



Annual Budget

Fiscal Year 2009-2010

July 1, 2009 Through June 30, 2010

Annual Budget

Fiscal Year 2009/2010 Approved

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Georgetown
South Carolina**

For the Fiscal Year Beginning

July 1, 2008

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to City of Georgetown, South Carolina for its annual budget for the fiscal year beginning July 1, 2008. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

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Principal City Officials

CITY COUNCIL

Mayor Lynn Wood Wilson
Brendon M Barber, Sr, Mayor Pro-Tempore
Jack M Scoville Jr, Councilmember
Paige B Sawyer, III, Councilmember
Clarence C Smalls, Councilmember
Rudolph A Bradley, Councilmember
Peggy P Wayne, Councilmember

MANAGEMENT TEAM

Christopher D Eldridge, City Administrator
Ann U Mercer, CMC, City Clerk
Vacant, Director of Planning and Development
Jessica H Miller, CGFO, Director of Finance
Kevin S Rapps, MCSE, CCNA, Network Administrator
Paul A Gardner, Chief of Police
Joseph K Tanner, Fire Chief
Sterling J Geathers, Director of Public Works/Streets/Solid Waste
Glen D Dixon, Fleet Superintendent
V Lane Mixon, Director of Public Water Utilities
Alan J Loveless, Director of Electric Utilities
Cynthia E Kinder, Kaminski House Museum Curator
Keith R Wilson, Executive Director of Keep Georgetown Beautiful
Elise F Crosby, City Attorney
Robert W Maring, City Prosecutor
Robert H O'Donnell, City Judge

A Welcome to Our Readers

The budget process serves three essential purposes: 1) to set public policy, 2) to act as a legislative control on taxing and spending by the executive branch, and 3) to serve as a financial tool. This process is the plan for the financial future of the entity, one that evaluates choices. These choices are responsible for ensuring that its inflows of resources will be adequate to meet its needs, both calculated and uncalculated. The budget represents the realistic representation of legislative policy setting in the form of specific funding decisions. This legislative policy of specific funding decisions is then used to exercise taxing and spending power through the approval of the annual operating budget.

Although we are aware that there are always ways to improve our financial decision-making, we aim to progress continually. This document is the written illustration of our attempt to take objectives and goals of our elected officials and the citizens that they represent, and compile financial guidelines under which we dictate fiscal management.

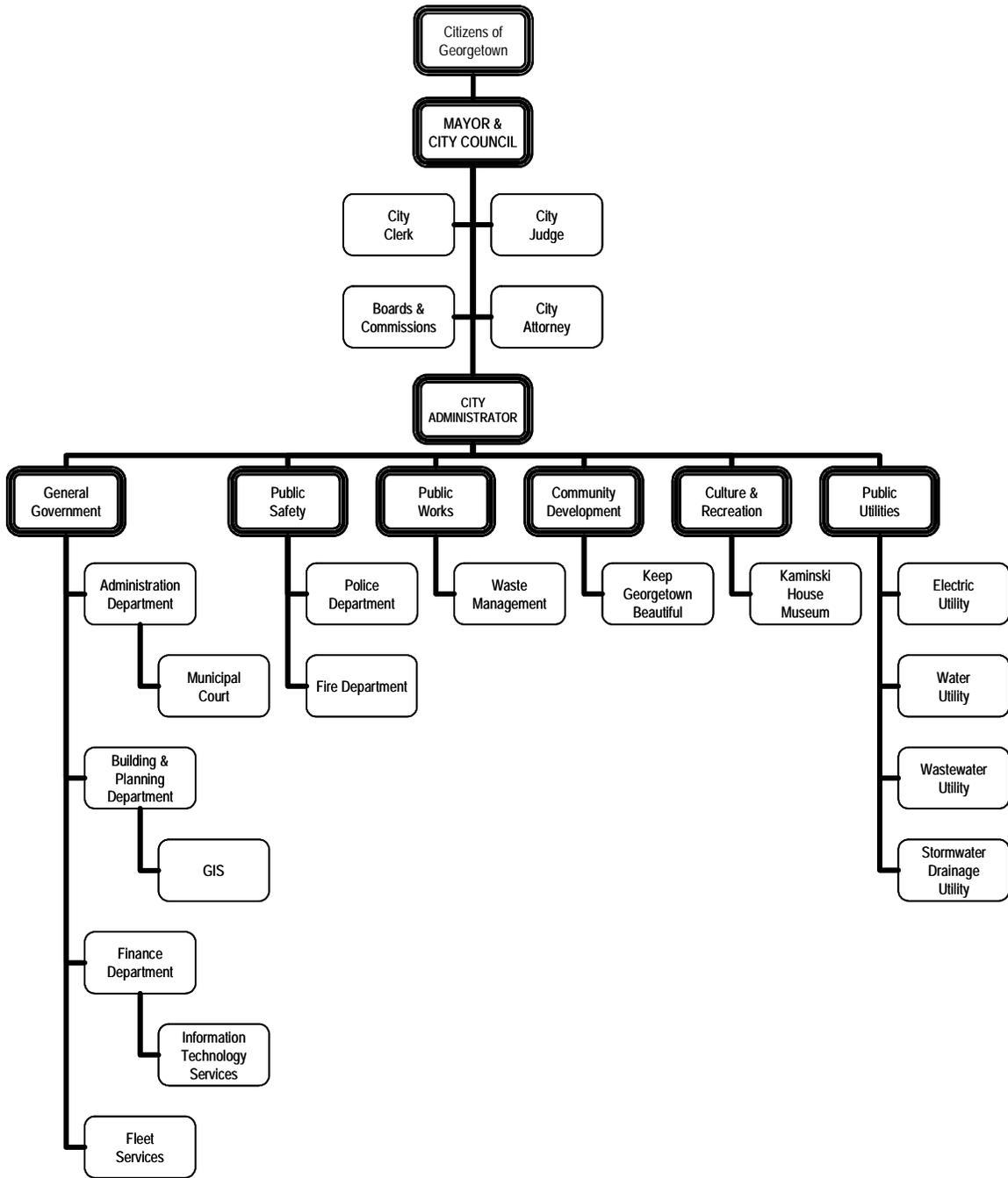
We invite all constructive comments as to how we can refine and improve our process so that it most meets the needs of our citizens and this great City. Comments or inquiries may be addressed to:

City of Georgetown
Finance Department
PO Drawer 939
Georgetown, SC 29442
Phone 843.545.4043
Fax 843.546.5435
jmiller@cogsc.com



Jessica H Miller, CGFO
Director of Finance

Table of Organization



City Administrator's Budget Message



July 1, 2009

The Honorable Lynn Wood Wilson, Mayor
Members of City Council
City of Georgetown, South Carolina

Dear Mayor and Members of City Council:

I am pleased to present to you the approved Fiscal Year 2009/2010 Annual Budget which totals \$33,097,506. This document serves as a pivotal planning tool for the fiscal year beginning July 1, 2009 and represents our constant dedication to provide outstanding services to our residents, businesses, and visitors. The hard work that advanced the planning presented here started months ago by City Council, the City Management team, and City staff.

In 2003 the City Council committed to six strategic initiatives that have set the course for management policy and the efforts of staff. These provide a foundation for resource planning and organization in the budget process. As we continually strive to refine and polish our budget process we have forged a renewed effort to evaluate the critical needs of all department requests on how they align with the strategic initiatives.

We are pleased to report that although much work remains, progress has been made toward acknowledging and pursuing the goals that you, our elected officials, have provided for us. The budget supports the direction of the City as outlined in the following strategic initiatives:

Strategic Initiatives

Improve Recreation. The City intends to establish a high quality of life by continuing to provide for the diverse recreation needs of all City residents. This includes providing active and passive recreation areas for City residents in addition to working with state and local agencies to develop new areas for recreation use.

Cleaner Environment. The City intends to establish a balance between development and the environment to protect the beauty and natural resources of the City of Georgetown.

City Administrator's Budget Message (continued)

Economic Development. The City intends to effectively manage growth through the implementation of the land use plan, zoning, and other development ordinances and building codes to promote high quality of life and a positive business climate.

Safe Environment. The City intends to deliver criminal justice, fire, and hometown security services to the citizens of Georgetown to ensure safety, security, and progress toward making Georgetown the safest City of its size in South Carolina.

Residential and Commercial Growth. The City intends to pursue annexation of property near the City limits in an effort to strengthen the City's role as a place for economic activity through job creation, business location and expansion, and redevelopment and tourism.

Infrastructure. The City recognizes the importance of developing and implementing strategies that will provide additional revenue that can be used – in part – for infrastructure development, maintenance, or improvement.

These initiatives are supported by goals, objectives, accomplishments, and performance measures outlined throughout specific sections in this document. Our department staff has been evaluated and is managed through objectives and performance measures that link to those of the organization as a whole. FY 2006/2007 was the first year that the City of Georgetown attempted to establish and maintain these objectives and performance measures. Much was invested in the creation and commitment to these and the results are detailed well.

Budget Summary

The Fiscal Year 2009/2010 approved balanced budget totals \$33,097,506, an increase of 8.5% from last fiscal year. The General Fund expenditures total \$8,864,827, an increase of \$383,111 or 4.5%. There are many fiscal pressures on the General Fund, however through prudent fiscal management the City has been able to keep expenditure increases as a whole to a minimum, despite extreme pricing pressures on fuel and energy costs and the ever growing cost of providing employee benefits.

The Utility Enterprise Fund expenses total \$21,026,019, an increase of 5.3%. Among many fiscal pressures on the Utility Enterprise Funds, the most costly are the increased costs of purchased power due to the rising cost of fuel, increased operating costs in the Regional Wastewater Treatment Facility due to proper management and extreme chemical expenses, and the increased personnel expenses due to the ever growing cost of health care. The varied approaches taken in the FY 2009/2010 to mitigate these increases include reduction in personnel, energy conservation initiatives and process changes.

