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**City Administrator's Recommended Budget  
for the Fiscal Year Beginning July 1, 2018**



**City of Inman, SC  
May 14, 2018**

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**City Council**

Cornelius Huff  
Mayor

Melvin Fowler  
Mayor Pro Tempore

Ginger McGuire  
Councilmember

Kevin Newman  
Councilmember

Ray Rogers  
Councilmember

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Mayor Huff and City Councilmembers  
20 S. Main Street  
Inman, SC 29349

May 14, 2018

Re: Transmittal letter for the recommended FY 18/19 budget

Dear Mayor Huff and Honorable City Councilmembers:

This is to present to you the **City Administrator's recommended** budget for the fiscal year beginning July 1, 2018 and ending June 30, 2019. The recommended budget is balanced and totals \$3,474,293, which is an increase of \$337,415 over the current year's budget.

**In this transmittal letter, I'll discuss what's included in the budget. This** consists of an overview of trends in our revenues and expenditures. **Also, I'll highlight major changes** in each fund, such as **what's driving increases to our budget. First, though, let's review our progress over the past year, including an update on the City Council's goals** and how this budget impact those goals.

### **Overview of progress on City Council goals.**

At your February 24, 2018 annual planning session, you reviewed and updated the goals you adopted pursuant to Resolution #2017-04. A summary of those goals, as updated at your planning session, is as follows, including a description of how this budget helps us make progress towards attaining those goals. The goals are presented **in order of priority, with the City Council's highest priority goals coming first.**

- Completing the streetscape renovations project.  
Construction for the streetscape renovations began this March. The maximum timeframe for completing the project is the end of November 2018.

**The current year's budget included an appropriation of \$80,000 to meet the grant** match requirements for this project. As of the date of this letter, the project is on schedule and within its budget constraints. Thus, for the recommended FY 18/19 budget, additional appropriations are not needed for this project.

- Completing the Mathis Park renovations project.

The projected timeframe for completing the Mathis Park renovations is soon, sometime by mid-summer. As with the streetscape renovations project, this project is on schedule and within its budget constraints, thus not requiring additional appropriations with the FY 18/19 budget. This project was funded, however, by a 5-year special revenue bond.

**The first year's payment for this bond is budgeted in the hospitality tax fund.**

- Making progress on the Highway 292 sewer service expansion project.

The first phase of this project, the Greene Creek pump station upgrade, is in progress, with an anticipated completion date by the end of October 2018. Next phases include installing sewer lines along the highway's corridor, construction of additional pump stations, and, finally, expanding our wastewater treatment plant's capacity.

To that end, City Council made a mindful decision to fund a sewer rate study with the current budget to assist in planning for the sewer service expansion project. The rate study, which was presented to you at your regular March meeting, factors in these construction costs over the next five years, in turn recommending adjustments to our rates that will help us meet our capital improvements needs, our current operational needs, and the minimum net assets requirements set forth in our revenue bond covenants. The recommended budget for the Sewer Fund assumes that City Council adopts the new rate structure that the rate consultant recommended. (You will need to adopt the recommended rate structure separately by amending the Sewer Use Ordinance.)

- Ensuring high-quality fire protection for City of Inman residents and businesses.

As of January 1, the Fire Department has maintained 24-hour per day staffing through additional part-time personnel. This was in response to Inman Community Volunteer Fire Department no longer providing dual response to all calls within the city limits. Thus, this spring City Council approved a budget amendment to provide additional, part-time staffing of the Fire Department through June 30.

This budget recommends appropriating \$52,975, which is the estimated cost to maintain the equivalent of one firefighter at the Fire Department outside of normal business hours (that is, when the Fire Chief is not at the station) for an additional six months. The additional six months are to give us time to develop a plan to ensure adequate fire protection within the city limits.

The addition of 24-hour staffing at the Fire Department earlier this year was an unexpected addition to an already constrained budget. For that reason, as we look at our plan for maintaining fire protection, **it's recommended that we examine** all options, such as: the merger or consolidation of fire services; contracting with other

departments for responses to calls that occur **outside of our department's business** hours; finding ways to increase our pool of volunteer firefighters; and so on.

- **Continuing to improve and strengthen the City's financial management** practices.

We can continue to make progress towards attaining this goal through establishing financial and accounting policies, as we have with the credit card and general fund reserve policies that City Council adopted in recent months. All of this we can do in-house.

Nonetheless, last spring there was some interest among City Council about updating our accounting software. To that end, staff reviewed numerous finance packages, but, ultimately, other priorities took precedence in the FY 17/18 budget. The Administration Department requested funding to purchase a new accounting and financial management package, but that request is not recommended in the proposed capital improvements plan due to other projects having a higher priority ranking.

- **Updating the City's comprehensive plan, including elements related to** economic development, downtown revitalization, housing improvement, and so on.

**The City's comprehensive plan, which is mandated** by state law, is nearing its ten-year expiration date. In addition, both the City Council and the Planning Commission have expressed an interest in focusing on economic development, affordable housing, revamping some of the deteriorating buildings and houses we have in the City, ensuring our strategy for growth and annexation is logical and financially sound, and so on. A comprehensive planning process would address each of these issues, as well as helping us craft a vision for what we want the community to look like ten years from now and creating strategies for how to get there.

The cost for hiring a professional planning firm to guide us through a comprehensive planning process starts at around \$12,500, and the process would take 6 to 8 months. Nonetheless, funding for engaging in a comprehensive planning process is not included in this budget. If City Council decides not to fund a comprehensive plan, we could look at possible grant options over the next year **so that we wouldn't have to wait until the** FY 19/20 budget to start revamping our comprehensive plan.

- Develop and continuously update a 5-year capital improvements plan. This budget funds the first year of the recommended 5-year capital improvements plan, which is detailed later in this document. The total amount of the first year of funding is \$46,208 and includes the first year of financing for a new police vehicle, body armor and other equipment for the Police Department, and turnout gear for the Fire Department.

- Update our personnel policies and practices and ensure our employee pay is competitive.

As with the goal having to do with our financial policies and practices, we can update our personnel policies and procedures, for the most part, in-house without an additional appropriation of funds.

And as far as ensuring our employee pay is competitive, this budget does include a 3% cost of living adjustment (COLA) to all full-time City employees.

- Continue to hold share-worthy events to show off the City and bring the community together.

This budget maintains funding for our events (such as Music on Mill, Harvest Day, Boo on Mill, and Light up Inman) at their current levels.

- **Updating the City's website.**

We accomplished this goal in February. Thus, the only impact that this goal has on the budget is the ongoing costs for hosting our new Website. Hosting costs are included in this budget.

### **General Fund highlights.**

Revenues.

Business licenses and other permits make up the largest share of General Fund revenues, comprising 35.96% of total revenues. Based on past trends, this category of **revenues is forecast to increase 1% over the current year's budget. Business licenses and permits are budgeted at \$553,110.**

The next largest share of General Fund revenues are ad valorem taxes, comprising 32.81% of General Fund revenues. Ad valorem taxes are budgeted at \$504,710 for FY 18/19.

**The S.C. Revenue and Fiscal Affairs Office publishes a "Millage Rate Increase Limitation Report" that shows the maximum millage increase that cities and counties can levy for the millage cap exception for changes in the Consumer Price Index and the jurisdiction's population growth. The report showing allowed millage rate increase limitations for cities will be published later this month. Nonetheless, this budget includes a 2% increase to the millage rate for CPI and population (based on projections), which would bring the millage rate from its current 63.60 mills to 64.87 mills, yielding an additional estimated \$8,579 in revenues.**

Also, this budget recommends levying an additional 10 mills on the millage rate to implement a reserve account, in accordance with SC Code of Laws §6-1-320(D). In the first year of implementation for FY 18/19, the reserve account millage would yield an estimated \$67,410. The proceeds from the reserve account could be used, among other things, to meet the minimum targeted levels of fund balance pursuant to your adopted **pursuant to your “General Fund Reserve Policy.” For more detail, please see the recommended Capital Improvements Plan and associated 5-year financial forecast (included in this document).**

Intergovernmental revenues are forecasted to increase \$65,185, much of which is due to adding a School Resource Officer (SRO) position earlier this year. This budget includes a full year of funding for 3 SROs, for which District 1 Schools reimburses us.

Other revenues include an interfund transfer from the Sewer Fund totaling \$60,000. This is to recoup the administrative expenses and other indirect costs associated with managing the Sewer Fund.

Finally, this budget includes a fund balance appropriation of \$70,779, which is less than the fund balance appropriation of **\$136,344 in the current year’s budget, as amended.** On this note, I would draw your attention to the 5-year financial forecast later in this document. This forecast provides support for cautious optimism: after several years of relying on our reserves to balance the budget, it appears our financial condition is starting to stabilize and that this trend should reverse itself in future years with continued belt-tightening.

Expenditures.

