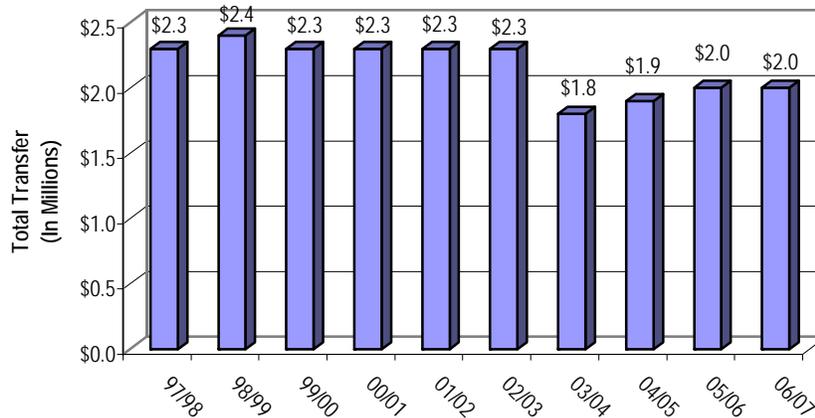




General Fund Expenditure Observations

City Departments continue to aggressively control costs; however, this has not reduced the dependency of the General Fund departments on the Enterprise Funds transfer. Due to little or no increase in tax rates for the last 10 fiscal years, the City has been forced to increase the usage of enterprise funding. (The decrease in FY 2003/2004 is a result of the creation of General Fund cost distributions. The enterprise fund transfers were decreased by the amount that was identified and accounted for through the cost distributions.)

Budgeted Transfers to the General Fund 10 Fiscal Years



In Fiscal Year 2006/2007, the City saw significant increases in several areas. They are as follows:

Workers Compensation-South Carolina Municipal Insurance Trust's overall adjustment for FY 2006/2007 is an increase of 15%. This is necessary due to medical costs, commissioner's opinions, Second Injury Fund assessments, court rulings, and reinsurance cost.

Health Claims Costs-Health Claims Costs per employee are projected to be approximately 11% higher for FY 2006/2007. This is primarily due to a substantial increase in health claims for FY 2005/2006. The FY 2005/2006 health claims costs, which are well above our base line costs, have increased the amounts projected by our forecast model for FY 2006/2007.

Fuel Costs-Fuel costs are projected to be approximately 13% higher for FY 2006/2007 compared to the FY 2005/2006 Budget.