City Administrator's Budget Message (continued)

Fund Balance Policy

Staff has followed the direction of Council in establishing a fund balance policy which, over time, has provided an increased General Fund Unreserved Fund Balance to help mitigate future unforeseen financial conditions, meet cash-flow needs, and ensure financial stability. In addition, rating agencies favor increased levels of unreserved fund balance and the City will benefit from enhanced creditworthiness. The General Fund Unreserved Fund Balance for the beginning of FY 2009/2010 is projected at \$4.6 million. This is an increase of 4% from the FY 2008/2009 beginning balance.

Decreased Staffing Levels for Fiscal Year 2009/2010

The 2009/2010 Budget includes 9.5 fewer funded full-time positions than budgeted in 2008/2009. The City was able to reduce staffing through improving work processes, updating equipment, and utilizing existing staff. These reductions account for a combined budget savings of \$405,187. The following positions were not funded: Administration Administrative Assistant, Zoning Administrator, Director of Development, Museum Curator, Museum Administrative Assistant, Electric Utility Services Superintendent, Water General Field Services Superintendent, and a Wastewater Facilities Maintenance Technician.

Further detail on positions is available in the Personnel section.

Cost-Saving and Revenue-Generating Projects

The Management Team made a commitment at our 2008 Council Retreat to explore innovative ideas to pursue self-supporting Enterprise Funds, either through increased revenue or tighter cost control. Since that time, these are the areas that we have restructured and will begin implementing our new ideas.

Waste Management. An evaluation of the Commercial Sanitation Collection operations resulted in a proposed transition to outsourcing this service. In addition, the City discontinued its contractual arrangement for the provision of recycling services. It is undetermined at this time if the City will continue to provide curbside recycling, however, if so we will utilize existing staff to perform the function.

The focus of the last two budget years has somewhat differed from years past. With new concentration being placed on Enterprise Fund management, we have been able to not only create cost savings due to more efficient operations, but also decrease recurring transfers from the General Fund to the Enterprise Funds. This has significantly decreased some fiscal stressors in the General Fund and allowed us to maintain and not increase transfers to the General Fund from the Enterprise Funds. The total transfer to the General Fund from the Enterprise funds is \$1,400,000 and comes from the Electric Utility Fund.

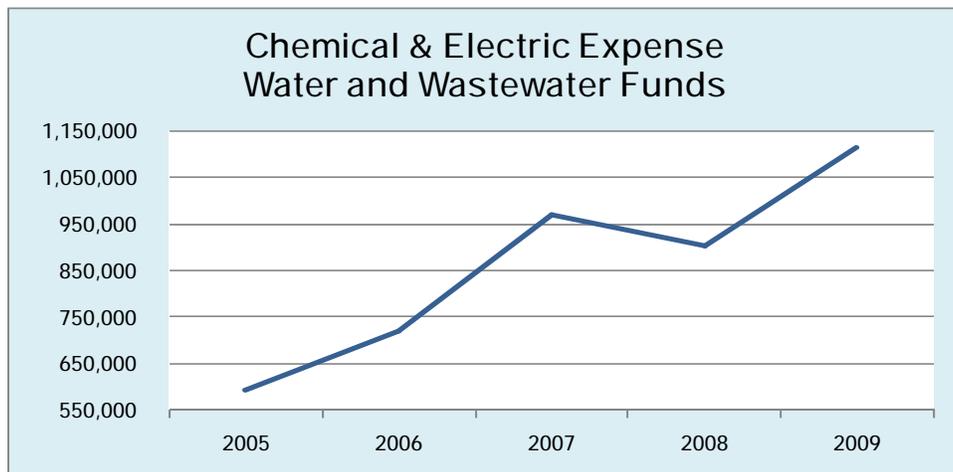
City Administrator's Budget Message (continued)

The cost-savings and revenue-enhancing projects will increase and continue to be prioritized each Fiscal Year. We hope to create an atmosphere where all employees are aware of prudent management of public funds, no matter what the process is.

Cost to Serve/Rate Increases

Our budget process for FY 2009/2010 brings minimal rate increases to our citizens. Although we can't ensure that there will not be any in the next fiscal year, we are working hard every day to minimize those increases.

Although the adopted FY 2009/2010 budget does not include a tax increase, there is an increase in our water and wastewater rates. The increases are 12.9% and 15.9% respectively. This was a necessity due to the closure of Mittal Steel and the staggering increased cost of chemicals and electricity at both the Water Treatment Plant and Regional Wastewater Treatment Plant. City staff will continue to strive to minimize the increases proposed for next year.



Conclusion

This budget document details the financial and operational aspects of the City's vision, as directed by the Mayor and Council. I wish to extend my appreciation to our elected officials and staff for the many hours of work it takes to produce a sound fiscal plan, and for putting the vision into action every day.

Respectfully Submitted,

Christopher D Eldridge
City Administrator

Accomplishments

The City of Georgetown's departments utilize the guidelines set forth by our City Council when budgeting for actions and projects to be undertaken during the new budget year that may fall outside of the scope of normal day to day operations. The following items are a few examples of the City's accomplishments in each of the areas identified by council as primary concerns in Fiscal Year 2009/2010.

Improve Recreation

An engineering survey and complete inspection, including underwater, was performed on the entire Harborwalk boardwalk in preparation for the renovation to be completed in FY 2009/2010. Items requiring immediate attention were addressed.

The City has established, implemented, and is now maintaining a monthly parks and playground equipment safety inspection program. This provides our citizens, guests, and their children with the safest possible leisure activity locations. Several areas that need improvement were identified and new equipment was purchased and installed. Additional funds are appropriated for FY 2009/2010 to continue these improvements in Bayview Park and the Front Street tennis courts.

Economic Development

An overlay district was developed that established guidelines for the appearance and design of commercial establishments. This will make businesses within the City more attractive to their customers, and clarify City expectations so they are incorporated in the planning stages of new businesses.

An in depth analysis of the City's zoning ordinances was conducted, which led to updating, deletion, or addition of many of the ordinances. These changes will bring a heightened level of consistency to decisions made by the zoning department.

A new comprehensive plan study and design project was started. This plan will be instrumental in guiding the decisions made by the City so that they carry the maximum benefit for the future.

Safe Environment

A GIS mapping function was established that is charged with providing up to date locations and addresses of all homes and businesses within the service area of the City. This mapping will also include the location of all fire hydrants and the size of the servicing water line for each.

A study of the City's fire protection water system was continued during the last fiscal year in order to receive professional recommendations on improvements that need to be made to the infrastructure of this system. A plan is currently being drafted to identify all improvement areas so that we can ensure all needed improvements are addressed.

A series of town hall meetings are being held by our police department, in which citizens were able to voice their concerns and offer input on the progress being made in their communities. The meetings were a great opportunity for our officers to interact directly with the citizens and better their focus and efforts in each community.

Accomplishments (continued)

Cleaner Environment

A new side loading collection truck was purchased in Waste Management to aid in the efficient and timely removal of household garbage. This equipment will free up personnel in the department so that other needs in the City can be addressed.

The citizens and staff of the City participated in the annual Great American Cleanup again this year, with over 800 volunteers turning out during the course of the event. An annual "River Sweep" event was also conducted that has a remarkable impact on the appearance of the City's waterfront.

Residential and Commercial Growth

The City has recently annexed two new development tracts and is working closely with the project managers to ensure that their needs are met, as well as the City's. These new developments will add several hundred new homes to the City in the near future.

In addition to the newly annexed parcels, several other new housing developments have been started, some with houses already being constructed. In total, these developments will add over 1000 homes to the City. This is an unprecedented rate of growth for the City.

Infrastructure

Our Water and Wastewater Departments have been improving and adding to the City's infrastructure during the past year. They completed construction of a large lift station in Maryville as well as major upgrades and modifications to the Regional Wastewater Treatment Plant. Total construction costs were nearly \$1.2 million. They have also conducted a rigorous preventative maintenance program on the existing infrastructure, which includes flushing all lines and exercising main valves.

Budget Highlights

Fiscal Year 2009/2010 is sure to be a rewarding yet challenging year for the City of Georgetown. The City is poised to begin growing at levels that are unprecedented in its long history. This growth made preparing this budget with the goals set forth by our City Council paramount to the continued success of the efforts of the City to manage its resources, in the most beneficial means possible. The following are some of the highlights of the Fiscal Year 2009/2010 Budget.

Improve Recreation

The City has budgeted \$50,000 for repairs to our parks. These parks are used by our Citizens and guests to enjoy the beautiful scenery of our historic harbor and as public docking for watercraft. In addition, the budget includes \$300,000 in funding to completely resurface the City's Harborwalk, which is located on Front Street, and is one of the major attractions in the City.

The City has budgeted \$250,000 to begin the implementation of the East Bay and Morgan Parks redesign project. This will be a multi-phase project that will span several budget years. Plans include construction of a boardwalk through the marsh, an amphitheater and other improvements.

Cleaner Environment

The City will contract out the removal of abandoned boats from Goat Island, which lies in the harbor across from our waterfront business district.

The City will lead the effort again this year to try to make the annual Great American Cleanup project even more successful than ever before.

Economic Development

The comprehensive plan study and design project will be completed in FY 2009/2010. This plan will be instrumental in guiding the decisions made by the City so that they carry the maximum benefit for the future allocation of the City's economic resources.

City staff will redesign our permitting process with a goal of streamlining the entire permitting cycle, making it faster and easier to better meet the needs of the end user.

The City's Land Development Regulations are being reviewed in a workshop format, with input from both City Council and citizens. The goal of these workshops will be to transform the ordinance into a more useful tool for development.

Safe Environment

The City will purchase two (2) new fully equipped police patrol vehicles. This will give us a better presence on our roads and in our neighborhoods.

Budget Highlights (continued)

Also, metal detectors will be purchased and installed in our Municipal Court to ensure the safety of our judges and court officers, as well as the citizens participating in the judicial process.

Residential and Commercial Growth

The City will enhance its use of our newly implemented .Net Community Development Software Package in conjunction with our GIS function to assist the Building and Planning Department in managing the growth in the City.