**You’ll notice that the Administration Department has an increase in its personnel line-items.** Much of this is due to the recommended reclassification of the Assistant City Clerk position, which is currently accounted for in the Sewer Fund. The increased General Fund expenditures associated with this reclassification are partially recouped with the indirect cost reimbursement from the Sewer Fund, since the Assistant City Clerk position is responsible for providing **much of the Sewer Fund’s administrative support.**

Other major expenditures changes are as follows:

- **Funding for the first year of the General Fund’s** recommended capital improvements plan at a cost of \$46,208.
- An increase of \$34,000 for our garbage pick-up services.
- 24-hour staffing at the Fire Department for six months, totaling \$52,975. This is **an increase from the current year’s budget of \$35,000** for part-time employee wages at the Fire Department.
- A 3% COLA for full-time employees, budgeted at \$19,913.

Additional program options not related to goals above.

The City Council has expressed an interest in the following program options, which are in addition to the goals listed above. None of these items is included in the recommended budget. Thus, inclusion of these options would require an additional appropriation of fund balance or other financing sources, or cuts elsewhere in the budget.

- Implementing a program to condemn and demolish derelict buildings throughout the City – approximately \$40,000 per year to engage a firm specializing in building codes services to demolish two to three derelict buildings a year.
- **Demolishing the City’s property on 26 Mill St. (the former dentist’s office)** – approximately \$26,000 for asbestos inspection and hiring a licensed contractor for demolition and grading services.

### **Sewer Fund highlights.**

Revenues.

The recommended budget assumes that the City Council adopts the recommendations **from the March 29, 2018 “Wastewater Rate Study.” The study recommends** restructuring the monthly base charge such that customers with larger connections (and who place greater demand on the wastewater treatment system) will pay proportionately more. Our current rate structure does not tie monthly base charges to the **customer’s meter size. Instead, the monthly base charge is based on the customer** class without regard to meter size. The rate study recommends phasing in the monthly base charge structure over five years. In addition, the rate study provides proposed **rates for the volumetric component of a customer’s sewer bill** (that is, the amount charged for each 1,000 gallons treated), **which are also tied to the size of the customer’s** water meter.

The additional revenues that these rate adjustments are projected to yield are factored into the \$1,574,415 budgeted for user fees and charges. (Note that this amount is less **than the amount included in the rate study’s projected operating results for FY 18/19. That’s because this amount is prorated** based on the rates going into effect around September to give the water districts, which handle our billing for us, time to update their system accordingly.)

**User fees and charges make up almost all the Sewer Fund’s revenues. With the less than 5% of other revenues, I’m not projecting that much of a change** over previous the years. Finally, the Sewer Fund includes an appropriation of \$81,369 in net assets, which is much less than the \$257,086 appropriated in the current budget. Once the rate study recommendations are implemented, our operating results should show increasing net assets over the next five years, enabling us to undertake the

ambitious capital improvements and sewer expansion projects that are currently in the works.

Expenditures.

**Expenditures for the Sewer Fund's FY 18/19 budget aren't too different from the current year.** The biggest increase is a \$60,000 interfund transfer to the General Fund for indirect cost reimbursement. After that, the Wastewater Treatment Plant is requesting \$25,000 (which this budget funds) to replace a Ford F-150 that has **exceeded its useful life. There's also an increase of \$10,000 for replacing sewer lines, as well as pump repair and replacement.** Also requested in the budget is a capacity fee **study (\$10,000) so we can study how we can recover the City's capital costs associated with new customers (especially major subdivisions outside the City limits) connecting to the wastewater utility system.** Finally, an expense of \$8,617 is included in this fund for a 3% COLA for Wastewater Treatment Plant employees.

### **Special Revenue Funds highlights.**

Hospitality Tax Fund.

**This fund includes the first year's payment of \$71,700** for the special revenue bond used to finance the Mathis Park renovations. Also included is an appropriation of \$45,000 to launch a commercial façade improvements program to improve the appearance of buildings in the central business district. Other than that, funding for our current events and tourism-related programs are budgeted to remain at current levels.

Other Special Revenue Funds.

**An appropriation of \$8,000 is included from the farmer's market grant fund to continue the farmer's market for the 2018 season and to provide funding for the start of the 2019 season.** The Police Department's request for **\$12,000 for undercover supplies** is recommended to be moved out of the General Fund and into the Drug Asset **Forfeiture Fund. Finally, the recommendations for the Firemen's 1% Fund and the Victims Assistance Fund maintain current levels.**

### **Acknowledgements.**

Our department heads are to be commended for the thought and effort they put into developing their requests. The worksheets that department heads used to develop their requests are included as a separate supplement to this document.

City Clerk Robin Henderson and Assistant City Clerk Mandy Shaw provided much of the information on which this budget is based. This budget would not be possible without their expertise and attention to detail.

**Next steps.**

I recommend that City Council review and develop a final draft of the budget over the course of several work sessions, with the first work session scheduled for May 31<sup>st</sup>. Also, **I recommend holding first reading approval at City Council's regular June 11<sup>th</sup> meeting**, with a second and final reading, including a public hearing, to be scheduled at a special meeting on June 28<sup>th</sup>.

Interested members of the public can view this document **on the City's website or in person** at City Hall. We welcome and encourage public comment.

Sincerely,



Jeremy B. Caudle, CGFM  
City Administrator

## Reader's guide

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The “City Administrator’s Recommended FY 18/19 Budget” has several sections. To help you understand what’s in here, an outline and brief description of each section is below.

### Budget summary by fund

This is a high-level view of the budget, showing budget totals by fund.

### Schedule of revenues and expenditures by fund

This shows the budget in more detail, presenting revenues by type and expenditures by department. Totals are presented for each fund.

### 4-year revenue and expenditures schedules

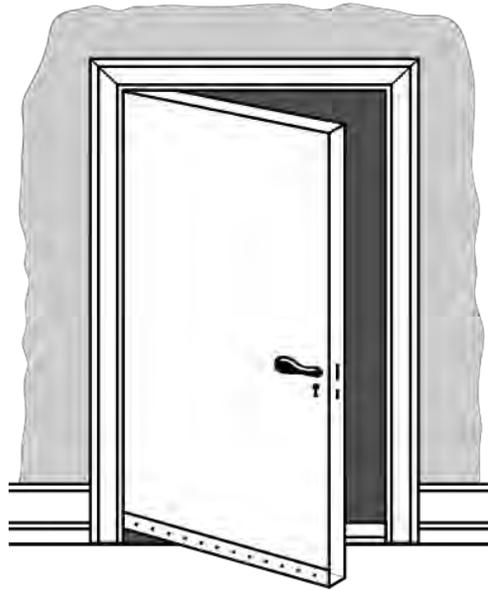
These schedules show revenues by type and expenditures by category for FY 15/16 (actual), FY 16/17 (actual), FY 17/18 (budgeted), FY 18/19 (recommended), and the increase or decrease from FY 17/19 to FY 18/19.

### Line-item budget with comments

This section presents a line-item budget for each expenditure account in each fund. This schedule shows the budgeted amount for FY 17/18, the department request for FY 18/19, the recommendation for FY 18/19, and the amount cut or added from the FY 18/19 request and the FY 18/19 recommendation. (Note that departments **didn’t enter** requests for personnel-related expenditures, hence the large amounts in the additions column for these items.) A comment line provides additional information for each account, where appropriate.

### Appendix A: Recommended budget ordinance

This draft of the budget ordinance encompasses the recommendations presented herein.

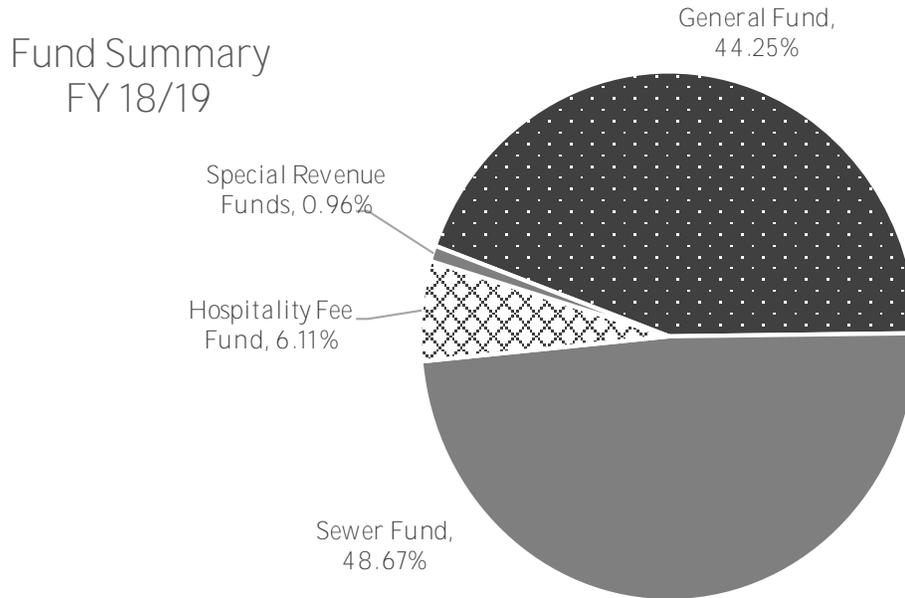


Budget summary by fund

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Recommended FY 18/19 Budget Summary - All Funds