Governmental Funds Expenditure Summary

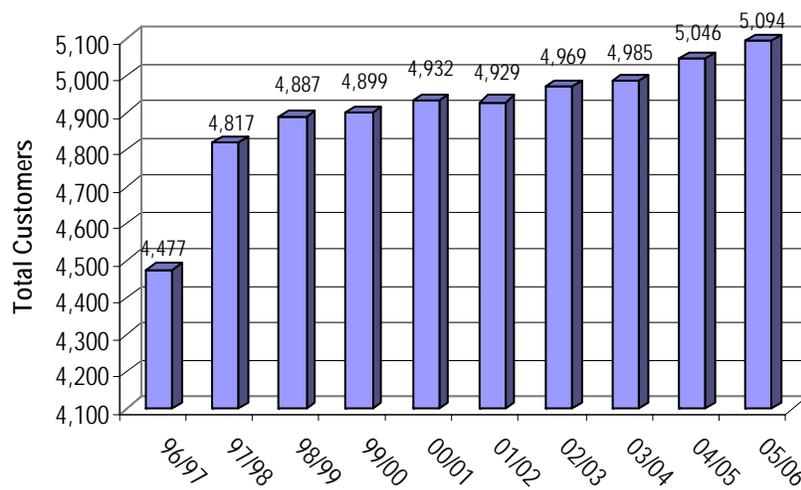
	FY03/04 Actual	FY04/05 Actual	FY 05/06 Amended	FY 05/06 Projected	Council Approved
0010 General Fund					
Personal Services	\$5,565,966	\$5,280,489	\$5,613,925	\$5,625,544	\$6,605,251
Supplies	216,301	205,505	197,301	247,490	289,000
Other Services & Charges	1,438,847	2,564,114	2,109,531	1,860,401	2,896,210
Other Objects	170,292	(70,888)	(58,980)	2,724	(1,162,390)
Capital Outlay	355,992	28,845	1,875,395	1,645,825	810,775
Total General Fund	\$7,747,398	\$8,008,065	\$9,737,172	\$9,381,984	\$9,438,846
0020 State Accommodations Tax					
Other Services & Charges	\$48,424	\$47,146	\$49,000	\$38,670	\$56,100
Other Objects	27,561	26,958	27,750	27,700	27,750
Total State Accommodations Tax	\$75,985	\$74,104	\$76,750	\$66,370	\$83,850
0022 Local Hospitality/ATax					
Personal Services	\$-	\$-	\$-	\$-	\$11,000
Other Services & Charges	173,590	201,817	237,287	245,685	75,070
Other Objects	291,000	346,000	351,322	351,322	436,610
Capital Outlay	-	92,620	654,000	7,395	706,153
Total Local Hospitality/ATax	\$464,590	\$640,437	\$1,242,609	\$604,402	\$1,228,833
0060 Comm Dev-Old Prog Income					
Other Objects	\$4,466	\$-	\$3,121	\$-	\$3,122
Total Comm Dev-Old Prog Income	\$4,466	\$-	\$3,121	\$-	\$3,122
0063 Comm Dev-West End Rehab					
Other Objects	\$-	\$-	\$4,730	\$-	\$6,509
Total Comm Dev-West End Rehab	\$-	\$-	\$4,730	\$-	\$6,509
0086 Seized and Forfeited					
Supplies	\$16,618	\$5,231	\$5,500	\$10,500	\$7,000
Other Services & Charges	17,430	9,031	15,200	11,225	12,700
Capital Outlay	23,338	-	20,000	18,000	-
Total Seized and Forfeited	\$57,386	\$14,262	\$40,700	\$39,725	\$19,700



Proprietary Funds Expense Observations

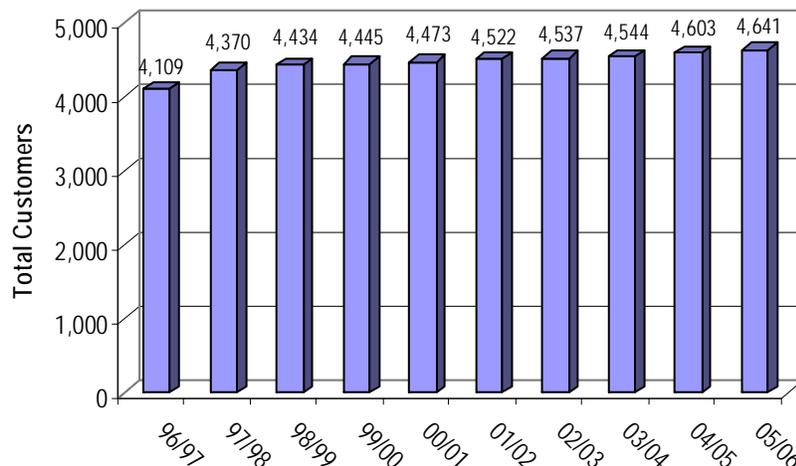
In the electric system, there are several factors that have had an obvious impact on the expense side. The most predominate factor is the rising cost of fuel, which increases our cost of purchased power. Another factor driving increased expenses is customer growth. Additional expenses are generated in the provision of electric service to new customers, particularly commercial and industrial customers. Providing service to several underground subdivisions which will be under construction in the next couple of years will require higher than normal capital expenses.

Number of Customers-Electric System-10 Fiscal years



Growth in water customers continued to be small but steady in FY 2005/2006. This is projected to continue as the City continues to expand its water system to accommodate growth for new customers within the existing City limits, and for customers associated with newly developed areas. The upcoming South Island Project will provide approximately 195 new customers. With these customers will come the associated costs of supplying more water.