The City will cease the commercial sanitation operation in FY 2009/2010. This will serve to both reduce the overall operating cost for the City while providing a lower cost method for waste removal for our businesses. Initial estimates indicate cost savings for businesses in excess of 25%.

Infrastructure

The Water Department will replace the clearwell storage facility roof and upgrade water lines in the Maryville area. The budget also includes funding for the construction of a new groundwater well.

Significant upgrades will be performed to the electric distribution system. They include, but are not limited to, system protection devices and overhead reconductoring.

The IT Department will complete recertification of our fiber ring in order to ensure continued city operations via our fiber system.

Budget Ordinance

AN ORDINANCE TO ADOPT A BUDGET AND RAISE REVENUE FOR THE CITY OF GEORGETOWN, SOUTH CAROLINA FOR THE FISCAL YEAR ENDING JUNE 30, 2010

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GEORGETOWN, SOUTH CAROLINA:

SECTION 1. That this Ordinance was adopted by the Georgetown City Council by a positive majority vote.

SECTION 2. That this Ordinance is enacted in order to comply with Section 6-1-320 of the South Carolina Code, 1976 (as amended), following public notice of a public hearing and meeting held on June 18, 2009, at 5:00 pm in the City of Georgetown Council Chambers with public input duly noted.

SECTION 3. That the proposed budget with proposed estimated revenue for payment thereof, as prepared and as contained in and shown by an archived copy on file in the office of the Municipal Clerk, and available for public inspection, which copy is incorporated herein by reference, is hereby adopted and made a part hereof. The budget as shown therein is balanced as to receipts and disbursements in the total sum of \$33,097,506. A schedule of "Revenues Versus Expenses by Fund" is attached to this ordinance.

SECTION 4. That for the fiscal year 2009/2010, a tax of 98.5 mills (\$.985 per \$1,000 - .870 operating and .115 debt) upon every dollar of the value of all taxable property, real and personal, within the corporate limits of the City of Georgetown be and the same is hereby imposed and levied for the purposes of: (1) defraying the ordinary current expenses of the government of the City of Georgetown for the year 2009/2010; (2) paying the floating indebtedness of said City, if any, during the year 2009/2010; (3) paying interest on the indebtedness of the City of Georgetown, past due or that may become due during the year 2009/2010; provided, however, that pursuant to the provisions of S.C. Code of 1976, Section 12-37-2640, the millage applied by the County Auditor in calculating taxes on motor vehicles licensed during 2009/2010 shall be the millage applicable to other taxable property within the City (i.e., .985 mills).

SECTION 5. That to facilitate operations, there shall be established and maintained a General Fund, Enterprise Funds, and other appropriate funds, in such amounts as are provided for in the budget aforesaid, as hereby adopted or as hereafter modified pursuant to law.

SECTION 6. That the City Administrator is hereby authorized to administer the budget and to transfer appropriations within and between departments of each fund if necessary to achieve the goals of the budget. However, no such transfer shall (a) be made from one fund to another fund established pursuant to Section (2) above, or (b) conflict with any previously adopted policy of the City Council. Any change in the budget which would increase or decrease the total of all authorized expenditures must be approved by City Council.

Budget Ordinance (continued)

SECTION 7. That if any phrase, clause, sentence, paragraph or section of this Ordinance shall be declared unconstitutional by valid judgment or decree of any Court of competent jurisdiction, such unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs or sections of this Ordinance, which remaining parts shall be considered as severable and shall continue in full force and effect.

SECTION 8. That this ordinance shall take effect, following its first and second reading and adoption, in the manner required by law, effective as of and from July 1, 2009, and shall continue in effect during the next twelve (12) months of the fiscal year 2009/2010.

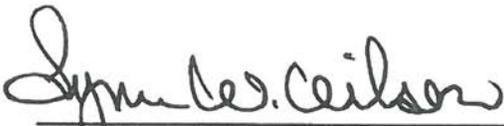
SECTION 9. In the event that unforeseen expenditures become necessary during the budget year, and such expenditures would cause appropriations of a fund to be exceeded in total, an ordinance amending the original budget will be necessary to appropriate additional funds.

PASSED by City Council duly assembled this 18th day of June, 2009.

ATTEST:



Ann U Mercer, City Clerk



Lynk Wood Wilson, Mayor

Clarence C Smalls, Councilmember

Brendon M Barber, Sr, Mayor Pro Tem

Jack M Scoville, Jr, Councilmember

Rudolph A Bradley, Councilmember

Peggy P Wayne, Councilmember

Paige B Sawyer, III, Councilmember

First Reading: 10 June 2009
Second Reading: 18 June 2009

Approved as to Form:


Elise F Crosby, City Attorney

Revenue versus Expenses by Fund

<u>General Fund</u>		<u>Seized and Forfeited</u>	
Revenues	\$8,864,828	Revenues	\$50,300
Expenses	8,864,828	Expenses	50,300
Net Difference	<u>\$0</u>	Net Difference	<u>\$0</u>
 <u>Debt Service Fund</u>		 <u>Electric Utility Fund</u>	
Revenues	\$428,470	Revenues	\$14,078,850
Expenses	428,470	Expenses	14,078,850
Net Difference	<u>\$0</u>	Net Difference	<u>\$0</u>
 <u>Federal Grant Fund</u>		 <u>Water Utility Fund</u>	
Revenues	\$926,707	Revenues	\$2,057,285
Expenses	926,707	Expenses	2,057,285
Net Difference	<u>\$0</u>	Net Difference	<u>\$0</u>
 <u>State and Local Grants Fund</u>		 <u>Wastewater Utility Fund</u>	
Revenues	\$2,000	Revenues	\$3,101,867
Expenses	2,000	Expenses	3,101,867
Net Difference	<u>\$0</u>	Net Difference	<u>\$0</u>
 <u>State Accommodations Tax</u>		 <u>Stormwater Utility Fund</u>	
Revenues	\$84,150	Revenues	\$597,308
Expenses	84,150	Expenses	597,308
Net Difference	<u>\$0</u>	Net Difference	<u>\$0</u>
 <u>Local A-Tax/Hospitality</u>		 <u>Waste Management</u>	
Revenues	\$1,311,452	Revenues	\$1,190,710
Expenses	1,311,452	Expenses	1,190,710
Net Difference	<u>\$0</u>	Net Difference	<u>\$0</u>
 <u>Community Development</u>		 <u>Winyah Auditorium</u>	
Revenues	\$12,299	Revenues	\$391,280
Expenses	12,299	Expenses	391,280
Net Difference	<u>\$0</u>	Net Difference	<u>\$0</u>

Budget Policies and Procedures

Description of Reporting Entity

The City of Georgetown, South Carolina, operates under the Mayor-Council form of government in accordance with Home Rule Act Number 283 and offers services as provided for in the Act. Those services by functional category include general government, public safety, public works, and community development. The City also owns and operates its own electric, water, wastewater, and stormwater drainage service utilities, as well as the Kaminski House Museum.

Basis of Presentation, Measurement Focus, and Basis of Accounting

The City uses the same type of "fund accounting" to budget and to account for its operations and activities. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions.

Annual budgets are adopted for all funds on a basis consistent with generally accepted accounting principles (GAAP). A description of the fund types utilized by the City and the applicable measurement focus and basis of accounting of each follows.

Governmental Funds - Governmental funds are those used to account for the City's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within 60 days after the year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The primary sources of governmental revenue considered susceptible to accrual are charges for services, reimbursement type grants, interest, and other miscellaneous sources when their receipt occurs within 60 days after the City's year-end. Governmental funds of the City include the following fund types:

General Fund - The general fund is the general operating fund of the City. It's used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes. The City uses the following special revenue funds:

Budget Policies and Procedures (continued)

- State Accommodations Tax Fund
- Local Accommodations & Hospitality Fund
- Community Development Fund
- Seized & Forfeited Property Fund
- Federal Grants Fund
- State/Local Grants Fund
- Winyah Auditorium Fund

Proprietary Funds - Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds of the City include the following fund types:

Enterprise Funds – Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriated for capital maintenance, public policy, or management control, accountability, or other purposes. The City uses the following enterprise funds:

- Electric Utility Fund
- Water Utility Fund
- Wastewater Utility Fund
- Stormwater Utility Fund
- Waste Management Fund

Budget Policies

The City employs formal budgetary integration in its accounting system as a management control device. Expenditures may not exceed the budgeted appropriations at the fund level. The City Administrator is authorized to transfer budgeted amounts between departments within any fund and department heads may make budget transfers within their departments with the approval of the City Administrator. However, transfers of appropriations between funds and all supplemental appropriations must be approved by City Council. The legal level of control is therefore at the fund level.

Encumbrance accounting is utilized in all governmental funds. Under encumbrance accounting, purchase orders, contracts, and other commitments for the expenditure of money are recorded in order to reserve that portion of the applicable appropriation.

The City recognizes the benefits of utilizing public funds in a prudent manner in order to provide adequate working capital in the event of emergencies or other unexpected economic events, and to reduce the need for short-term borrowing. City Council has adopted a fund balance policy, which endeavors to maintain an unreserved fund balance in the General Fund in an amount equal to at least two month's normal General Fund operating expenditures, excluding capital outlay. The City designates this target amount, which approximates \$1,100,000, as available for emergencies and contingencies.

Budget Policies and Procedures (continued)

Generally only unreserved fund balance accumulations in excess of the target amount will be considered as available for appropriation by City Council. In the event of emergency or other unusual circumstances, Council may approve the use of these contingency funds, provided that the fund balance is replenished as soon as possible after such an event.

Budgetary and management control is also achieved through sound, reasonable purchasing practices. The following are the major provisions of the City's purchasing policy:

Purchases up to \$1,500 – Department managers have sole responsibility and discretion for purchases.

Purchases from \$1,501 to \$10,000 – A minimum of three written quotations must be solicited except when the item is purchased through state contract or other approved cooperative purchasing program. Purchases must be approved by the Purchasing Agent.

