse, and produced 7,455 cubic yards mulch;
- Over 6,948 utilities accounts were processed monthly by the Finance/Billing Admin;
- The City consumed 709.286 million gallons of water;
- Thirty-five Class 1 police officers responded to 62,549 calls for service;
- The City began expansion of the wastewater treatment plant with an award from USDA of \$2.9 million grant and \$12 million low interest fixed rate loan; and
- The City also obtained \$6.2 million in grant funds from federal and state to purchase 10 low emission electric busses.

2019/20 BUDGET PRIORITIES/GOALS

- Adding three new full-time employees, one new police officer, a business license inspector moved from part time to full time, and a utility billing technician. Also adding part-time contractual employee in the city attorney's office to assist with the prosecution of cases in municipal court.
- Replace Cochran Road interceptor line for \$800,000 and use \$500,000 of impact fee revenues to partially fund.
- Replace 11 police vehicles for \$418,000 utilizing \$80,000 of narcotics forfeiture fund and lease proceeds of \$224,000.
- Warbranch water main replacement and extension phase 2 planned for \$180,000.
- Addition of a mini-pumper fire truck to allow fire responses to parking deck facilities and area in town that has limited access, estimated cost \$185,000.

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.

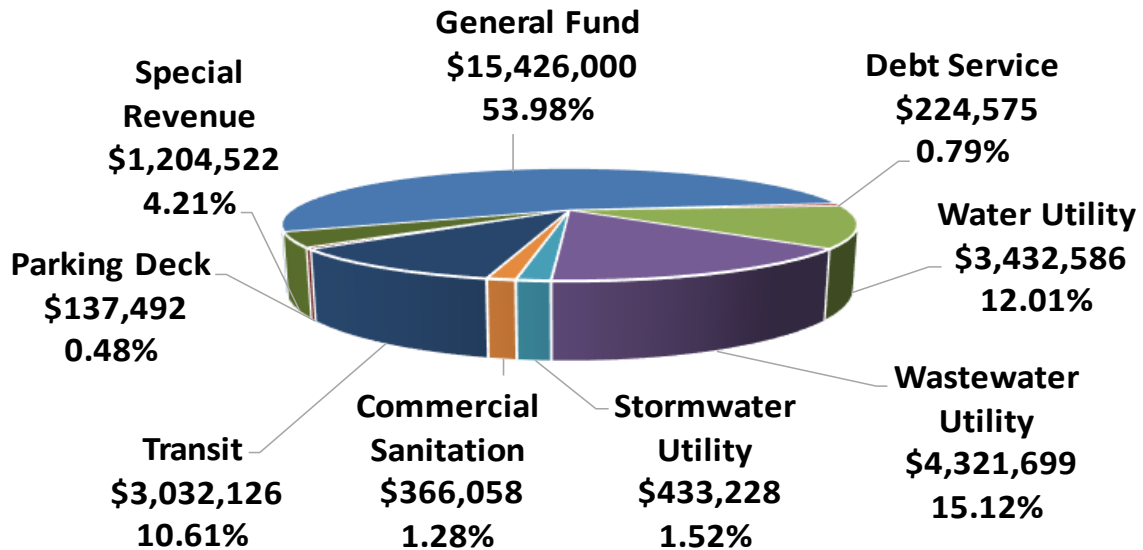
(4) The Transit Fund is established to finance and account for Clemson Area Transit (CAT) Operations. Even though current operations are not financed through user fees and charges, the City has determined that in order to monitor the cost of providing transit service to the public, CAT's activities will 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, 2019) ***	Estimated Revenues For FY 2019/2020	Estimated Expenses For FY 2019/2020	Net Transfers and/or Proceeds of LTD For FY 2019/2020	Projected Ending Fund Balance (June 30, 2020)
General	6,487,657	13,171,191	15,426,000	363,800	4,596,648
Debt Service	140,704	335,418	224,575	-	251,547
Water Utility	1,930,304	3,437,460	3,432,586	15,000	1,950,178
Wastewater Utility	5,437,798	4,372,557	4,321,699	-	5,488,656
Stormwater Utility	172,466	458,550	433,228	-	197,788
Commercial Sanitation	188,753	367,883	366,058	-	190,578
Transit	847,283	2,912,755	3,032,126	-	727,912
Parking Deck	733,956	187,840	137,492	-	784,304
Special Revenues	4,371,877	2,292,533	1,204,522	(399,800)	5,060,088
Total for all Funds	20,310,798	27,536,187	28,578,286	(21,000)	19,247,699