Number of Customers-Water System-10 Fiscal Years

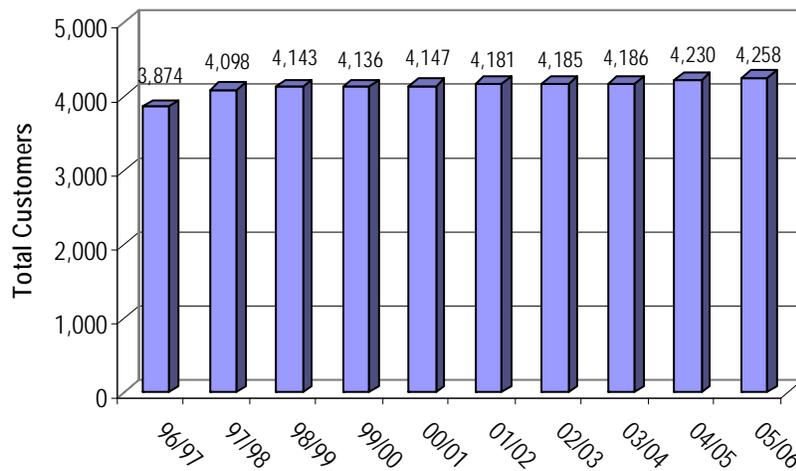




Proprietary Funds Expense Observations (continued)

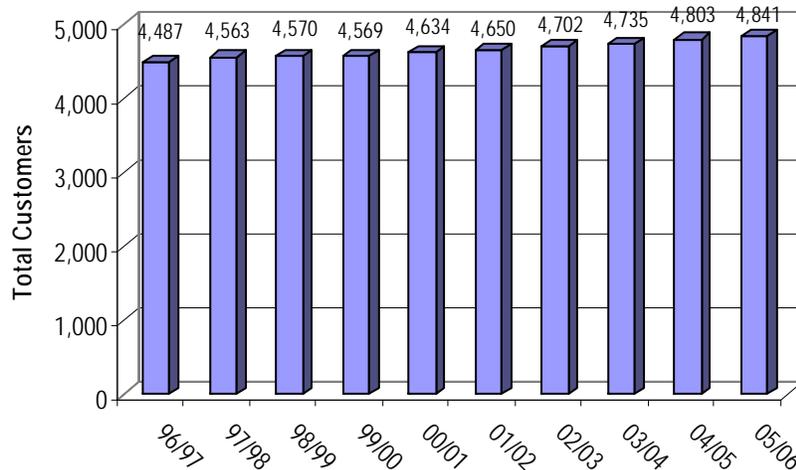
Growth in sewer customers also continued to show small but steady growth in FY 2005/2006. This is projected to continue at this same rate as development within the City limit increases. New customers will bring the associated costs of supplying more sewer service and any other additional expenditure increases are attributable to existing infrastructure replacement.

Number of Customers-Wastewater System-10 Fiscal Years



Although new customer growth was minimal in the years following the establishment of the Stormwater System (1993), the last several years have proven to be more progressive. The major expenses in this fund are related to the start of a significant drainage project. This involves the construction of a stormwater pump station, in addition to major upgrades to portions of the existing system.

Number of Customers-Stormwater System-10 Fiscal Years

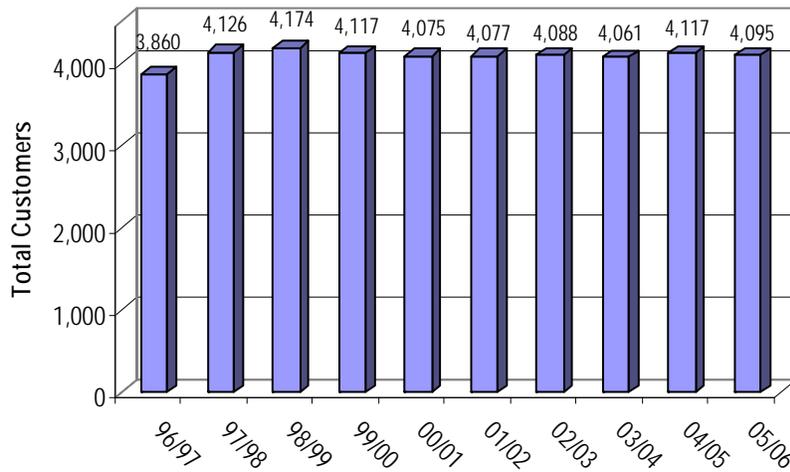




Proprietary Funds Expense Observations (continued)