Purchases from \$10,001 to \$25,000 – A minimum of three written quotations must be solicited except when the item is purchased through state contract or other approved cooperative purchasing program. Purchases must be approved by the City Administrator.

Purchases over \$25,000 – A requisition along with specifications must be submitted to the Purchasing Agent who shall upon formal advertising use competitive sealed bids or proposals as the method of procurement. Approval must be obtained from the City Administrator and the City Council before a purchase order can be issued.

Budget Process

The city utilizes the following procedures in enacting its annual budgets:

Department Heads and Administrative staff of the City initiates budget preparation with a series of work sessions in which current trends, needs, and accomplishments of the City are reviewed. The City Administrator and Finance Director establish a timetable to be followed and forms to be used throughout the budget process. The Finance Department distributes statistical analyses, historical budgetary comparisons, and necessary forms to all departments to aid in their development of line-item budget requests.

The next step in the budget process is a retreat with the Mayor, Council, and administrative staff in attendance to discuss ideas of what the City should be doing over the next several years. The retreat culminates with the development of short-term goals and priorities, particularly those that are to be addressed in the upcoming budget year.

Upon return from the planning retreat, the administrative staff meets with all department heads to discuss the priorities determined at the retreat. Department heads are then asked to prepare their individual requests and justifications for personnel, programs, projects, capital needs, and initiatives they would like to have considered in the upcoming budget. Administrative preferences are clearly expressed and ongoing consultation is encouraged.

Budget Policies and Procedures (continued)

When completed, the departmental requests are compiled as budget worksheets and made available to the Mayor and Council in a series of public workshops at which time formal departmental presentations are made.

Within the framework of established budget policies, sound financial management, and priorities developed by Council, the City Administrator considers all input received from Council members, the public, and staff and converts departmental requests into a workable budget recommendation.

Prior to June 1st, the City Administrator submits to Council a proposed annual budget for the fiscal year commencing July 1st.

Formal public hearings are then held to obtain citizen input on the proposed budget.

Prior to July 1st, budgets are legally enacted upon two readings and passage of a budget ordinance by City Council.

Financial Policies

STATE OF SOUTH CAROLINA)

RESOLUTION TO ADOPT
FINANCIAL POLICIES AS
RECOMMENDED BY GFOA

CITY OF GEORGETOWN)

WHEREAS, the City of Georgetown fully intends to operate in a fiscally responsible manner; and

WHEREAS, the best interest of the City of Georgetown can be served by developing financial policies that govern planning and decision making with regard to the use of resources; and

WHEREAS, the Government Finance Officers Association (GFOA) recommends that, at a minimum financial policies be developed by professional staff and formally adopted by the jurisdiction's governing board

NOW, THEREFORE, BE IT RESOLVED by Mayor and City Council of the City of Georgetown, South Carolina that the below policy is hereby adopted.

FP 1: Reserved and Unreserved Funds

The City will maintain reserved and unreserved stabilized funds at levels sufficient to protect the City's credit as well as its financial position from emergencies.

The City of Georgetown seeks to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures. Stabilization funds are called by many names including rainy day funds, unreserved, undesignated fund balances, and contingency funds. These funds are used at a government's discretion for many purposes: to address temporary cash flow shortages; to fund emergencies; unanticipated economic downturns; and one-time opportunities.

The following summarizes the City's policy on reserved and unreserved ending fund balances:

1. Unreserved Fund Balances

General Fund: The General Fund shall maintain an unreserved fund balance equal to at least 15% of the total audited General Fund expenditures for the previous fiscal year. These funds are to be left in the City's general operating cash account for the purpose of floating the City's operations throughout the fiscal year.

Financial Policies (continued)

Enterprise Fund: The Enterprise Fund shall maintain an unreserved fund balance equal to at least 20% of the total audited Enterprise Fund Operating Expenses for the previous fiscal year. These funds are to be left in the City's general operating cash account for the purpose of floating the City's operations throughout the fiscal year.

2. Reserved Fund Balance

All Reserved Fund Balances shall be fully funded. These fund balances may only be used for the express purpose of funding expenditures directly related to the specified fund.

FP 2: Revenue

The City will design, maintain, and administer a revenue system that will assure a reliable, equitable, diversified, and sufficient revenue stream to support desired City services.

The City seeks to use a balanced mix of revenues that will ensure reasonable stability for operation at continuous service levels through economic cycles, but will provide for the fluctuation required for response to increased service demands in a rapid-growth environment. A revenue system that requires the identification of both the cost of the program and the portion of the cost that will be recovered through fees and charges allows the City and its citizens to develop a better understanding of the cost of services and to consider the appropriateness of established fees and charges, as well as encourage economic efficiency and reduce the ad valorem tax burden.

To that end, the City has established the following goals that are used to accomplish this policy:

1. The City will seek to establish all user charges and fees at a level related to the full costs (operating, direct, indirect, and capital) of providing the service. The City will review these fees and charges annually in the budget process and target rates that meet the cost to serve-particularly in the City's key businesses (Electric, Water, Wastewater, Stormwater, and Waste Management). In any event, all enterprise funds will endeavor to be self-supporting.
2. Costs of service include direct and indirect costs such as operating and maintenance costs, overhead, and charges for use of capital (depreciation and debt service). A government may choose not to recover all costs, but it should identify such costs. Reasons for not recovering full costs should be identified and explained. State and local law may govern the establishment of fees and charges.
3. The City will consider market rates and charges levied by other businesses and municipalities for like services in establishing rates, fees, and charges. These fees will be reviewed through the City's annual rate survey.

Financial Policies (continued)

4. One-time or special revenues shall not be used to finance ongoing City operations but rather be used for the funding of special projects.
5. An aggressive policy of seeking the collection of delinquent utility and license fee accounts will be maintained.
6. Citizen input into decisions relating to revenues will be solicited during the annual budget public hearing process and will be made available for public review prior to City Council consideration of first reading.
7. In determining revenue projections – and where judgment is required – conservatism shall be the rule.

FP 3: Diversified Revenue Base

The City will annually review its revenue source to maintain a diversified revenue base.

The City of Georgetown is committed to a diverse revenue base. Since all revenue sources have particular characteristics in terms of stability, growth, sensitivity to inflation, or business cycle effects, and impact on tax and rate payers – a diversity of revenue sources can improve a government's ability to handle fluctuations in revenues and potentially help to better distribute the cost of providing services.

The City will identify approaches that will be used to improve revenue diversification. In accomplishing this policy, the City will analyze the sensitivity of revenues to changes in rates, the fairness of the tax or fee, administrative aspects of the revenue source, and other relevant issues.

Over time the City will strive to improve its revenue diversity to the extent feasible. Since the City is statutorily limited as to the types of revenues it may raise, it may consider options to enhance flexibility within the constraints of available revenue sources. For example, the City will seek to diversify the tax base on which the property tax is levied.

FP 4: Operating Transfers

The City will quantify operating transfers from the utility system to cover general fund expenses.

The City has traditionally made operating transfers from the Utility Enterprise Funds to the General Fund. City Council and staff have determined that the City needs to maintain the competitiveness of the utility system and to reduce the General Fund's need for Utility Enterprise Fund transfers. These transfers should be established at a level that is supportable by current utility business practices.

Financial Policies (continued)

FP 5: Operational Reporting

City staff will provide to the City Council a report on the operating results of the City.

All excess revenue collected by the City of Georgetown that exceeds the projected budget revenue figure from a specific revenue category for each fiscal reporting period must be reported to City Council on a monthly basis. The expenditure of any and all excess revenue will be at Council's discretion and cannot be utilized within the City budget without Council's approval.

Likewise, all expenditures that exceed the projected budget expense figures in excess of \$5,000 on a departmental level must receive prior approval from the City Administrator and the Director of Finance. Upon execution of the expense, written notification must be reported to the City Administrator within seven calendar days.

Cost savings that may occur within a specific department can be utilized within that particular department; however, this cost saving cannot be transferred to another department without prior approval of the City Administrator.

FP 6: Adoption of Balanced Budget

The City will annually adopt a Balanced Operating Budget.

According to the laws of the State of South Carolina, the City will adopt a balanced operating budget and provide full disclosure when a deviation from a balanced budget is planned or when it occurs. This balanced budget will ensure that all operating revenues are equal to, or exceed, all operating expenditures at adoption and at year-end. Any increase in expenses, decrease in revenues, or combination of the two that would result in a budget imbalance will require budget revision, rather than spending unappropriated surpluses or designated reserves to support ongoing operations. Any year end operating surpluses will revert to unappropriated balances.

The City of Georgetown annual budget appropriation will cover the twelve-month period beginning July 1 and ending June 30 of the following year. The proposed budget document is to be presented to the City Council for their consideration no later than June 1 with adoption of the approved ordinance by June 30. According to state law, any required public hearings will be scheduled to receive input on the development of the budget. Special public hearings are also required to consider the issue of a tax increase.

Budgets shall be prepared at the department level and provide the basis for the City's financial management system. The adopted appropriations by fund shall constitute the maximum expenditure authorization for that fund and can be amended only by action of the City Council. The budget shall be developed in conjunction with a stated program of performance objectives and measures with which to gauge progress towards meeting those objectives.

Financial Policies (continued)

The following guidelines will be used in the preparation of the budget document:

1. Current appropriations in all funds are limited to the sum of available, unencumbered cash balances and revenues estimated to be received in the current budget period.
2. Special Revenue Funds are supported by special levies and fees, grants, or intergovernmental revenues. Expenditures in these funds are strictly limited to the mandates of the funding source. Special Revenue Funds are not to be used to subsidize other funds, except as required or permitted by program regulation.
3. All operations of the Enterprise Funds should strive to be self-supporting entities. The City will conduct an annual review of fee structures, charges for services, and other operating revenues and expenditures.
4. For purposes of this policy, cash basis of accounting are used in defining revenues and expenditures.
5. It will be the duty of the City Administrator to take action to bring the budget into balance if adjustments are needed in the course of a fiscal period.