FY 19/20 ESTIMATED EXPENDITURES - ALL FUNDS

\$28,578,286



BUDGET SUMMARY

GENERAL FUND REVENUES

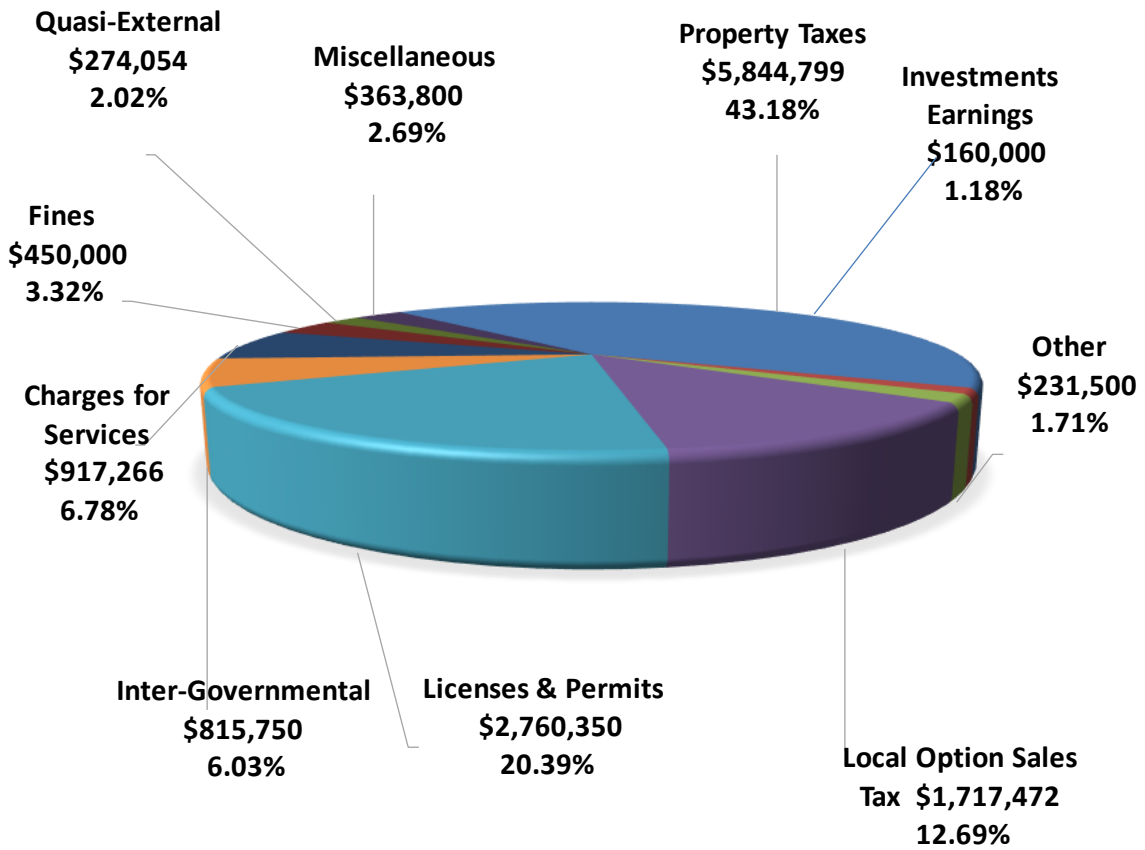
SOURCE OF REVENUE	<u>2018/19</u> FORECAST	<u>2019/20</u> APPROVED
PROPERTY TAXES		
REAL PROPERTY	5,375,000	5,431,692
PERSONAL PROPERTY	250,000	309,576
DELINQUENT	<u>80,000</u>	<u>103,531</u>
SUB-TOTAL	5,705,000	5,844,799
GENERAL SALES TAXES		
LOCAL OPTION SALES	<u>1,650,000</u>	<u>1,717,472</u>
SUB-TOTAL	1,650,000	1,717,472
LICENSES & PERMITS		
BUSINESS LICENSES	1,800,000	1,750,000
RENTAL HOUSE LICENSES	85,000	82,000
FRANCHISE FEES	825,000	825,000
BUILDING PERMITS	<u>255,000</u>	<u>103,350</u>
SUB-TOTAL	2,965,000	2,760,350
INTERGOVERNMENT		
STATE GOVERNMENT GRANTS	1,464	-
LOCAL GOVERNMENT FUND	314,000	314,000
ACCOMMODATIONS TAX	37,750	37,750
ALCOHOL BEV PERMITS	32,610	40,000
INVENTORY TAX	35,228	36,000
PICKENS COUNTY MAINT FEE	323,000	163,000
PICKENS SCHOOL DISTRICT-SRO	60,000	60,000
FORT HILL NATURAL GAS	<u>178,651</u>	<u>165,000</u>
SUB-TOTAL	982,703	815,750
CHARGES FOR SERVICES		
DISPATCHING	66,780	66,780
SANITATION	584,500	596,100
RECREATION	198,000	236,830
BRUSH GRINDING	<u>17,556</u>	<u>17,556</u>
SUB-TOTAL	866,836	917,266