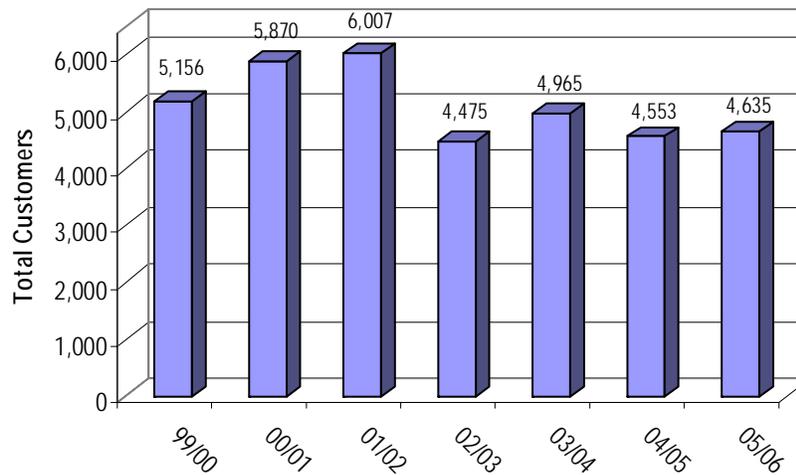
Growth in sanitation customers has fluctuated mildly over the last 10 fiscal years, with a deviation from the mean number of customer during the last 9 years being less than 1.75%. The majority of the expenses in this fund are related to maintenance of equipment.

Number of Customers-Waste Management-10 Fiscal Years



Lastly, the number of visitors to the Kaminski House in FY 2005/2006 increased from the previous year. Because the number of customers is tourism dependent you sometimes see significant variations from year to year. The majority of expenses incurred are for program development, advertising, and building and ground maintenance.

Number of Visitors-Kaminski House Museum-7 Fiscal Years*



*Data related to number of visitors not available prior to FY 1999/2000.



Proprietary Funds Expense Summary

	FY03/04 Actual	FY04/05 Actual	FY 05/06 Amended	FY 05/06 Projected	Council Approved
0027 Kaminski House Museum					
Personal Services	\$154,911	\$156,592	\$175,021	\$172,618	\$189,205
Supplies	4,141	5,141	8,175	6,575	8,025
Other Services & Charges	66,784	79,995	74,027	73,594	62,365
Other Objects	53,421	52,022	50,320	53,456	56,993
Capital Outlay	-	-	-	-	-
Total Kaminski House Museum	<u>\$279,257</u>	<u>\$293,750</u>	<u>\$307,543</u>	<u>\$306,243</u>	<u>\$316,588</u>
0030 Electric Utility Fund					
Personal Services	\$1,068,239	\$1,118,399	\$1,183,175	\$1,156,218	\$1,407,790
Supplies	6,417,608	7,066,468	7,189,400	7,709,757	7,669,230
Other Services & Charges	771,924	788,740	1,051,489	925,649	1,039,582
Other Objects	1,862,374	2,567,176	4,269,765	4,274,997	2,171,332
Capital Outlay	-	-	-	-	-
Total Electric Utility Fund	<u>\$10,120,145</u>	<u>\$11,540,783</u>	<u>\$13,693,829</u>	<u>\$14,066,621</u>	<u>\$12,287,934</u>
0031 Water Fund					
Personal Services	\$633,023	\$614,279	\$680,004	\$509,883	\$769,670
Supplies	321,229	342,585	356,100	373,853	393,500
Other Services & Charges	759,962	747,885	964,066	935,223	1,042,719
Other Objects	378,511	385,268	417,970	422,481	349,230
Inter-Dept. Allocations	(160,707)	(149,654)	(168,059)	(118,959)	(259,456)
Capital Outlay	-	-	-	-	-
Total Water Fund	<u>\$1,932,018</u>	<u>\$1,940,363</u>	<u>\$2,250,081</u>	<u>\$2,122,481</u>	<u>\$2,295,663</u>
0032 Wastewater Utility Fund					
Personal Services	\$413,680	\$425,365	\$545,290	\$463,985	\$595,830
Supplies	81,788	96,135	90,735	97,443	109,800
Other Services & Charges	1,375,415	1,605,955	1,661,717	1,684,546	1,725,782
Other Objects	617,994	643,867	636,620	710,645	682,868
Inter-Dept. Allocations	133,924	124,712	140,050	140,050	215,492
Capital Outlay	-	-	-	-	-
Total Wastewater Utility Fund	<u>\$2,622,801</u>	<u>\$2,896,034</u>	<u>\$3,074,412</u>	<u>\$3,096,669</u>	<u>\$3,329,772</u>