FP 9: Delivery of Services

The City will identify priority services, establish appropriate service levels, and administer the expenditure of available resources to assure fiscal stability and effective and efficient delivery of services.

The City will operate on a current funding basis. Expenditures shall be budgeted and controlled so as not to exceed current revenues plus the planned use of fund balance accumulated through prior years.

The Finance Director is charged with performing periodic staff and third-party reviews of City programs for both efficiency and effectiveness. Privatization and contracting with other governmental agencies will be evaluated as alternatives to service delivery. Programs that are determined to be inefficient and/or ineffective are to be reduced in scope or eliminated.

The City of Georgetown makes every effort to maximize any discounts offered by creditors/vendors. Staff shall also use competitive bidding to attain the best possible price on goods and services.

FP 10: Debt Policy

The City will adhere to a debt policy that ensures that debt is issued and managed prudently in order to maintain a sound fiscal position and protect credit quality.

Financial Policies (continued)

Issuing debt commits the City's revenues several years into the future, and may limit the City's flexibility to respond to changing services priorities, revenue inflows, or cost structures. Debt levels and their related annual costs are important long-term obligations that must be managed within available resources. Debt policies are written guidelines and restrictions that affect the amount and type of debt issued by a state or local government, the issuance process, and the management of a debt portfolio. Adherence to a debt policy helps to ensure that the City maintains a sound debt position and that credit quality is protected. Components of the debt policy are as follows:

1. Debt Limit – This is the only measure that is prescribed by state law, which provides that the City's general obligation debt cannot exceed 8% of the City's total assessed value (excluding tax anticipation notes and other indebtedness with a maturity of one year or less; bonds or other indebtedness of the City payable from taxes levied from special taxing areas; and self-supporting bonds or other debt.)
2. Utility Enterprise Debt Measures – The City's Revenue debt level shall not exceed a debt service coverage ratio of 1.20 times of the annual new pledged revenues to annual debt service.
3. Tax Increment Debt Measures – The City's Tax Increment debt level shall not exceed the current available revenues or revenues projected within the district from projects that have obtained a building permit.

FP 11: Contingency Planning

The City's best interest can be served by developing a long term financial strategy to meet emergencies.

In order to provide adequate working capital in the event of emergencies or other unexpected economic events and to reduce the need for short-term borrowing, the City endeavors to maintain an unreserved fund balance in the General Fund in an amount equal to approximately two months of normal General Fund operating expenditures, excluding capital outlay.

FP 12: Accounting Functions

The City of Georgetown will perform accounting functions that shall conform to the generally accepted accounting principles as applicable to governments.

The City will comply with prevailing federal, state, and local statutes and regulations. The City will also conform to generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants (AICPA), and the Government Finance Officers Association (GFOA).

Financial Policies (continued)

In general, it will be the policy of the City to:

1. Prepare and present regular reports that analyze, evaluate, and forecast the City's financial performance and economic conditions. This information will be made available to the public for their inspection.
2. With available resources, the City will seek out and employ the assistance of qualified financial advisors and consultants in the management and administration of the City's financial functions.
3. An independent audit will be performed annually.
4. The City will issue annual financial reports in accordance with generally accepted accounting principles (GAAP) as outlined in the Governmental Accounting, Auditing, and Financial Reporting (GAAFR) publication.

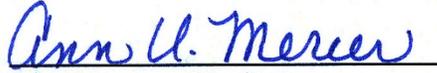
The basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. As in the basis of budgeting, accounting records for the City of Georgetown governmental funds are maintained on a modified accrual basis with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. In contrast to the basis of budgeting, accounting records for proprietary funds are maintained on the accrual basis in which revenues are recognized when earned and expenses are recognized when incurred.

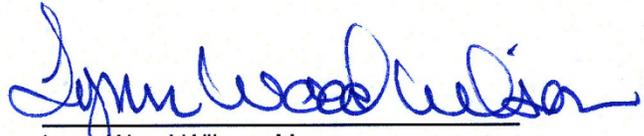
The City of Georgetown's accounting system is organized and operated on a "fund" basis. Each accounting entity is accounted for in a separate "fund" which is defined as a fiscal accounting entity with a self-balancing set of accounts recording cash and other financial resources together with related liabilities and residual equities or balances, and changes therein.

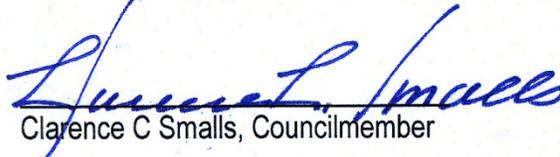
Financial Policies (continued)

PASSED AND ADOPTED this 17th day of August, 2006.

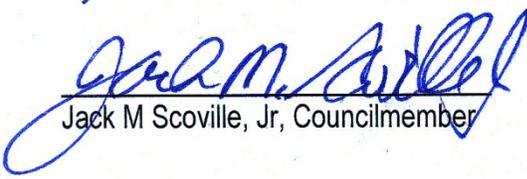
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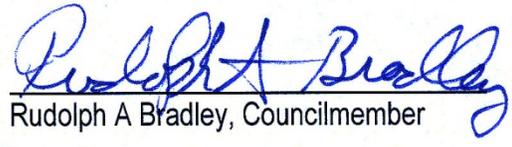

Ann U Mercer, City Clerk

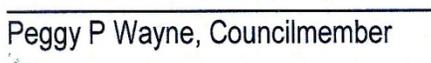

Lynn Wood Wilson, Mayor

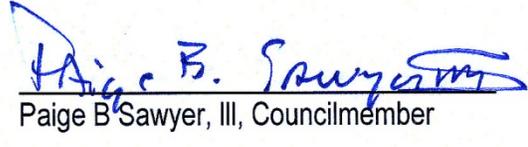

Clarence C Smalls, Councilmember


Brendon M Barber, Sr, Mayor Pro Tem


Jack M Scoville, Jr, Councilmember


Rudolph A Bradley, Councilmember


Peggy P Wayne, Councilmember


Paige B Sawyer, III, Councilmember

Financial Policies

STATE OF SOUTH CAROLINA)

RESOLUTION TO ADOPT AN AMENDMENT
TO THE FINANCIAL POLICIES SPECIFICALLY
FP 10: DEBT POLICY AND FP: 11 DEBT LIMIT
AS RECOMMENDED BY GFOA

CITY OF GEORGETOWN)

WHEREAS, the City of Georgetown fully intends to operate in a fiscally responsible manner; and

WHEREAS, the best interest of the City of Georgetown can be served by developing financial policies that govern planning and decision making with regard to the use of resources; and

WHEREAS, the Government Finance Officers Association (GFOA) recommends that, at a minimum financial policies be developed by professional staff and formally adopted by the jurisdiction's governing board.

NOW, THEREFORE, BE IT RESOVLED by Mayor and City Council of the City of Georgetown, South Carolina that the below policy is hereby adopted.

FP 10: Debt Policy

The City will adhere to a debt policy that ensures that debt is issued and managed prudently in order to maintain a sound fiscal position and protect credit quality.

Issuing debt commits the City's revenues several years into the future, and may limit the City's flexibility to respond to changing services priorities, revenue inflows, or cost structures. A debt policy sets forth the parameter for issuing debt and managing outstanding debt and provides guidance to decision makers regarding the timing and purposes for which debt may be issued, types and amounts of permissible debt, method of sale that may be used and structural features that may be incorporated.

The City plan long- and short-term debt issuance to finance its capital program based on its cash flow needs, sources of revenue, capital construction periods, available financing instruments and market conditions. The Director of Finance oversees and coordinates the timing, issuance process and marketing of the City's borrowing and capital improvement plan.

This debt policy recognizes a binding commitment to full and timely repayment of all debt as an intrinsic requirement for entry into the capital markets. Adherence to a debt policy helps to ensure that the City maintains a sound debt position and that credit quality is protected. Components of the debt policy are as follows:

The City will confine its long-term borrowing to capital improvements and follow a policy of full disclosure on every financial report and bond prospectus. In no case will General obligation debt be

Financial Policies (continued)

used for self-supporting enterprise activity. The City will use voter-approved general obligation debt to fund general –purpose public improvements that cannot be financed from current revenues.

Capital Planning. The City will have an annual capital planning process that outlines major projected capital expenditures over the next ten years. The capital budget identifies revenue sources and capital expenditures and projects this information for each of the ten years. This information is updated annually.

Financing Team. The City will employ outside financial specialists to assist it in developing a bond issuance strategy, preparing bond documents and marketing bonds to investors. The key players in the City's financing transactions include its bond counsel, the underwriter and underwriters counsel (on a negotiated sale), the City attorney and City representatives (the Director of Finance and other City representatives as may be appointed by the City Administrator). Other outside firms, such as those providing paying agent/registrar, trustee, credit enhancement, auditing, or printing services, are retained as required. The financing team will meet at least annually to review the overall financing strategy of the City and make recommendations to the City Administrator.

Term of Debt Repayment. Borrowings by the City shall mature over a term that doesn't exceed the economic life of the improvements that they finance. General Obligation Bonds shall be issued with a term not to exceed 25 years; Revenue Bonds with a term not to exceed 30 years; and tax increment bonds with a term not to exceed 25 years.

Debt service structure. Although the City finances its long-lived municipal improvements over a 20-30 year term, the City will – whenever possible – structure the principal repayments on general obligation bonds such that their weighted average maturity approximates 11¾ years. This rapid amortization results in over 60% of the City's consolidated public improvement debt being repaid within ten years. This policy minimizes the interest payments made over time, and causes the rating agencies to look more favorably on the City's debt structure. The City will seek to continue this practice, unless general fund revenues are projected to be insufficient to provide adequately for debt service payments on necessary debt.