GENERAL FUND REVENUES

SOURCE OF REVENUE	<u>2018/19</u> <u>FORECAST</u>	<u>2019/20</u> <u>APPROVED</u>
FINES & FORFEITURES		
COURT	250,000	280,000
PARKING	72,000	90,000
NARCOTICS	11,483	80,000
SUB-TOTAL	<u>333,483</u>	<u>450,000</u>
INVESTMENT EARNINGS		
INVESTMENT EARNINGS	160,000	160,000
SUB-TOTAL	<u>160,000</u>	<u>160,000</u>
OTHER REVENUES		
OTHER	426,652	211,500
RECYCLED MATERIALS	20,000	20,000
SUB-TOTAL	<u>446,652</u>	<u>231,500</u>
QUASI-EXTERNAL REVENUES		
PYMT IN LIEU OF TAXES	77,786	77,786
BUSINESS LICENSES	382	382
FRANCHISE FEES	107,855	107,855
BUILDING OCCUPANCY	28,570	28,570
INSURANCE REIMBURSE	6,000	6,000
INFORMATION TECH	53,461	53,461
SUB-TOTAL	<u>274,054</u>	<u>274,054</u>
MISCELLANEOUS		
TRANSFERS IN	293,300	304,800
PROCEEDS LTD.	-	224,000
USE OF FUND BALANCE	(423,783)	(165,000)
SUB-TOTAL	<u>(130,483)</u>	<u>363,800</u>
TOTAL REVENUES	<u>13,253,245</u>	<u>13,534,991</u>