	Budget FY 17/18	Recommended FY 18/19	Increase/ (Decrease)
General Fund	1,386,757	1,538,063	151,306
Sewer Fund	1,631,521	1,690,749	59,228
Hospitality Fee Fund	118,600	212,200	93,600
Special Revenue Funds	-	33,281	33,281
<b>Grand Total</b>	<b>3,136,878</b>	<b>3,474,293</b>	<b>337,415</b>



Schedule of revenues and appropriations by fund

Recommended FY 2018 - 2019 Budget Summary					
	General Fund	Sewer Fund	Hospitality Fund	Special Revenue Funds	TOTAL
Revenues and financing sources:					
Ad Valorem Taxes	504,710	-	-	-	504,710
Other taxes	-	-	170,000	-	170,000
Licenses and permits	553,110	-	-	-	553,110
Fines and fees	87,299	-	-	8,173	95,472
Intergovernmental	256,115	30,335	-	4,900	291,350
User fees and charges	-	1,574,415	-	-	1,574,415
Miscellaneous	6,050	4,630	-	-	10,680
Grants	-	-	-	-	-
Interest	-	-	-	-	-
Interfund transfer - from Sewer Fund	60,000	-	-	-	60,000
Fund balances appropriated	70,779	81,369	42,200	20,208	214,556
Total revenues and financing sources:	1,538,063	1,690,749	212,200	33,281	3,474,293
Appropriations:					
Administration Department	267,530	-	-	-	267,530
Mayor's Office	11,926	-	-	-	11,926
City Council	20,178	-	-	-	20,178
Fire Department	232,396	-	-	1,000	233,396
Police Department	653,907	-	-	12,000	665,907
Streets Maintenance Department	269,450	-	-	-	269,450
Wastewater Treatment Department	-	1,690,749	-	-	1,690,749
Planning Commission/Zoning Administration	5,875	-	-	-	5,875
Tourism and Hospitality	-	-	212,200	-	212,200
Victims Assistance Program	-	-	-	12,281	12,281
Municipal Court	8,680	-	-	-	8,680
Farmers Market	-	-	-	8,000	8,000
Non-Departmental	68,121	-	-	-	68,121
Total appropriations:	1,538,063	1,690,749	212,200	33,281	3,474,293

4-year revenue schedule by type

	Actual 15/16	Actual 16/17	Budget 17/18	Recommended 18/19	(Increase)/ decrease
<b>General Fund</b>	(1,675,426)	(1,948,031)	(1,386,757)	(1,538,063)	(151,306)
Licenses and permits	(535,590)	(540,532)	(547,633)	(553,110)	(5,477)
Ad Valorem Taxes	(409,037)	(428,751)	(477,285)	(504,710)	(27,425)
Intergovernmental	(154,479)	(173,583)	(190,930)	(256,115)	(65,185)
Fines and fees	(135,191)	(75,911)	(84,455)	(87,299)	(2,844)
Fund balances appropriated	(100,002)	12,738	(80,454)	(70,779)	9,675
Interfund transfers - in	(64,906)	(56,000)	-	(60,000)	(60,000)
Miscellaneous	(57,089)	(322,696)	(6,000)	(6,050)	(50)
Other financing sources	-	(62,430)	-	-	-
User fees and charges	-	-	-	-	-
Grants	(14,418)	(75,000)	-	-	-
Interest	(185)	(90)	-	-	-
Other taxes	(204,528)	(225,776)	-	-	-
<b>Hospitality Fund</b>	-	-	(167,600)	(212,200)	(44,600)
Other taxes	-	-	(167,600)	(170,000)	(2,400)
Fund balances appropriated	-	-	-	(42,200)	(42,200)
<b>Sewer Fund</b>	(1,477,642)	(1,654,089)	(1,631,521)	(1,690,749)	(59,228)
User fees and charges	(1,419,235)	(1,627,804)	(1,339,500)	(1,574,415)	(234,915)
Fund balances appropriated	-	-	(257,086)	(81,369)	175,717
Intergovernmental	(30,335)	-	(30,335)	(30,335)	-
Miscellaneous	(28,072)	(26,285)	(4,600)	(4,630)	(30)
Grants	-	-	-	-	-
<b>Special Revenue Funds</b>	-	-	-	(33,281)	(33,281)
Fund balances appropriated	-	-	-	(20,208)	(20,208)
Fines and fees	-	-	-	(8,173)	(8,173)
Intergovernmental	-	-	-	(4,900)	(4,900)
<b>Grand Total</b>	<b>(3,153,068)</b>	<b>(3,602,120)</b>	<b>(3,185,878)</b>	<b>(3,474,293)</b>	<b>(288,415)</b>

4-year expenditures schedule by department

	Actual FY 15/16	Actual FY 16/17	Budget FY 17/18	Recommended FY 18/19	Increase/ (decrease)
Administration Department	254,745	403,714	287,352	267,530	(19,822)
Personnel	73,310	135,414	117,712	169,646	51,934
Operating	89,850	212,226	142,140	57,925	(84,215)
Services	56,428	56,074	20,000	32,500	12,500
Debt service	35,156	-	7,500	7,459	(41)
City Council	-	1,555	20,178	20,178	0
Personnel	-	-	15,378	15,378	0
Operating	-	1,555	4,800	4,800	0
Farmers Market	-	-	-	8,000	8,000
Services	-	-	-	8,000	8,000
Fire Department	259,111	288,346	226,699	232,396	5,697
Personnel	109,859	109,697	110,699	118,196	7,497
Operating	93,693	87,410	73,500	71,700	(1,800)
Debt service	55,559	91,239	42,500	42,500	0
Hospitality and Tourism	253,181	119,324	118,600	212,200	93,600
Personnel	-	-	-	10,000	10,000
Operating	253,181	119,324	118,600	130,500	11,900
Debt service	-	-	-	71,700	71,700
Mayor's Office	-	33	11,926	11,926	0
Personnel	-	-	7,126	7,126	0
Operating	-	33	4,800	4,800	0
Planning Commission/Zoning	-	412	4,000	5,875	1,875
Personnel	-	-	-	1,875	1,875
Services	-	412	4,000	4,000	0
Police Department	652,032	614,442	589,170	653,907	64,737

4-year expenditures schedule by department

Personnel	458,479	468,168	487,520	549,767	62,247
Operating	154,405	95,782	84,450	96,140	11,690
Services	1,204	702	-	800	800
Debt service	6,760	6,687	7,200	7,200	0
Capital	31,184	43,103	10,000	-	(10,000)
<b>Wastewater Treatment Department</b>	<b>1,609,634</b>	<b>1,895,917</b>	<b>1,631,521</b>	<b>1,690,749</b>	<b>59,228</b>
Personnel	376,729	428,311	436,727	406,138	(30,589)
Operating	732,893	894,269	607,700	667,517	59,817
Services	3,119	53,975	110,000	85,000	(25,000)
Interfund transfers	-	-	-	60,000	60,000
Debt service	495,700	504,243	397,094	397,094	0
Capital	1,192	15,118	80,000	75,000	(5,000)
<b>Streets Maintenance Department</b>	<b>227,293</b>	<b>222,426</b>	<b>236,752</b>	<b>269,450</b>	<b>32,698</b>
Personnel	48,394	54,315	63,256	62,830	(426)
Operating	93,417	81,936	86,496	85,620	(876)
Services	85,483	86,176	87,000	121,000	34,000
Other	-	-	-	-	0
Grants	-	-	-	-	0
<b>Victims Assistance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,281</b>	<b>12,281</b>
Personnel	-	-	-	8,299	8,299
Operating	-	-	-	3,982	3,982
<b>Drug Asset Forfeiture Fund</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,000</b>	<b>12,000</b>
Operating	-	-	-	12,000	12,000
<b>Firemen's 1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>1,000</b>
Operating	-	-	-	1,000	1,000
<b>Municipal Court</b>	<b>8,006</b>	<b>6,944</b>	<b>8,680</b>	<b>8,680</b>	<b>0</b>
Personnel	-	-	-	-	0
Operating	806	944	1,380	1,380	0

4-year expenditures schedule by department

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Services	7,200	6,000	7,300	7,300	0
Non-Departmental	1,423	1,725	2,000	68,121	66,121
Personnel	-	-	-	19,913	19,913
Operating	1,423	1,725	2,000	48,208	46,208
Grand Total	3,265,425	3,554,838	3,136,878	3,474,293	337,415

Line-item budget with comments

	Budget FY 17/18	Request FY 18/19	Rec. FY 18/19	Amount added/(cut)	Comments
Administration Department	287,352	166,641	267,530	100,889	
4000-STREETSCAPE PROJECT ENG FEES	-	-	-	-	
4010-ADMIN/CITY CLERK SALARY	86,691	-	120,055	120,055	Increase due to reclassifying Asst. City Clerk.
4011-MAYOR SALARY	-	-	-	-	
4012-ACCRUED VACATION PAY	-	-	-	-	
4013-ROVING ADMINISTRATOR	-	-	-	-	
4015-ACOG-RFP	-	-	-	-	
4020-UNIFORMS	500	500	1,000	500	Increase due to reclassifying Asst. City Clerk.
4030-FICA TAXES	6,632	-	9,186	9,186	Increase due to reclassifying Asst. City Clerk.
4039-WORKERS COMP. CLAIM	-	-	-	-	