Call provisions. The City seeks to minimize the protection from optional redemption given to bondholders, consistent with its desire to obtain the lowest possible interest rates on its bonds. The City's bonds are general subject to optional redemption. The City seeks early calls at low or no premiums because such features will allow it to refinance debt more easily for debt service savings when interest rates drop. The city will annually evaluate optional redemption provisions for each issue to assure that the City does not pay unacceptably higher interest rates to obtain such advantageous calls.

Interest rates. In most cases, the City will use fixed-rate debt to finance its capital needs; however, the City may issue up to 25% of its total debt portfolio in variable rate debt.

Financial Policies (continued)

Method of Sale. The City will select a method of sale that is the most appropriate in light of financial, market, transaction-specific and issuer-related conditions.

Competitive Sales. General obligation debt obligations are issued through a competitive sale according to state law. For these bonds – and any other bonds that the City may deem necessary – the City will set the terms of the sale to encourage as many bidders as possible. By maximizing bidding, the City seeks to obtain the lowest possible interest rates on its bonds. The following conditions may favor the use of a competitive sale:

1. The market is familiar with the issuer;
2. The issuer is a stable and regular borrower in the public market;
3. There is an active secondary market with a broad investor base for the City's bonds;
4. The issue has a non-enhance credit rating of A or above or can obtain a credit enhancement prior to the competitive sale;
5. The debt structure is backed by the issuer's full faith and credit or a strong, known or historically performing revenue stream;
6. The issue is neither too large to be easily absorbed by the market nor too small to attract investors without a concerted sale effort;
7. The issue doesn't include complex or innovative features or require explanation as to the bonds' security;
8. The issue can be sold and closed on a schedule that doesn't need to be accelerated or shortened for market or policy reason; and
9. Interest rates are stable, market demand is strong, and the market is able to absorb a reasonable amount of buying or selling at reasonable price changes.

Negotiated Sales. When certain conditions favorable for a competitive sale don't exist and when a negotiated sale will provide significant benefits to the City that wouldn't be achieved through a competitive sale, the City may elect to sell its debt obligations through a private or negotiated sale. Such determination may be made on an issue-by-issue basis, for a series of issues, or for part or all of a specific financing program. The following conditions may favor the use of a negotiated sale:

1. Insure fairness by using a competitive underwriter selection process through a request for proposals where multiple proposals are considered;
2. Remain actively involved in each step of the negotiation and sale processes to uphold the public trust;
3. Insure that either an employee of the issuer, or an outside professional other than the issue underwriter, who is familiar with and abreast of the condition of the municipal market, is available to assist in structuring the issue, pricing, and monitoring sales activities;
4. Require that the financial advisor used for a particular bond issue not act as underwriter of the same bond issue;

Financial Policies (continued)

5. Require that financial professionals disclose the name or names of any person or firm, including attorneys, lobbyists and public relations professionals compensated in connection with a specific bond issue;
6. Request all financial professional submitting joint proposals or intending to enter into joint accounts or an fee-splitting arrangements in connection with a bond issue to fully disclose to the issuer any plan or arrangements to share tasks, responsibilities and fees earned, and disclose the financial professionals with whom the sharing is proposed, the method used to calculate the fees to be earned, and any changes thereto; and
7. Review the "Agreement among Underwriters" and insure that it's filed with the issuer and that it governs all transactions during the underwriting period.

Refinancing. The City may undertake refinancing of outstanding debt under the following circumstances:

Debt Service Savings. The City may refinance outstanding long-term debt when such refinancing allows the City to realize significant debt service savings without lengthening the term of refinanced debt and without increasing debt service in any subsequent fiscal year.

Defeasance. The City may refinance outstanding debt. Either by advance refunding to the first call or by defeasance to maturity, when the public policy benefits of replacing such debt outweigh the costs associated with new issuance as well as any increase in annual debt service.

Conduit Financings. Conduit financings are securities issued by a government agency to finance a project of a third party, such as a non-profit organization or other private entity. The City may sponsor conduit financings for those activities (e.g., economic development, housing) that have a general public purpose and are consistent with the City's overall service and policy objectives. Unless a compelling public policy rationale exists, such conduit financings will not in any way pledge the City's faith and credit.

Credit Ratings

Rating Agency Relationships. The Director of Finance is responsible for maintaining relationships with the rating agencies that assign ratings to the City's various debt obligations. This effort includes providing periodic updates on the City's general financial condition along with coordinating meetings and presentations in conjunction with a new debt issuance.

Quality of Ratings. The City requests ratings prior to the sale of securities from each of the two major rating agencies for municipal bond issues: Moody's Investors Service and Standard & Poor's Corporation. The City may provide a written and/or oral presentation to the rating agencies to help each credit analyst make an informed

Financial Policies (continued)

evaluation. The City will make every reasonable effort to maintain its high quality credit ratings.

Rebate Reporting/Covenant Compliance/Reporting Practices. The Director of Finance is responsible for maintaining a system of record keeping and reporting to meet the arbitrage rebate compliance requirements of the federal tax code. Additionally, general financial reporting and certification requirements embodied in bond covenants are monitored to ensure that all covenants are complied with. The City will comply with the standards of the Government Finance Officers Association for financial reporting and budget preparation and the disclosure requirements of the Securities and Exchange Commission.

Checklist of Debt Policy Consideration. The City will observe the following GFOA checklist in determining the appropriateness of debt issuance.

1. How long is the capital planning period?
2. Have all non-debt sources of funds been considered?
3. How are borrowing plans reviewed internally?
4. What level of debt is manageable in order to maintain or improve the government's credit quality?
5. How much "pay-as-you-go" financing should be included in the capital plan?
6. How much short-term borrowing will be undertaken, including both operating and capital borrowings?
7. How much debt will be issued in the form of variable-rate securities?
8. How does the redemption schedule for each proposed issue affect the overall debt service requirements of the government?
9. What types of affordability guidelines will be established to help monitor and preserve credit quality?
10. What provisions have been made to periodically review the capital plan and borrowing practices?
11. What is the overlapping debt burden on the taxpayer?
12. How will the formal debt policies be integrated into the capital planning and funding process?

FP 11: Debt Limit

The City will establish thresholds for the maximum amount of debt and debt service that should be outstanding at any one time.

Policies guiding the amount of debt that may be issued by a government help ensure that outstanding and planned debt levels don't exceed an amount that can be supported by the existing and projected tax and revenue base. Because of this, the City has developed distinct policies for general obligation debt, debt supported by revenues of government enterprises, and other types of debt such as special assessment bonds, tax increment financing bonds, short-term debt, variable-rate debt, and leases.

Financial Policies (continued)

General Obligation Debt Affordability Measures. The City examines four statistical measures to determine debt capacity and compares these ratios to other cities, rating agency standards and Georgetown's historical ratios to determine debt affordability:

1. This is the only measure that is prescribed by state law, which provides that the City's general obligation debt can't exceed 8% of the City's total assessed value (excluding tax anticipation notes and other indebtedness with a maturity of one year or less; bonds or other indebtedness of the City payable from taxes levied from special taxing areas; and self-supporting bonds or other debt.)
2. Total general obligation debt as measured against the population on a per-capita basis can't exceed \$175.
3. Total general obligation debt as measured as a percent of current revenues can't exceed 25%.

Utility Enterprise Debt Affordability Measures. The City's revenue debt level shall not exceed a debt service coverage ration of 1.20 times of the annual net pledged revenues to annual debt service. In addition, additional bonds should not have a negative impact on the City's overall credit ratings.

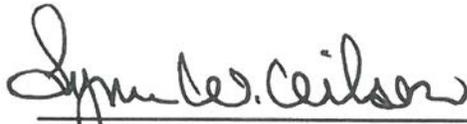
Tax Increment Debt affordability Measure. The City's Tax Increment debt level shall not exceed the current available revenues or revenues projected within the district from projects that have obtained a building permit.

PASSED AND ADOPTED this 18th day of September 2008.

ATTEST:



Ann U Mercer, City Clerk



Lynne Wood Wilson, Mayor

Fiscal Year 2009/2010 Budget Calendar

4 February 2009	9 am – 3 pm	Department Head/Budget Kick-off Meeting – City Hall Council Chambers Refresher Budget Training-.NET Due in to the Finance Department from all City Departments <ul style="list-style-type: none"> • Fiscal Year 2009/2010 Capital Request
9 February 2009	5:00 pm	Due in to the Finance Department from all City Departments: <ul style="list-style-type: none"> • Fiscal Year 2008/2009 Payroll Projections/Changes • Fiscal Year 2009/2010 Payroll Projections/Changes
13 March 2009	9:00 am	Due in to the Finance Department from all City Departments: <ul style="list-style-type: none"> • Fiscal Year 2008/2009 Projections
20 March 2009	9:00 am	Due in to the Finance Department from all City Departments: <ul style="list-style-type: none"> • Fiscal Year 2009/2010 Budget Justification Sheets/Final Budget Plans
20/21 March 09	All Day	Council Goal Setting/Budget Retreat – Wampee
30 Mar – 3 Apr 2009	Various	(Tentative) Department Budget Reviews with the City Administrator
6 Apr -20 Apr 2009	Various	Finance Department Prepares Draft Budget for Submission to City Council
10 April 2009	N/A	Due in to the Finance Department from all City Departments: <ul style="list-style-type: none"> • FY 09/10 Objectives • Changes to Performance Measures FY 08/09
20 April 2009	N/A	Books delivered to Council Members for Workshop #1
23 April 2009	4:00 pm	City Council Workshop #1 – General Funds & Special Revenue Funds
4 May 2009	N/A	Books delivered to Council Members for Workshop #2
7 May 2009	4:00 pm	City Council Workshop #2 – Proprietary Funds & Special Revenue Funds
19 May 2009	4:00 pm	Alternative Workshop Date (if necessary)
26 May 2009	N/A	Books delivered to Council Members for Workshop #3
28 May 2009	4:00 pm	City Council Workshop #3
1 June 2009	N/A	Advertise Projected Budget Totals for 18 June 2009 Public Hearing
10 June 2009	5:30 pm	Budget Ordinance for First Reading
18 June 2009	5:00 pm	Public Hearing and Budget Ordinance for Second Reading and Adoption
01 July 2009	N/A	New Fiscal Year Begins
7 July 2009	N/A	Due in to the Finance Department from all City Departments: <ul style="list-style-type: none"> • Performance Measures FY 08/09 Due • FY 08/09 Accomplishments
15 September 2009	N/A	Deadline for Budget Document to GFOA