GENERAL FUND FY 2019/2020 REVENUES

\$13,534,991

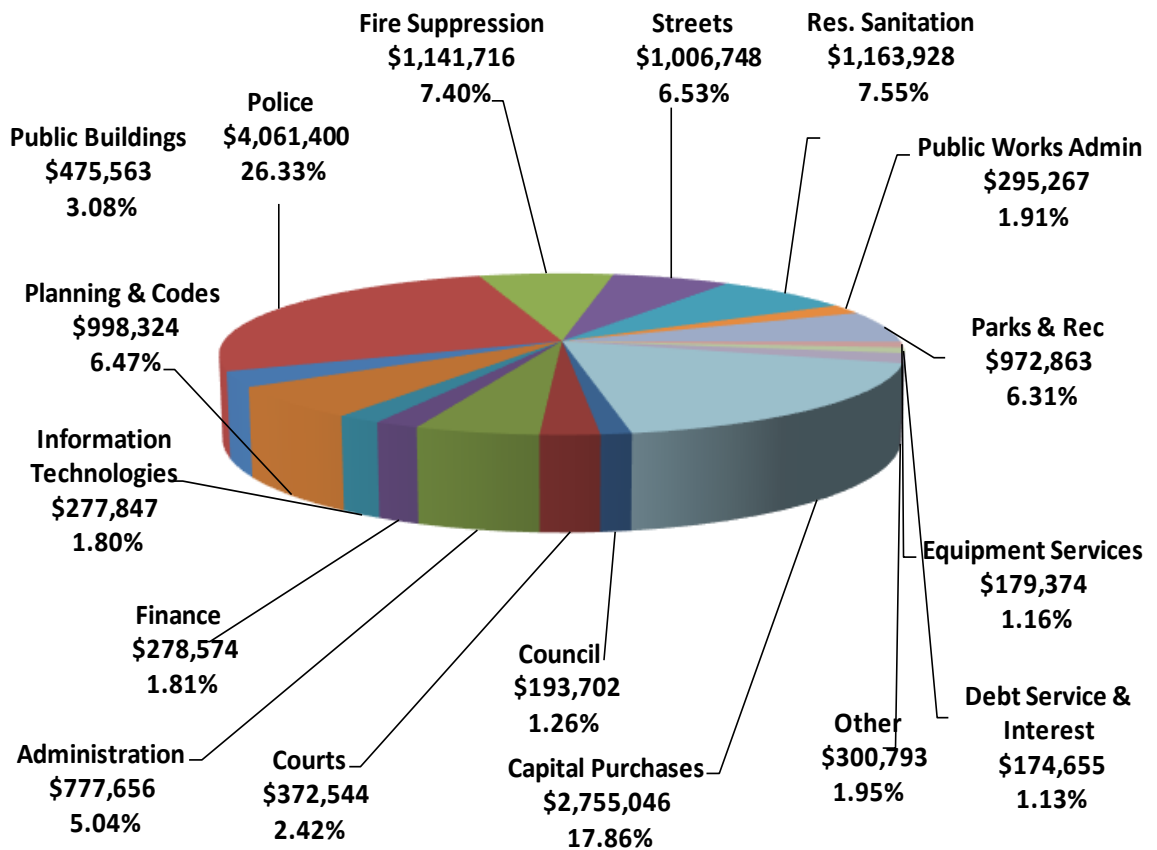


GENERAL FUND EXPENDITURES

FUNCTION	2018/19 FORECAST	2019/20 APPROVED
COUNCIL	185,150	193,702
MUNICIPAL COURT	345,944	372,544
ADMINISTRATION	727,015	777,656
FINANCE	284,555	278,574
INFORMATION TECHNOLOGY SERVICES	259,811	277,847
PLANNING & CODES ADMINISTRATION	921,913	998,324
PUBLIC BUILDINGS	445,125	475,563
POLICE	3,729,870	4,061,400
FIRE SUPPRESSION	1,050,207	1,141,716
STREETS	1,338,568	1,006,748
RESIDENTIAL SANITATION	1,152,331	1,163,928
PUBLIC WORKS ADMINISTRATION	285,353	295,267
PARKS & RECREATION	927,201	972,863
EQUIPMENT SERVICES	170,164	179,374
DEBT SERVICE PRINCIPAL & INTEREST	289,065	174,655
OTHER EXPENDITURES	288,931	300,793
CAPTAL PURCHASES	592,950	2,755,046
TOTAL OPERATING EXPENDITURES	12,994,153	15,426,000

GENERAL FUND TOTAL FY 2019/20 EXPENDITURES

\$15,426,000



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 78.8 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 2019 tax rates)

• Pickens County School District - Bonds	54.0 mills	Owner-
• Pickens County School Operations	108.9 mills	Occupied
• Pickens County Government	56.1 mills	home
• Pickens County Library System	5.9 mills	exempt from
• Tri-County Technical College	2.4 mills	school operations
• City of Clemson	<u>78.8 mills</u>	tax

Total Property Tax Rate on a City of Clemson owner occupied property: 197.2 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 97.00 per \$100,000 market value of your property. The County LOST Credit is \$102.20 per \$100,000 market value of your property. Both of these credits are subtracted from the total tax bill.