Proprietary Funds Expense Summary (continued)

	FY03/04 Actual	FY04/05 Actual	FY 05/06 Amended	FY 05/06 Projected	Council Approved
0033 Stormwater Utility Fund					
Personal Services	\$181,041	\$201,187	\$223,545	\$225,960	\$271,340
Supplies	16,464	10,635	12,425	14,328	18,700
Other Services & Charges	178,505	217,779	237,364	232,716	296,768
Other Objects	40,808	42,434	42,854	41,854	19,387
Inter-Dept. Allocations	26,784	24,942	28,010	28,010	43,098
Capital Outlay	-	-	-	-	-
Total Stormwater Utility Fund	<u>\$443,602</u>	<u>\$496,977</u>	<u>\$544,198</u>	<u>\$542,868</u>	<u>\$649,293</u>
0035 Waste Management Fund					
Personal Services	\$764,541	\$747,471	\$816,754	\$783,630	\$709,135
Supplies	11,513	12,985	12,147	17,144	14,656
Other Services & Charges	475,395	488,998	507,550	442,922	514,947
Other Objects	167,104	166,837	179,311	162,724	185,804
Capital Outlay	-	-	-	-	-
Total Waste Management Fund	<u>\$1,418,553</u>	<u>\$1,416,291</u>	<u>\$1,515,762</u>	<u>\$1,406,420</u>	<u>\$1,424,542</u>
0040 Fleet Services Fund					
Personal Services	\$176,720	\$168,829	\$191,380	\$181,398	\$-
Supplies	6,744	6,789	6,500	3,100	-
Other Services & Charges	41,236	43,785	51,197	46,126	-
Other Objects	8,148	9,415	9,140	9,713	-
Capital Outlay	-	-	-	-	-
Total Fleet Services Fund	<u>\$232,848</u>	<u>\$228,818</u>	<u>\$258,217</u>	<u>\$240,337</u>	<u>\$-</u>
0041 Engineering Services					
Personal Services	\$115,924	\$102,315	\$112,165	\$108,901	\$-
Supplies	1,434	963	2,000	1,500	-
Other Services & Charges	17,853	17,314	17,064	18,049	-
Other Objects	6,534	5,013	6,728	7,531	-
Total Engineering Services	<u>\$141,745</u>	<u>\$125,605</u>	<u>\$137,957</u>	<u>\$135,981</u>	<u>\$-</u>
0042 Information Tech Services					
Personal Services	\$121,226	\$139,095	\$146,260	\$155,360	\$-
Supplies	42,948	5,541	4,050	161,195	-
Other Services & Charges	303,301	301,171	427,358	435,464	-
Other Objects	(245,465)	(197,169)	(274,303)	(372,337)	-
Capital Outlay	-	-	-	-	-
Total Information Tech Services	<u>\$222,010</u>	<u>\$248,638</u>	<u>\$303,365</u>	<u>\$379,682</u>	<u>\$-</u>