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Sources and Uses of Funds

Fiscal Year 2009/2010

	General Fund	Debt Service Fund	Federal, State and Local Grants Fund	State/Local A Tax & Hosp. Tax Fund	Winyah Auditorium Fund	Comm. Dev./ Seized and Forfeited Funds
ESTIMATED REVENUES:						
Property Taxes	\$3,400,000	\$420,000				
Licenses and Permits	2,249,100					
Intergovernmental Revenue	505,978		857,957	80,000	145,000	
Charges for Services	59,100			21,800		
Fines and Forfeitures	269,000					50,000
Operating Transfers In	1,535,750	8,470	68,750			
Miscellaneous Revenues	647,400			680,100	4,000	889
From Reserves	198,500		2,000	613,702	242,280	11,710
TOTAL SOURCES OF FUNDS	<u>\$8,864,828</u>	<u>\$428,470</u>	<u>\$928,707</u>	<u>\$1,395,602</u>	<u>\$391,280</u>	<u>\$62,599</u>
EXPENDITURES/EXPENSES:						
General Government	\$1,182,268					\$12,299
Public Safety	6,190,252		376,707			50,300
Public Works	710,953		2,000			
Purchased Power						
Parks, Recreation & Tourism			550,000	1,168,615	391,280	
Non-Departmental	476,001					
Transfers	68,454			226,984		
Debt Service	233,229	428,470		3		
TOTAL EXPENDITURES	<u>8,861,157</u>	<u>428,470</u>	<u>928,707</u>	<u>1,395,602</u>	<u>391,280</u>	<u>62,599</u>
To Reserves	3,670					
TOTAL USES OF FUNDS	<u>\$8,864,827</u>	<u>\$428,470</u>	<u>\$928,707</u>	<u>\$1,395,602</u>	<u>\$391,280</u>	<u>\$62,599</u>
Beginning Fund Balance (Est.)	6,344,632	0	2,000	1,468,859	388,370	58,923
Ending Fund Balance	6,149,802	0	0	855,157	146,090	47,213

Fiscal Year 2009/2010

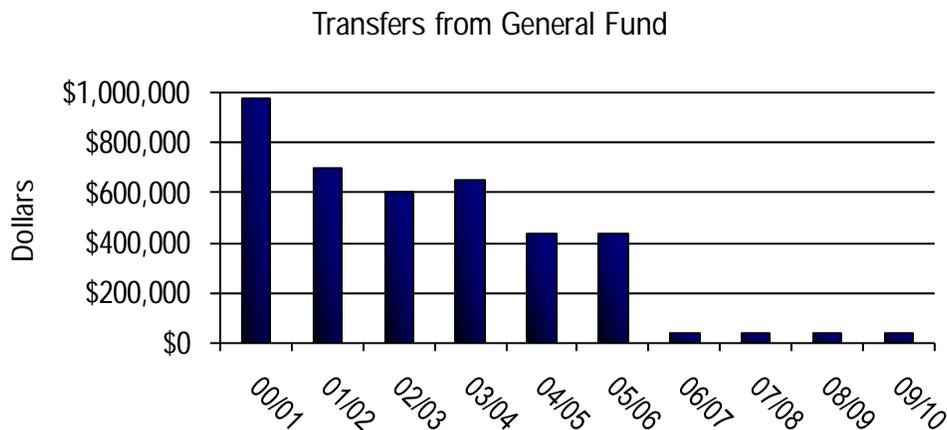
Electric Utility Fund	Water Utility Fund	Wastewater Utility Fund	Stormwater Utility Fund	Waste Management Fund	Total FY 09/10 Budget	Comparative FY 08/09 Budget	Variance
					\$3,820,000	\$3,663,500	\$156,500
					2,249,100	2,330,750	(81,650)
				12,000	1,600,935	692,601	908,334
14,012,000	1,996,950	3,061,865	530,000	937,000	20,618,715	19,848,476	770,239
					319,000	374,000	(55,000)
				82,468	1,695,438	1,522,287	173,151
66,850	51,900	31,000	20,000	8,000	1,510,139	1,720,970	(210,831)
	8,435	9,002	47,308	151,242	1,284,179	662,042	622,137
<u>\$14,078,850</u>	<u>\$2,057,285</u>	<u>\$3,101,867</u>	<u>\$597,308</u>	<u>\$1,190,710</u>	<u>\$33,097,506</u>	<u>\$30,814,626</u>	<u>\$2,282,880</u>
					\$1,194,567	\$1,442,706	(\$248,139)
					6,617,259	5,463,594	1,153,665
3,031,984	2,057,275	2,749,281	597,308	1,173,397	10,322,198	10,731,134	(408,936)
9,222,000					9,222,000	8,129,561	1,092,439
					2,109,895	1,445,413	664,482
					476,001	595,890	(119,889)
1,400,000					1,695,438	1,522,287	173,151
4	10	277,586		17,312	956,614	1,055,724	(99,110)
<u>13,653,988</u>	<u>2,057,285</u>	<u>3,026,867</u>	<u>597,308</u>	<u>1,190,709</u>	<u>32,593,972</u>	<u>30,386,309</u>	<u>2,207,663</u>
424,862		75,000			503,532	428,317	75,215
<u>\$14,078,850</u>	<u>\$2,057,285</u>	<u>\$3,101,867</u>	<u>\$597,308</u>	<u>\$1,190,709</u>	<u>\$33,097,504</u>	<u>\$30,814,626</u>	<u>\$2,282,878</u>
11,059,157	12,874,700	9,794,470	8,688,735	651,178	51,331,024	49,266,904	2,064,120
11,484,019	12,866,265	9,860,468	8,641,427	499,936	50,550,377	49,033,179	1,517,198

Year Ending Condition/Interfund Transfers

The central focus of the FY 2009/2010 budget is to maintain or enhance the City's financial position, both as an encompassing entity and as individual funds. The budget is structured to accomplish this goal by utilizing several different strategies. Each has been enacted in order to stem the ebb in fund balances of all the enterprise funds. These strategies include resource reallocation, process technology improvements, and rate increases. The adjustments contained in this budget have allowed for a reduction of \$399,690 in transfers from the General Fund to various Enterprise Funds, without disrupting the significant capital spending of the utility enterprises.

While fund equity is a vital measure of an enterprise's fiscal well being, cash balance is the foundation for any operations success. The City has historically maintained sufficient cash balances to avoid any short term borrowing, such as Revenue Anticipation Notes, and the associated interest expense of this funding. The need for this budget to be designed to maintain this position for the City is evident upon review of the cash balance trend of each enterprise fund, and the projected year ending results of this budget show a marked improvement from prior trends.

Through the aggressive implementation of both cost saving and revenue generating strategies in the FY 2008/2009 budget, the City has been able to maintain the reduction of the General Fund transfer to enterprise funds, in addition to a decrease in the transfer into the General Fund by \$639,795. While the cash balances in several enterprise funds are projected to decline during this year, this is due to cost savings measures that will be implemented during FY 2009/2010, such as purchasing more efficient equipment, as well as infrastructure installation for near term development of the southern portion of the City. All of these capital outlays will yield future dividends that will bolster the City's ability to serve its customers on an ongoing basis.



Schedule of Interfund Transfers

Detail Schedule of Interfund Transfers

<u>Source Fund</u>	<u>Receiving Fund</u>	<u>Amount of Transfer</u>	<u>Recurring/ Non-recurring</u>	<u>Purpose of Transfer</u>
Electric Utility	General Fund	\$1,400,000	Recurring	Operational
State ATax	General Fund	\$27,750	Recurring	State Mandated
Local Hospitality	General Fund	\$108,000	Recurring	Tourism Related Costs
Local Hospitality	Waste Management	\$35,800	Recurring	Keep Georgetown Beautiful
General Fund	Waste Management	\$35,800	Recurring	Keep Georgetown Beautiful
Total Transfers		<u>\$1,607,350</u>		

Summary Schedule of Effect of Interfund Transfers Per Fund

<u>Fund</u>	<u>Receiving</u>	<u>Providing</u>	<u>Net Effect</u>	<u>Amount Non-recurring</u>
General Fund	\$1,535,750	\$35,800	\$1,499,950	\$0
Electric Fund	0	1,400,000	(1,400,000)	0
Waste Management	71,600	0	71,600	0
State ATax	0	27,750	(27,750)	0
Local Hospitality	0	143,800	(143,800)	0
Total Net Effect			<u>\$0</u>	

Statistical/Supplemental City Information

Form of Government

The City operates under the Mayor-Council form of government. The governing body is composed of a mayor elected at large, and six (6) council members elected at large, each for four (4) year staggered terms. The Council is a legislative body establishing policies with recommendations by the City Administrator who administers all departments of the City. All department heads are appointed by the City Administrator with the approval of Mayor and Council.

Geography

The City, incorporated as a town in 1805 and as a city in 1892 is a historic community located on the coast of South Carolina sixty miles north of Charleston and thirty-five miles south of Myrtle Beach. The City encompasses approximately seven square miles.

Area Vicinity Map



Community Profile

Mere miles and whole worlds from amusement parks, high-rises, theatres, and sprawling shopping malls, the historic City of Georgetown rises in antebellum grace. Established in 1732, Georgetown is South Carolina's third oldest city. The oak-lined avenues of this "little Charleston" city boast group tour treasures for even the most discriminating travelers. The riverfront is alive with activity and history. Dining, shopping, and scenery reign supreme.