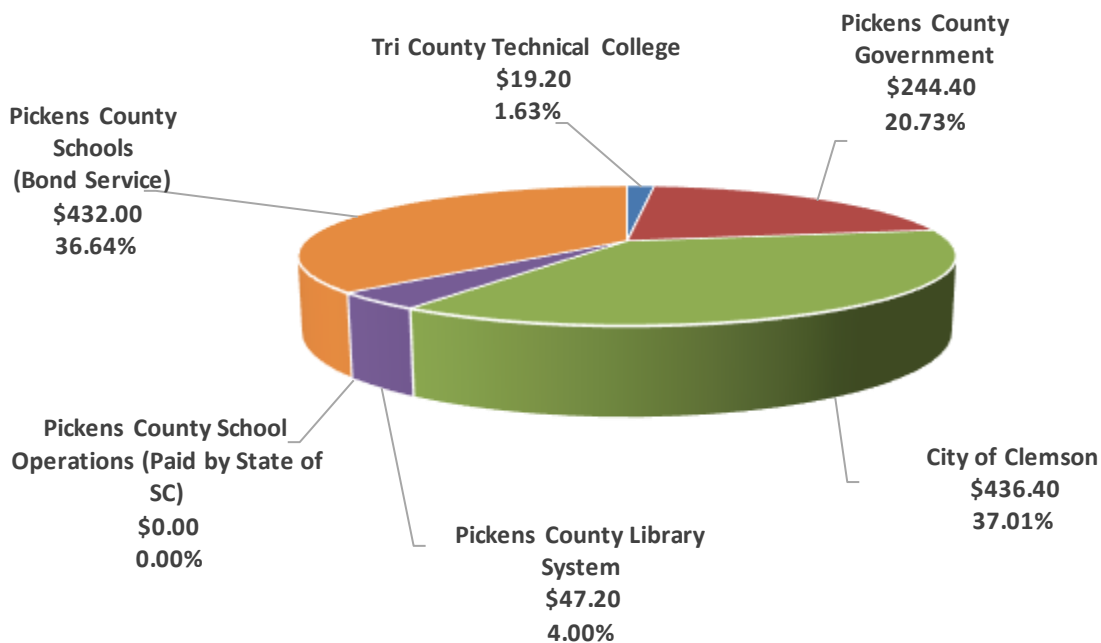
The chart below illustrates the calculation of a sample property tax bill for the City of Clemson portion of an owner-occupied home, valued at \$200,000. In this example, the City Property Tax Bill would be \$436.40 for the year. The total tax bill for this home would be \$1,179.20 for the year. When 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)

\$1,179.20



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 Market Value of your Home.	Market Value = \$200,000
• To compute the Assessed Valuation multiply the Market Value by 4%.	\$200,000 x .04 = \$8,000
• To compute your Property Tax Bill , multiply the Assessed Valuation by a levy rate of 78.8 mills.	\$8,000 x .0788 = \$630.40
• To determine your Local Option Sales Tax Credit , multiply your Market Value by the Credit Factor of .00097.	\$200,000 x .00097 = \$194.00
• To determine your Net City Tax Liability , subtract the Local Option Sales Tax credit from the Property Tax Credit.	\$630.40 - \$194.00 = \$436.40
• To find your Monthly Tax expense For city Services, take your Net City Tax Liability and divide by 12.	\$436.40/12 = \$36.37

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 \$36.37 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 \$2.30 gallon costs \$36.80.
- 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 or higher 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 11/14/2019