Line-item budget with comments

4040-WORKERS' COMP.	500	500	500	-	Increase due to reclassifying Asst. City Clerk.
4041-TORT LIAB. INSURANCE	5,000	5,000	5,000	-	
4045-COUNTY BILLING FEE	2,200	2,200	2,200	-	
4050-HEALTH INSURANCE	14,258	15,550	22,425	6,875	Increase due to reclassifying Asst. City Clerk.
4060-RETIREMENT	9,631	-	17,480	17,480	Increase due to reclassifying Asst. City Clerk.
4070-FOUNDERS FCU CD	-	-	-	-	
4080-OFFICE SUPPLIES	5,000	6,000	5,000	-1,000	Recommended reduction.
4081-PRINTING & POSTAGE	500	500	500	-	
4082-DUES & SUBSCRIPTIONS	2,700	4,351	3,500	-851	Recommended reduction.
4083-COMPUTERS	2,000	51,499	2,000	-49,499	Keep Pivotal IT, maintenance, LaserJet replacement. Delete new finance pkg.
4084-CHRISTMAS PARADE	-	-	-	-	

Line-item budget with comments

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4085-NEW EQUIPMENT (COPIER)	-	-	-	-
4086-MUNICODE FEES	2,500	2,500	2,500	-
4087-CDBG GRANT MATCH	85,000	-	-	-
4088-BAN ISSUANCE COSTS	-	-	-	-
4089-LED LIGHTS	7,500	7,459	7,459	-
4090-UTILITIES/LED LIGHTS	24,000	24,000	24,000	-
4095-CONSULTING SERVICES	-	-	-	-
4100-BUILDING INSURANCE	600	625	625	-
4110-BUILDING REPAIRS & MAINT.	-	-	-	-
4120-ATTORNEY FEES	10,000	20,000	20,000	-
4121-ACCOUNTING/AUDIT	10,000	12,500	12,500	-

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Line-item budget with comments

4122-FINANCIAL ADVISORY SERVICES	-	-	-	-	
4130-MAYOR'S YOUTH COUNCIL	-	-	-	-	
4140-ADMINISTRATOR TRAVEL	4,500	4,500	4,500	-	Amount per employment agreement.
4141-CITY CLERK TRAVEL	1,040	1,157	1,800	643	Increase due to reclassifying Asst. City Clerk.
4150-ELECTION EXPENSE	-	-	-	-	
4160-PARKING LOT LEASE	300	300	300	-	
4165-DATAMAX COLLECTION FEES	-	-	-	-	
4170-CONTINGENCY	-	-	-	-	
4179-INTEREST-ANTICIPATION NOTE	-	-	-	-	
4180-BOND - NEW CITY HALL	-	-	-	-	
4181-MISC/ADMIN CAR	4,000	5,000	4,000	-1,000	Recommended reduction.

Line-item budget with comments

4182-NEWSPAPER ADVERTISEMENT	300	500	1,000	500	Based on projections/increased advertising.
4183-PLANNING/ZONING FEES	-	-	-	-	
4184-CITY OF INMAN WEBSITE	-	2,000	-	-2,000	Recommend move contract amount to Htax fund.
4185-COMMUNITY EVENTS	-	-	-	-	
4186-ECONOMIC INCENTIVES	-	-	-	-	
4187-EMPLOYEES CHRISTMAS PARTY	2,000	-	-	-	
4999-DEPRECIATION	-	-	-	-	
<b>City Council</b>	<b>20,178</b>	<b>-</b>	<b>20,178</b>	<b>20,178</b>	
12000-COUNCIL SALARIES	12,000	-	12,000	12,000	
12001-COUNCIL FICA TAXES	1,379	-	1,379	1,379	

Line-item budget with comments

12002-COUNCIL RETIREMENT	1,999	-	1,999	1,999	
12003-COUNCIL TRAVEL	4,800	-	4,800	4,800	
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Farmers Market	-	-	8,000	8,000	
4000-PROF. SERVICES:FRMS MKT	-	-	8,000	8,000	Continuing contract for farmers market. Paid from balance of grant funds.
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Fire Department	226,699	325,000	232,396	-92,604	
7009-FEMA=STORM CLEANUP	-	-	-	-	
7010-SALARY	77,261	-	42,261	42,261	Includes fire chief position only. PT coverage moved to 7014.
7011-TORT LIAB. INSURANCE	2,500	-	3,000	3,000	
7012-FIRE VEHICLE INSURANCE	9,500	-	10,000	10,000	

Line-item budget with comments

7013-ACCRUED VACATION PAY	-	-	-	-	
7015-CONTRACT LABOR	-	-	-	-	
7020-WORKERS' COMP.	9,500	-	3,524	3,524	
7021-UNEMPLOYMENT CLAIM	-	-	-	-	
7030-SC ASSOC. DUES	1,000	800	800	-	
7031-CHIEF ASSOC. DUES	-	200	200	-	
7035-OSHA/ISO AUDIT	-	-	-	-	
7040-COMPUTER SOFTWARE	-	-	-	-	
7049-FEMA=STORM CLEANUP	-	-	-	-	
7050-VEHICLES GASOLINE	5,000	7,000	5,000	-2,000	Recommended reduction.
7051-VEHICLES REPAIRS	11,000	19,000	11,000	-8,000	Recommended reduction.

Line-item budget with comments

7059-FEMA=STORM CLEANUP	-	-	-	-	
7060-EQUIPMENT	15,200	150,000	12,200	-137,800	Recommended reduction. Turnout gear included in CIP line-item.
7061-CHIEFS CAR	12,500	12,500	12,500	-	
7062-FIRETRUCK PAYMENT	30,000	100,000	30,000	-70,000	Recommended reduction. Other portion of payment included in Htax fund.
7063-EQUIPMENT FROM SPTBG COUNTY	-	-	-	-	
7064-SPTBG REG FOUNDATION -GATOR	-	-	-	-	
7065-HUMMER	-	-	-	-	
7070-UTILITIES	10,000	12,500	10,000	-2,500	Recommended reduction.
7080-VOLUNTEER CALLS	1,500	1,500	1,500	-	
7090-BLDG REPAIRS & MAINT.	10,000	12,500	10,000	-2,500	Recommended reduction.
7091-BUILDING INSURANCE	800	1,000	1,000	-	

Line-item budget with comments

7100-TRAINING	2,000	-	2,000	2,000	Recommended addition-not included in request.
7103-FICA EXPENSE	5,911	-	3,233	3,233	
7104-HEALTH INSURANCE	9,443	-	10,050	10,050	
7105-RETIREMENT	8,584	-	6,153	6,153	
7121-ATTORNEY FEES	-	-	-	-	
7140-OFFICE SUPPLIES	2,000	3,000	2,000	-1,000	Recommended reduction.
7145-COMPUTER SOFTWARE	2,500	3,000	2,500	-500	Recommended reduction.
7201-WORK UNIFORMS	500	2,000	500	-1,500	Recommended reduction.
7999-DEPRECIATION	-	-	-	-	
7014-PART-TIME POSITION	-	-	52,975	52,975	6-month funding for part-time coverage outside of bus. hours.

Line-item budget with comments

Hospitality and Tourism	118,600	-	212,200	212,200
3291-HOSPITALITY TAX EXPENSES	-	-	-	-
3292-HOSPITALITY TAX EXP/ADVERT	-	-	-	-
4100-ADVERTISING:HARVEST DAY	11,000	-	11,000	11,000
4101-ADVERTISING:MAGAZINE	13,000	-	-	-
4102-ADVERTISING:COMMUNITY GRANTS	1,700	-	6,000	6,000
4200-PROMOTIONS-FARMER'S MARKET	7,000	-	-	-
4210-PROMOTIONS-EVENT INSURANCE	2,000	-	2,000	2,000
4211-PROMOTIONS-LIGHTUPINMAN/PARADE	11,900	-	12,000	12,000
4212-PROMOTIONS-BOO ON MILL	3,500	-	3,500	3,500
4213-PROMOTIONS-WEBSITE	15,000	-	3,000	3,000

Line-item budget with comments

4214-PROMOTIONS-MUSIC ON MILL	21,000	-	21,000	21,000
4300-SAFETY-ADVERTISING	1,000	-	1,000	1,000
4301-SAFETY-DEBT. SERVICE	26,000	-	26,000	26,000
4400-INFRA-MATHIS PARK BAN	5,500	-	-	-
4401-MATHIS PARK DEBT SERVICE	-	-	71,700	71,700
4103-EVENT SAFETY PERSONNEL	-	-	10,000	10,000
4104-FAÇADE PROGRAM	-	-	45,000	45,000
Mayor's Office	11,926	-	11,926	11,926
11000-MAYOR SALARY	6,000	-	6,000	6,000
11001-MAYOR FICA TAXES	459	-	459	459

Line-item budget with comments

11002-MAYOR RETIREMENT	667	-	667	667	
11003-MAYOR TRAVEL	2,800	-	2,800	2,800	
11004-MAYOR MISC	1,000	-	1,000	1,000	
11005-MAYOR'S YOUTH COUNCIL	1,000	-	1,000	1,000	
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Planning Commission/ Zoning	4,000	-	5,875	5,875	
10000-PLANNING COMMISSION	-	-	1,875	1,875	\$25 per month pay to PC/ZBA members for each monthly meeting.
10001-ZONING ADMIN SALARY	4,000	-	4,000	4,000	
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Police Department	589,170	184,500	653,907	469,407	
5010-SALARIES	330,458	-	366,216	366,216	K9 incentive (\$3,900); education incentive (\$1,000); 3 SROs; overtime (\$5,000).