Harborwalk is a charming waterfront boardwalk between two of Georgetown's most historically significant buildings, the Kaminski House (c. 1790) and the Rice Museum (originally the Old market Building, c. 1842). Overlooking the Sampit River Harbor, the boardwalk is lined with restaurants, galleries, antique shops, and specialty stores. Shoppers have more than 30 specialty shops to browse. A potpourri of art galleries and quaint shops with Lowcountry names offer a treasure trove of books, clothes, fine art, jewelry, crafts, cards, and antiques.

There are several ways to see the rest of the City. Historic attractions such as the Kaminski House and the Rice Museum complement a staggering concentration of 50 plus antebellum mansions, a few of which are operated as charming bed and breakfast inns. Guided or self-guided historical tours are readily available. A favorite way to see Georgetown is by boat. A selection of tours will take you in and around Winyah Bay and the surrounding rivers past plantation mansions and long abandoned rice fields. For a delightful change of pace, hop a ride to a remote barrier island for shell collecting and a look at the North Island Lighthouse.

Demographics and Economics

The 2007 population of the City is 8,501 with an estimated total of 60,731 people living in the Georgetown County area.

Population of City of Georgetown US Census Bureau Estimates

2002	8,946
2003	8,927
2004	8,926
2005	8,914
2006	8,706
2007	8,501

Major Employers of Georgetown County for 2008

<u>Employer</u>	<u>Number of Employees</u>
Georgetown County Department of Education	1600
Georgetown Hospital System	1200
International Paper	830
County of Georgetown	505
City of Georgetown	203
3V, Inc	180
Screem Tight	140
Agru America	100
Sid Harvey	98
American Gypsum	84

Demographics and Economics (continued)

Unemployment Rate for Georgetown County

1996	11.7%
1997	9.4%
1998	7.5%
1999	8.0%
2000	5.2%
2001	7.7%
2002	8.3%
2003	9.7%
2004	9.4%
2005	8.3%
2006	7.0%
2007	7.9%
2008	11.3%

Total Estimated and Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Period Ended	Tax Levy Year	<u>Real Property</u>		<u>Personal Property</u>		<u>Total</u>	
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
06.30.08	2007	\$30,682,013	\$584,247,867	\$10,516,995	\$105,151,968	\$41,199,008	\$689,399,835
06.30.07	2006	26,097,309	497,091,600	10,924,538	109,287,513	37,021,847	606,379,113
06.30.06	2005	20,082,832	382,530,133	10,262,491	103,016,057	30,345,323	485,546,190
06.30.05	2004	19,617,338	373,663,581	9,234,869	93,616,415	28,852,207	467,279,996
06.30.04	2003	19,903,210	379,108,762	9,873,794	99,099,450	29,777,004	478,208,212
06.30.03	2002	20,360,647	387,821,848	14,540,164	144,263,260	34,900,811	532,085,108
06.30.02	2001	20,421,768	388,986,057	15,687,972	150,788,842	36,109,740	539,774,899
06.30.01	2000	20,463,164	389,774,552	16,557,615	157,691,571	37,020,779	547,466,124
06.30.00	1999	15,803,280	301,014,857	16,357,577	155,786,448	32,160,857	456,801,305
06.30.99	1998	15,662,371	298,330,876	16,396,356	156,155,771	32,058,727	454,486,648

Demographics and Economics (continued)

Computation of Legal Debt Margin
June 30, 2008

Total Assessed Value	\$ 41,199,008
Debt Limit - 8% of Total Assessed Value	3,295,921
Total Amount of Debt Applicable to Debt Limit	-
Legal Debt Margin	<u><u>\$ 3,295,921</u></u>

Property Tax Millage Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>City of Georgetown</u>	<u>Georgetown County School District</u>	<u>Georgetown County</u>	<u>Total</u>
06.30.09	2008	87.00	118.60	51.60	257.20
06.30.08	2007	84.60	115.90	51.60	252.10
06.30.07	2006	82.00	112.50	50.60	245.10
06.30.06	2005	90.60	148.20	59.40	298.20
06.30.05	2004	90.60	146.20	53.30	290.10
06.30.04	2003	90.60	146.20	53.30	290.10
06.30.03	2002	90.60	140.70	53.30	284.60
06.30.02	2001	88.50	145.60	51.10	285.20
06.30.01	2000	88.50	156.60	55.50	300.60
06.30.00	1999	100.00	169.50	66.50	336.00

Enterprise Activities

Electric System

The City has operated the electric system since 1921. It will be 87 years old on March 30th, 2008. The electric system consists of 2 substations which serve 8 distribution feeders. The Georgetown Substation has 6 distribution feeders that serve "Georgetown Proper" and the Maryville Substation has 2 distribution feeders that serve the Maryville Community. Both stations are served directly from Santee Cooper's transmission lines. The City purchases electric power from Santee Cooper at wholesale rates and retails to local consumers through City-owned distribution lines. The City has Mutual Aid Agreements with South Carolina Association of Municipal Power Systems and American Public Power Association for assistance in extreme emergencies.

Number of Customers-Electric System Last Ten Fiscal Years

2000	4,899
2001	4,932
2002	4,929
2003	4,969
2004	4,985
2005	5,046
2006	5,094
2007	5,126
2008	5,137
2009	5,118

Water System

The earliest water lines in the City were installed around 1905, and later in the 1930's. The majority of the water lines throughout the City's service area are approximately 50 years old, with the average age of the water system being approximately 36 years old. The City has approximately 64 miles of water main in a 7 square mile area. In addition, the City services the Belle Isle Community which is out of the City limits. The overall condition of the water system is sound. The system is readily positioned for future expansion to the North, East, and West. The City currently has a DHEC construction permit for a booster pump station installation on the south end of the system and is looking at replacing bottle necks in the main water line corridors. With these water distribution improvements we will be poised for future expansion in all directions.

Number of Customers-Water System Last Ten Fiscal Years

2000	4,445
2001	4,473
2002	4,522
2003	4,537
2004	4,544
2005	4,603
2006	4,641
2007	4,677
2008	4,679
2009	4,670

Enterprise Activities (continued)

Wastewater System

Wastewater treatment for the City is presently accomplished at the West Georgetown County Regional Wastewater Treatment Facility. Wastewater collections and treatment are the two divisional services performed by the City's Wastewater Service Group. Wastewater from domestic, industrial, and commercial users is collected by gravity flow at collection points known as sewage lift stations. The lift station pumps the sewage to an elevation high enough to allow gravity flow to once again be established. The final lift station pumps the sewage directly to the Wastewater Treatment Plant. Treatment is provided by a 12 MGD Sequential Batch Reactor. The plant provides service for the Town of Andrews, the western portion of Georgetown County and the City of Georgetown.

Number of Customers Wastewater System Last Ten Fiscal Years

2000	4,136
2001	4,147
2002	4,181
2003	4,185
2004	4,186
2005	4,230
2006	4,258
2007	4,278
2008	4,268
2009	4,252

Stormwater System

The City of Georgetown established a Stormwater Utility on April 1, 1993. The purpose of the utility program is to provide the greatest benefit for all customers through a coordinated and structured approach to Stormwater Management. Stormwater drainage is influenced by tidal water levels that require pumping of major drainage basins within the City. The City is positioning itself to start a significant Stormwater Drainage Project. This involves the construction of a stormwater pump station and force main, regional storage facilities, upsizing existing and adding additional drainage system components generally along US 17, Front Street, Wood Street, Dozier Street, Prince Street, US 521, Hazard Street, Lynch Street, Duke Street, and the CSX right-of-way.

Number of Customer-Stormwater System Last Ten Fiscal Years

2000	4,569
2001	4,634
2002	4,650
2003	4,702
2004	4,735
2005	4,803
2006	4,841
2007	4,881
2008	4,890
2009	4,895

Enterprise Activities (continued)

Waste Management

Although it's not certain when the City began providing sanitation services to its citizens, this is a long time benefit for those living within the limits. The Sanitation Department is responsible for dumpsters and mobile rollout containers. The City utilizes 4 scow body trucks, 2 tractor loaders, 2 residential garbage trucks, 1 pick up truck, 2 grapple trucks, and 1 leaf machine. The Waste Management division services the entire City limits, in addition to the Georgetown County Airport.

Number of Customer-Waste Management Last Ten Fiscal Years

2000	4,117
2001	4,075
2002	4,077
2003	4,088
2004	4,061
2005	4,117
2006	4,095
2007	4,127
2008	4,123
2009	4,068

Monthly Impact Analysis

<u>Assuming</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>
Electricity Charge on 1,000 kWh ¹	\$83.37	\$84.84	\$84.84	\$84.44	\$84.44
Sanitation (Including Recycling)	17.50	19.00	19.00	19.00	19.00
Water Charge on 5,000 gallons ²	18.80	19.75	19.75	19.75	22.30
Sewer Charge on 5,000 gallons ²	23.95	26.10	26.10	26.10	30.25
Stormwater Charge on 1 REU	3.00	4.00	4.00	4.00	4.00
Taxes on a \$100,000 Home	30.20	31.23	28.21	29.00	29.00
TOTAL	<u>\$176.82</u>	<u>\$184.92</u>	<u>\$181.90</u>	<u>\$182.29</u>	<u>\$188.99</u>

<u>Assuming</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>
Electricity Charge on 6,200 kWh ¹	\$381.38	\$382.85	\$382.85	\$382.45	\$382.45
Water Charge on 30,000 gallons ²	66.05	71.75	71.75	71.75	81.05
Sewer Charge on 30,000 gallons ²	77.70	90.60	90.60	90.60	105.00
Stormwater Charge on 1 acre	18.90	25.20	25.20	25.20	25.20
Taxes on \$250,000 business	113.25	117.10	105.78	108.75	108.75
Business License on \$850,000 sales ³	73.64	81.00	81.00	81.00	81.00
TOTAL	<u>\$730.92</u>	<u>\$768.50</u>	<u>\$757.18</u>	<u>\$759.75</u>	<u>\$783.45</u>

¹ This calculation eliminates the effect of any demand charges.

² This calculation assumes a meter size of 0.75" and a location within the city limits.

³ This calculation eliminates the effect of the transition to NAICS Codes.

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