Line-item budget with comments

5012-ACCRUED VACATION PAY	-	-	-	-
5015-VICTIMS ASST SALARIES	-	-	-	-
5016-VICTIMS ASST EXPENSE	-	-	-	-
5020-VICTIMS ASSIST ASSESSMENTS	-	-	-	-
5021-VICTIMS ASST TRANSFER OUT	-	-	-	-
5022-COPS GRANT TRANSFER OUT	-	-	-	-
5025-STATE FINE ASSESSMENTS	-	-	-	-
5030-FICA TAXES	25,013	-	27,189	27,189
5031-UNEMPLOYMENT CLAIM	-	-	-	-
5040-HEALTH INSURANCE	69,966	-	79,324	79,324
5045-FINES CREDIT CARD MACHINE CGE	2,500	2,500	2,500	-

Line-item budget with comments

5050-RETIREMENT	45,083	-	61,261	61,261	
5060-WORKERS' COMP.	17,000	-	15,777	15,777	
5070-TORT LIAB. INSURANCE	6,800	-	8,850	8,850	
5079-VESTS	-	1,200	-	-1,200	Funded in CIP line-item.
5080-UNIFORMS, ACCSSRS	2,500	4,000	4,000	-	Recommended reduction.
5081-OFFICE SUPPLIES/MISC	3,500	3,500	3,500	-	
5082-PRINTING & POSTAGE	300	300	300	-	
5083-DUES & SUBSCRIPTIONS	500	1,000	1,000	-	
5084-EQUIPMENT/WALKIE TALKIES	10,300	14,600	11,000	-3,600	Tasers \$3,600; moved to CIP line-item.
5085-REPAIRS & MAINTENANCE	500	500	500	-	
5086-800 MHZ	4,500	5,000	5,000	-	

Line-item budget with comments

5087-PSYCH EVALUATIONS	-	800	800	-	
5090-VEHICLES GASOLINE	17,000	25,000	20,000	-5,000	Recommended reduction.
5091-VEHICLES INSURANCE	8,400	11,000	10,540	-460	Recommended reduction.
5092-VEHICLES REPAIRS	5,500	8,000	6,000	-2,000	Recommended reduction.
5093-TRAVEL	2,000	2,800	2,000	-800	Recommended reduction.
5094-POLICE AUTOMOBILE	10,000	58,000	-	-58,000	One replacement vehicle-in CIP line-item.
5095-COMPUTERS	7,500	8,000	7,500	-500	Recommended reduction.
5096-POLICE - TAURUS	7,200	7,200	7,200	-	Chief vehicle payment.
5097-SALE POLICE CARS	-	-	-	-	
5098-CAPITAL	-	-	-	-	
5099-INTEREST ON V.A.'S AUTO	-	-	-	-	

Line-item budget with comments

5100-FILM & ID SUPPLIES	250	250	250	-	
5105-UNDERCOVER SUPPLIES	-	16,000	-	-16,000	Recommend reduction. Added in drug asset forfeiture fund.
5106-DOG SUPPLIES, TRAINING	-	800	800	-	
5110-COMMUNITY RELATIONS	-	250	-	-250	Recommended reduction.
5120-TRAINING	3,600	5,000	3,600	-1,400	Recommended reduction.
5121-ATTORNEY FEES	-	-	-	-	
5125-RESERVE POLICE OFFICERS	-	-	-	-	
5150-PHONES & PAGERS	8,000	8,000	8,000	-	
5160-COUNTY INMATE FEE	500	500	500	-	
5165-JUVENILE COSTS	300	300	300	-	
5170-CONTINGENCY	-	-	-	-	

Line-item budget with comments

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5999-DEPRECIATION	-	-	-	-	
Wastewater Treatment Department	1,631,521	1,036,994	1,690,749	653,755	
4009-FEMA=OVERTIME	-	-	-	-	
4010-SALARIES	309,481	-	286,118	286,118	\$10,000 in overtime.
4011-LAB ASSISTANT	-	-	-	-	
4012-BOOKKEEPING SALARY	-	-	-	-	
4020-UNIFORMS (WWTP)	10,000	10,000	10,000	-	
4021-TORT LIAB. INSURANCE	6,000	-	6,000	6,000	
4030-FICA TAXES	24,057	-	21,128	21,128	-
4040-HEALTH INSURANCE	56,249	-	47,698	47,698	

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Line-item budget with comments

4050-WORKERS' COMP.	12,000	-	10,990	10,990
4060-LONGEVITY	-	-	-	-
4061-RETIREMENT	34,940	-	40,204	40,204
4070-BILLING CHARGE	107,000	-	107,000	107,000
4080-POSTAGE	1,200	1,000	1,000	-
4090-TELEPHONE	10,000	10,000	10,000	-
4100-ELECTRICITY	110,000	115,000	115,000	-
4110-ACCOUNTING & LEGAL FEES	25,000	-	25,000	25,000
4115-LEGAL FEES	-	-	-	-
4116-BANK SERVICE FEES	1,800	-	1,800	1,800
4117-CHESNEE WWTP EXPENSES	-	-	6,200	6,200

Line-item budget with comments

4118-RATE STUDY	-	-	10,000	10,000	Includes capacity fee study to supplement rate study.
4120-SUPPLIES & PRINTING	12,000	10,000	10,000	-	
4121-COMPUTER TRAINING	-	-	-	-	
4122-PRETREATMENT	5,000	7,500	7,500	-	
4125-MAPPING SYSTEM	-	-	-	-	
4128-FEMA-FUEL	-	-	-	-	
4129-TAXES & LICENSES	-	-	-	-	
4130-VEHICLES GASOLINE	10,000	12,000	12,000	-	
4131-VEHICLE REPAIRS	7,500	7,500	7,500	-	
4132-VEHICLE INSURANCE	13,000	-	13,000	13,000	
4133-DUES, TRAVEL, TRAINING	12,000	12,000	12,000	-	

Line-item budget with comments

4134-DHEC DUES	3,200	3,200	3,200	-
4135-NEW CHAPMAN HIGH PROJECT	-	-	-	-
4149-FEMA=DR FLUSH	-	-	-	-
4150-LINES & PUMPS	90,000	100,000	100,000	-
4155-RELOCATION OF SEWER-W. CLARK	-	-	-	-
4160-ENGINEERING FEES	110,000	75,000	75,000	-
4161-SC 292/I-26 SEWER SERVICE	-	-	-	-
4165-PUPS	600	800	800	-
4170-PLANT INSURANCE	5,000	-	5,000	5,000
4175-BUILDING MAINTENANCE	8,000	5,000	5,000	-
4176-CLEANING SERVICE	900	900	900	-

Line-item budget with comments

4180-CHEMICALS	43,000	45,000	45,000	-
4185-W. CLARK RD SEWER LINE	-	-	-	-
4190-LAB SUPPLIES	7,000	7,000	7,000	-
4200-MISC. SUPPLIES	5,000	5,000	5,000	-
4210-RODS, SMOKE DETECTORS	-	-	-	-
4220-HIGH SCHOOL LABOR	-	-	-	-
4260-NEW EQUIPMENT-CAPITAL	80,000	75,000	75,000	-
4270-CONTINGENCY	5,000	-	5,000	5,000
4275-WASTEWATER CAPITAL IMPROVEMENT	-	-	-	-
4280-TRACTOR PAYMENT	-	-	-	-
4281-CONTRACT LAB TESTING	40,000	40,000	40,000	-

Line-item budget with comments

4283-LANDFILL HAULING	-	-	-	-
4290-NEW PROJECT-SFIELD LIFT STA	-	-	-	-
4300-WATER	4,500	3,000	3,000	-
4310-RIGHT OF WAYS	-	-	-	-
4320-NEW LINES	-	-	-	-
4330-PAINT MACHINERY	-	-	-	-
4350-INTEREST	-	-	-	-
4400-DPRCTN,RURAL DVLP,CONTING,BB&T	397,094	397,094	397,094	-
4401-BAD DEBTS	-	-	-	-
4402-ISSUANCE COSTS	-	-	-	-
4420-MAINTENANCE SHED	-	-	-	-

Line-item budget with comments

4425-BELT PRESS/BLDG	-	-	-	-
4500-NEW VEHICLE	-	-	-	-
4510-NEW TRUCK FUND	-	25,000	25,000	-
4600-RENT ON SLUDGE MACHINE	-	-	-	-
4601-SLUDGE LAND APPLY	20,000	20,000	20,000	-
4610-ADM. COSTS	-	-	-	-
4700-CONTINGENCY	-	5,000	5,000	-
4719-FEMA=GENERATOR,ETC	-	-	-	-
4720-EQUIPMENT REPAIRS	45,000	45,000	45,000	-
4725-SLAB REPAIR INMAN MILLS	-	-	-	-
4800-ROAD PAVEMENT	-	-	-	-

Line-item budget with comments

4900-RURAL DEV. PMT.	-	-	-	-	
4910-GREENE CREEK PUMP STATION	-	-	-	-	
9002-COLA ACCOUNT FOR BUDGET PURPOSES	-	-	8,617	8,617	Total cost to implement 3% COLA. Will transfer to dept line-items if approved.
9010-TO GF FOR INDIRECT COSTS	-	-	60,000	60,000	Indirect cost transfer to GF for administration of sewer fund.
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Streets Maintenance Department	236,752	92,050	269,450	177,400	
3259-BEAUTIFICATION EXPENSE CO FNDT	-	-	-	-	
3271-LLEB-EQUIPMENT	-	-	-	-	
6010-SALARIES/PART-TIME EMPLOYEE	43,418	-	43,218	43,218	Includes \$10,000 for overtime/part-time help.
6012-ACCRUED VACATION PAY	-	-	-	-	
6020-UNIFORMS	700	700	700	-	

Line-item budget with comments

6030-FICA TAXES	3,322	-	3,307	3,307	
6031-UNEMPLOYMENT	-	-	-	-	
6040-WORKERS' COMP.	1,900	-	2,347	2,347	
6041-TORT LIAB. INSURANCE	1,000	-	1,070	1,070	
6050-HEALTH INSURANCE	9,791	-	7,666	7,666	
6060-RETIREMENT	4,825	-	6,292	6,292	
6111-EQUIPMENT/LAWN MOWER/CHAINSAW	2,500	2,500	2,500	-	
6112-EQUIPMENT REPAIRS	1,500	1,500	1,500	-	
6120-STREET LIGHTS	55,000	55,000	55,000	-	
6130-CHRISTMAS DECORATIONS	500	5,000	500	-4,500	Recommended reduction.
6140-SANITATION CONTRACT	87,000	-	121,000	121,000	New contract with Waste Industries. Includes bulk pick-up services 1 mo annually.

Line-item budget with comments

6145-LANDFILL CHARGES	-	-	-	-	
6150-PARK & RECREATION	2,046	-	-	-	
6155-BEECHWOOD DRIVE PROJECT	-	-	-	-	
6160-SPRING CLEAN-UP	3,000	4,000	-	-4,000	Recommend eliminate spring clean-up program.
6164-FEMA=STORM CLEANUP	-	-	-	-	
6165-STORM CLEAN-UP	-	-	-	-	
6166-CREEK AREA CLEAN-UP	-	-	-	-	
6168-STORM WATER FEE	2,000	2,100	2,100	-	
6170-SIDEWALK/CURB REPAIR/SIGNS	-	-	-	-	
6175-ROAD FEES PROJECT	-	-	-	-	
6180-MISCELLANEOUS	2,000	2,000	2,000	-	

Line-item budget with comments

6181-LANDSCAPING	-	3,000	1,000	-2,000	Recommended reduction.
6185-DEPT. OF CORR. INMATE LABOR	-	-	-	-	
6190-PART-TIME HELP	-	-	-	-	
6195-ZONING ADMINISTRATOR SALARY	-	-	-	-	
6200-PHONE/PAGER	850	850	850	-	
6205-COMPUTER	600	600	600	-	
6210-SAFETY EQUIP.-RAIN SUITS	-	-	-	-	
6215-FIRST MAYORS HOUSE	-	-	-	-	
6218-BUCKET TRUCK	-	-	-	-	
6219-TRUCK PAYMENT	-	-	-	-	
6220-FUEL	3,000	3,000	3,000	-	

Line-item budget with comments

6221-VEHICLE REPAIRS	2,500	2,500	2,500	-	
6222-VEHICLE INS.	2,300	2,300	2,300	-	
6223-SALT/SAND SPREADER	-	-	-	-	
6300-MAINT BLDG REPAIRS	7,000	7,000	10,000	3,000	\$5,000 added for cleaning service to City Hall/WWTP offices.
6400-STREET/CURB PAINTING	-	-	-	-	
6999-DEPRECIATION	-	-	-	-	
VICTIMS ASSISTANT	-	12,281	12,281	-	
4110 - Wages/Salary	-	7,500	7,500	-	
4220 - FICA/MEDICARE	-	574	574	-	
4240 - Worker's Compensation	-	150	150	-	

Line-item budget with comments

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4241 - Unemployment	-	75	75	-
4322 - Lawtrak Contract	-	500	500	-
4413 - Utilities - Cell Phone	-	420	420	-
4540 - Printing	-	500	500	-
4541 - Postage	-	50	50	-
4550 - Travel & Training	-	900	900	-
4610 - Office Supplies	-	500	500	-
4620 - Gasoline	-	300	300	-
4699 - Misc.	-	812	812	-
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DRUG ASSET FORFEITURE	-	-	12,000	12,000

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Line-item budget with comments

5105-UNDERCOVER SUPPLIES	-	-	12,000	12,000	Recommend reduction. Added in drug asset forfeiture fund.
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FIRE 1%	-	-	1,000	1,000	
4000-FIRE OPERATING SUPPLIES	-	-	1,000	1,000	
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COURT	8,680	-	8,680	8,680	
8010-CONTRACT SEVICES	7,300	-	7,300	7,300	
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8030-FICA	-	-	-	-	
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8040-TO COUNTY FOR JUDGE	-	-	-	-	
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8050-TRAVEL	-	-	-	-	
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8060-JURY FEES	900	-	900	900	
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Line-item budget with comments

8070-SCHOOLS	-	-	-	-	
8080-OFFICE SUPPLIES	-	-	-	-	
8081-EQUIPMENT	-	-	-	-	
8110-RETIREMENT	-	-	-	-	
8111-TORT LIABILITY INS.	180	-	180	180	
8112-ATTORNEY FEES	-	-	-	-	
8113-POSTAGE	300	-	300	300	
<b>NON-DEPARTMENTAL</b>	<b>2,000</b>	<b>-</b>	<b>68,121</b>	<b>68,121</b>	
8999-ARMORY UTILITIES	-	-	-	-	
9000-ARMORY UTILITIES	2,000	-	2,000	2,000	
9001-INTEREST EXPENSE	-	-	-	-	
9002-COLA ACCOUNT FOR BUDGET PURPOSES	-	-	19,913	19,913	This is the cost to implement a 3% COLA for the General Fund. If adopted, this will be transferred to dept. accounts.
9003-NON-COMP. SICK LEAVE	-	-	-	-	
9009-CIP FUNDING FOR BUDGET PURPOSES	-	-	46,208	46,208	This is the cost to implement 1 <sup>st</sup> year of CIP.

Line-item budget with comments

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9015-ADDTL PROGRAM OPTIONS FOR BUDGET PURPOSES	-	-	-	-	-	No funding added for additional program options (comprehensive plan, Beauchamp office demo, facilities study, etc.)
Grand Total	3,136,878	1,817,466	3,474,293	1,656,827		

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**RECOMMENDED 5-YEAR  
CAPITAL IMPROVEMENTS PLAN (CIP)**



**AND 5-YEAR FINANCIAL FORECAST**

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**May 14, 2018**

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## CIP introduction

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Mayor Huff and City Councilmembers  
20 S. Main Street  
Inman, SC 29349

May 14, 2018

Re: Transmittal letter for 5-year capital improvements plan

Dear Mayor Huff and Honorable City Councilmembers:

**This is to present to you the City Administrator's recommended 5-year capital improvements plan (CIP) for the General Fund.** The recommended CIP includes funding for four projects in the first year of implementation, totaling \$46,208. It is recommended that you read this CIP in conjunction with the 5-year financial forecast, **included in this document. That's because the costs** associated with implementing the CIP flow into the overall General Fund forecast, allowing you to see the impact on our operations, including the projected ending fund balance for each year.

The CIP does not address capital needs from the Sewer Fund. **That's because most of the Sewer Fund's capital improvements needs are incorporated in the rate study** that our rate consultant recently completed. Nonetheless, a listing of capital improvements requests, along with their recommended rankings, is included in this document for your information and future decision-making. It will be important to review these capital improvements requests alongside the rate study.

**The CIP also doesn't cover our next biggest fund, the Hospitality Fee Special Revenue Fund. That's** due to the restricted nature of hospitality fee revenues, as well as the fact that most of our hospitality fee revenues are already obligated for debt service, events, and so on, as opposed to capital improvements. Our other smaller special revenue funds **aren't included in this CIP, too, due to the restricted nature for which we can use** these funds, which precludes their use for capital needs.

### **Summary of what's included in the CIP**

The first year of implementation includes funding of \$46,208 in capital needs. **The sections that follow will provide more detail on departments' requests (including items requested but not included in the CIP), the ranking method, and the multi-year financing schedule. Here's a summary, though, of what's included in the first year:**

- Fire department - \$18,378 for 6 sets of turnout gear
- Police department - \$14,500 for first year of financing for new police patrol vehicle and associated equipment
- Police department - \$3,580 for first year of financing for new conducted electrical weapons

- Police department - \$9,750 to replace outdated body armor for all officers

**You'll notice that repairs and renovations to City buildings, including City Hall, are not included in the CIP. That's because I would recommend that we contract with an engineer or architect to undertake a facilities needs assessment, similar to the study performed for the former armory in 2016. Once the study's completed, we'll be able to incorporate the recommendations, including construction costs, into future iterations of the CIP. Funding for the study isn't included in the CIP or the FY 18/19 budget. If City Council wishes to proceed with a facilities needs study for FY 19/19, then you would need to decide how to fund the approximately \$15,000 cost associated with this type of study.**

#### Next steps

I recommend that the City Council review and fine-tune the CIP at a work session. **I expect that you'll especially want to go over the ranking methodology and implementation timeline for the capital improvements items. I'm sure you'll also want to examine the ways you can fund the CIP.**

**Once you've developed a final draft, I recommend that you pass a resolution adopting the CIP. Please note that adoption of the CIP does not mean that you're committing any funding—that will have to be accomplished through the budget process. Instead, by adopting the CIP, you're simply saying that the CIP will be a guide for decision-making, subject to changing circumstances and budget constraints. For those last two reasons, it will be important to review and update the CIP at least annually.**

Sincerely,



Jeremy B. Caudle, CGFM  
City Administrator



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## CIP introduction

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The capital improvements plan (CIP) has **several sections. To help you understand what's** in here, an outline and brief description of each section is below.

### Methodology

This section talks about how the CIP was developed. This includes the CIP calendar, how **“capital improvement” is defined**, the ranking methodology, and so on.

### Overview of department requests

**This provides an overview of department's** capital requests, including items that were not recommended for inclusion in the CIP.

### Overview of debt service

This section provides a schedule of current General Fund debt service. As debt service obligations fall off in future years, this will free up additional funds that could be directed toward funding the CIP.

### Funding schedule

This shows the five-year funding cycle and describes the financing methodology for the CIP.

### 5-year financial forecast

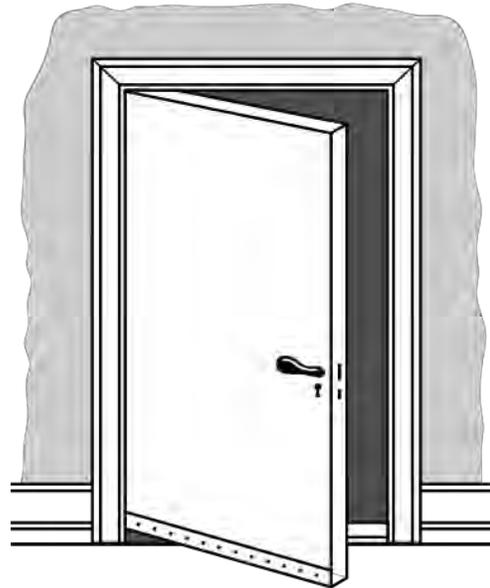
This section presents a year financial forecast, along with the assumptions and scenarios underlying the forecast. Funding for the CIP is included in the forecast, **allowing you to see the CIP's impact** on our bottom line.

### Weighted ranking of CIP items

This section provides has a table showing the weighted rankings of all items that were **included in departments' capital requests. The table shows the rankings for each** ranking criterion.

### Department CIP worksheets

**Copies of departments' capital requests, as submitted, including the rankings that** department heads assigned to their requests, are included as a separate supplement to this document.



## Methodology

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On 12/13/17, I issued a memo to department heads outlining the CIP process and issuing instructions for submitting capital requests. I asked department heads to forecast their capital improvements needs for the next five years.

As specified in the instructions, an item qualifies for inclusion in the CIP if it is one or more of the following types of property:

1. Land or rights to land
2. Buildings
3. Additions to or renovations of buildings where the cost is greater than or equal to \$5,000
4. Improvements to land other than buildings where the cost is greater than or equal to \$5,000
5. Equipment, vehicles, and furnishings where the cost is greater than or equal to \$5,000 and where the useful life is greater than one year
6. Improvements or additions to or refurbishments of equipment, vehicles, and furnishings where the cost is greater than or equal to \$5,000 and where the useful life is greater than one year

After reviewing their current and future needs, department heads submitted each **requested capital improvements item on the “capital asset request form.”** On each form, the department head listed a project title for the item in question; the category for the capital request (for example, buildings, equipment, or IT software/hardware); a description of the request; a justification for the request; a description of the impact if **funded for the item were delayed, the item’s cost; and a description of how the item’s** cost was calculated, as well as additional information about the items implementation timeline and funding priority.

Department heads were also asked to rate their requests along 7 priority rankings, as **described below. Next, department heads completed the “new vehicle/equipment request form” to provide additional information for vehicles and new equipment that** they included in their capital request. Department heads submitted requests for replacement vehicles based on the vehicle replacement criteria that the SC Department of Administration follows. Finally, department heads compiled and submitted their forms.

### Ranking Methodology

I applied seven criteria to each capital request help us prioritize which request would be included in the plan. Department heads were asked to rate each request from 0 to 5 for **each criterion, where “0” means “clearly no” and “5” means “clearly yes.”** The ranking criteria as follows:

- Meets legal mandates. Do state or federal law or administrative regulations require the City to have the capital asset?

## Methodology

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- Removes/reduces a hazard or threat to safety. Does the capital asset directly and immediately remove or reduce a hazard to the safety of employees or the public? Is the safety hazard serious and actual, as opposed to just potential?
- **Advances the city council’s goals.** Does the capital asset have an **immediate and direct relation to the city council’s priorities specified in Resolution #17-04?**
- Supports economic development. Is the capital asset directly related to attracting, retaining, and expanding local businesses?
- Prevents serious problems. Are the consequences of not funding the capital asset severe? Alternatively, could the project be postponed without serious harm to the community?
- Provides benefits that exceed costs. Do the benefits of the project outweigh the costs? Do the benefits of the project equal the costs? Does the project cost more than the benefits it would bring?
- Other financing avenues. Is there a way to finance this project through grants or other non-city funding, excluding debt financing?

In addition, each of the seven criteria are weighted—the idea being that certain criteria are more important than others. The table below shows the weights assigned to each criterion. The criteria are weighted such that if each item receives 5 points for each criterion, then a total of 100 points **are possible for each item. That’s to say, you** multiply the rating for each criterion by its associated weight below, then you sum the total for all weighted ratings to come up with the points assigned to each item. Thus, a score of 100 would indicate the highest possible priority ranking.

### *Weights assigned to each ranking criterion*

Ranking Criterion	Weight
Meets legal mandates	5.00
Prevents serious problems	4.00
Removes/reduces hazards	3.50
Benefits vs. costs	2.50
Other financing avenues	2.50
Advances city council goals	1.50
Supports economic development	1.00

**The “capital asset request form” asks department heads to rate each of their items, and their ratings are included in a separate supplement to this document. Nonetheless, I amended numerous ratings (either upward or downward) based on my professional judgment. Thus, the ranking included in this CIP are the City Administrator’s recommended rankings for the items in question.**

## Methodology

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Once **each item is rated for each of the ranking criteria, then it's possible to order each** of the items based on the total number of weighted points it received. You can see which items are at the top of the list, in terms of priority, along with their anticipated costs. With this information, you can then move to the next step of developing the **funding cycle. First, though, let's provide an overview of each department's requests.**



## Overview of department requests

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Department capital requests (including for the Wastewater Treatment Department) total \$25,723,099. To be sure, this is an eye-popping figure. Keep in mind, though, that some requests are aspirational—hence the importance of the ranking methodology.

**Here's** a summary by department.

### Administration/City Clerk – Total requests: \$115,750

The highest-ranking item for this department is a \$7,000 security system for City Hall. The security system would provide remote access and control for opening the doors at City Hall, in a similar manner to the security systems found at most schools nowadays. Other items include computers and printers, an updated finance system, and replacement of an administrative vehicle that meets replacement criteria.

CIP items ranked by points	Total points	Cost
City Clerk	60.0	115,750
Security system for City Hall (Item #7)	26.5	7,000
New computers and printers for office use (Item #9)	14.0	6,000
Finance system hardware/software upgrade (Item #6)	13.0	51,000
Vehicle replacement for administrative use (Item #8)	6.5	51,750
Grand Total	60.0	\$115,750

### Fire Department – Total requests: \$13,458,500

The highest-ranking item is replacement of 24 sets of turn-out gear. This is the gear that firefighters wear when arriving to vehicle and structure fires. The CIP includes a phased replacement of turnout gear, comprising 6 new sets every year for four years.

Other, lower ranked, items include replacing two fire engines, building a new fire station, and purchasing a mini-pumper. The mini-pumper would be used for quick response capabilities and would supplement our current apparatus.

CIP items ranked by points	Total points	Cost
Fire Department	188.5	13,458,500
Fire-fighting turn-out gear (Item #1)	72.0	73,500
Engine 4 replacement (Item #2)	54.5	580,000
Engine 1 replacement (Item #3)	52.0	580,000
New fire station (Item #4)	5.0	12,000,000
Mini-pumper purchase (Item #5)	5.0	225,000
Grand Total	188.5	\$13,458,500

Overview of department requests

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Police Department – Total requests: \$414,750

**At the top of the Police Department’s list is replacement of 9 police vehicles, along with associated equipment, such as lights, radios, computers, radios, cages, and so on. The CIP includes 1 new patrol vehicle (and equipment) for each of the next five years. It’s anticipated that each vehicle will be financed for 3 years. (Both principal and interest payments are included in the financing schedule in the CIP.) The “Vehicle replacement criteria” table below shows the current vehicles in the Police Department’s fleet, showing which ones meet the SC Department of Administration’s replacement criteria.** Thus, we have 12 sedans in our Police Department fleet, 11 of which are greater than or equal to 48 months of age, or which have been driven for 125,000 miles or more. It’s clear that we have an aging fleet, which leads to higher maintenance costs, as well as down time when our patrol vehicles start needing major repairs. By cycling in a new vehicle every year, we can at least start chipping away at our needs.

Vehicle replacement criteria

	Replacement Cycle - in Miles	Replacement Cycle - in Months	# in Fleet	# Meeting Replacement Criteria
Sedan	125,000	48	12	11
Mid-size utility	125,000	84	1	1
Full-size utility	150,000	84	2	0

The CIP also includes a phase-in to purchase conducted electrical weapons for our officers, as well as an outlay in year 1 of the plan to purchase new body armor for all of our officers.

CIP items ranked by points	Total points	Cost
Police Department	314.5	414,750
Purchase of 9 new police vehicles (Item #17)	65.0	256,500
Purchase of equipment for 9 new police vehicles (Item #18)	65.0	112,500
Purchase of conducted electrical weapons to replace aging weapons (Item #19)	65.0	20,000
Body armor replacement (Item #16)	62.5	9,750
Purchase of replacement duty weapons (Item #20)	57.0	16,000
Grand Total	314.5	\$414,750

## Overview of department requests

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Streets Department – Total requests: \$247,000

**Compared to other requests above, none of the Streets Department’s requests made it into the CIP. That’s not to say this department’s needs aren’t important**—indeed, the back-hoe, dump truck, and leaf vacuum are over 20 years of age. This equipment is constantly breaking down, causing delays in our ability to serve our citizens.

CIP items ranked by points	Total points	Cost
Street Department	47.0	247,000
Back-hoe replacement (Item #10)	16.0	70,000
Dump truck replacement (Item #11)	16.0	80,000
Leaf vacuum replacement (Item #12)	10.0	40,000
Heavy duty trailer replacement (Item #14)	2.5	5,000
F-250 work truck replacement (Item #13)	2.5	40,000
New 4x4 utility vehicle (Gator) purchase (Item #15)	0.0	12,000
Grand Total	47.0	\$247,000

Wastewater Treatment Department – Total requests: \$11,487,099

**As mentioned above, the Wastewater Treatment Department’s requests aren’t incorporated in the CIP. Instead, they’re included in the March 29, 2018 “Wastewater Rate Study – FY 2018-2019” that Willdan Financial Services prepared. For your information and future action, however, the Wastewater Treatment Department’s capital requests are summarized below.**

**Several of these items are ranked relatively high because they’re required to meet** regulatory mandates, they respond to and mitigate threats to public health, the consequences of not funding them would be severe, and their benefits outweigh their costs.

The first item in the table includes \$80,000 per year to implement a sewer line upgrade program every year, with the goal of upgrading all sewer lines in the City over 10 years. This includes replacing current clay sewer lines and brick manholes with PVC pipe and precast manholes over that timeframe. This, in turn, will reduce inflow and infiltration (I&I), that is, storm and/or groundwater that enters the sewer system through cracked pipes, leaky manholes, or improperly connected storm drains, down spouts and sump pumps. By reducing I&I, we free up capacity in the lines and wastewater treatment plant, reduce pumping costs, and reduce wear and tear on our equipment.

The second-highest item is a replacement generator at the Southfield lift station, to replace the current 28-year-old generator. And the third-highest and fourth-highest items are to improve current equipment in ways that will make the plant more energy

## Overview of department requests

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efficient. Detailed explanations for each item are included in a separate supplement to this document.

CIP items ranked by points	Total points	Cost
Wastewater Treatment	499.5	11,487,099
Lines and manholes improvements (Item #21)	76.0	80,000
Generator replacement at Southfield lift station (Item #22)	69.0	22,000
Pump replacement for aeration basin (Item #24)	65.0	18,500
Blower upgrades for equalization basin (Item #23)	65.0	15,000
Big Daddy's pump station upgrade (Item #27)	62.0	220,000
Sandblasting and paint coating for clarifier (Item #25)	56.0	20,000
Wastewater treatment plant (WWTP) upgrade to 1.5 MGD (Item #31)	35.0	7,729,072
Line and pump station installation on Hwy. 292 (Item #30)	30.0	3,255,527
Improvements to shop area (Item #28)	22.5	75,000
Effluent washwater pump (Item #26)	16.5	34,000
Pick-up truck replacement (Item #29)	2.5	18,000
Grand Total	499.5	\$11,487,099



## Overview of debt service

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This section presents an **overview of the General Fund's net debt service obligations over the next 5 years. It's important to consider future debt service obligations since this ties up current and projected resources to fund operations or capital needs.** Nonetheless, as we retire our debt service, we may be able to reprogram funds towards future capital improvements.

The table on the following page shows our current General Fund debt service. The 2008 fire truck requires a net General Fund obligation of \$29,559 for the 5-year CIP timeline—**and actually extends beyond that. With year 3, however, we'll free up \$12,491 when the 2016 Ford F-150 for the fire department is paid off. In year 4, we'll no longer be making payments on the 2016 ConserFund loan for LED lights, as well as the 2016 Ford Taurus for the Police Department.** That will free up an additional \$14,546. You can see, then, that years 4 and 5 just have payments for the fire truck.

You can see the impact of our debt service payments on the bottom-line in the accompanying 5-year financial forecast.

Overview of debt service

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	Future year 1	Future year 2	Future year 3	Future year 4	Future year 5
Item #	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23
2008 - fire truck @ 2.79% interest	56,000	56,000	56,000	56,000	56,000
2016 - ConserFund loan for LED lights @ 2% interest	7,459	7,459	7,459	0	0
2016 - Ford F-150 for Fire Department @ 2.030% interest	12,500	12,500	0	0	0
2016 - Ford Taurus for Police Department @ 2.36% interest	7,200	7,200	7,200	0	0
<i>Total</i>	83,159	83,159	70,659	56,000	56,000
<b>Inter-fund transfers</b>					
Hospitality tax fund - portion of payments for fire truck	26,000	26,000	26,000	26,000	26,000
<i>Net debt service for general fund</i>	57,159	57,159	44,659	30,000	30,000

## Funding schedule

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The funding schedule shows a list of capital projects and their inclusion within the 5-year CIP timeline. The costs are provided for each year of implementation, providing an annual total.

To account for inflation, we multiply capital projects that are funded in future years by **the inflation factors in the table below. For instance, for a capital project that's funded** in year 4, we take the current cost and multiply it by 109.3%. The inflation factors are based on an assumed increase of 3% each year for inflation. Thus, the table below takes into account the compounding effect of inflation from one year to the next.

<u>Inflation factors</u>		<u>Means for funding for the CIP</u>
Year 1	1.000	The proposed method for funding the CIP is to levy an additional 10 mills on the millage rate in order to implement a reserve account, in accordance with SC Code of Laws §6-1-320(D). <b>This section reads, in part:</b> “The restriction contained in this section does not affect millage that is levied ... used to maintain a reserve account.”
Year 2	1.030	
Year 3	1.061	
Year 4	1.093	
Year 5	1.126	

In the first year of implementation for FY 18/19, the reserve account millage would yield an estimated \$67,410. The 5-year financial forecast provides estimates of this millage for future years, as well.

The proceeds from the reserve account would also be used to meet the minimum **targeted levels of fund balance pursuant to you adopted pursuant to your “General Fund Reserve Policy.”**

### Understanding the funding schedule

**The first year of the CIP's implementation shows funding for the first** cycle of Fire Department turnout gear, along with a new police patrol vehicle, conducted electrical weapons replacement, and body armor replacement, totaling \$46,208 for the first year.

In the second year, we phase in replacement of another six sets of Fire Department turnout gear, we add financing for another new police patrol vehicle, and we continue payments on the police patrol vehicle from year 1.

The third, fourth, and fifth years are similar. By year 4, we will have paid off one of the police patrol vehicles. **And at the start of year 5, we've cycled through all 24 replacement sets of Fire Department turnout gear, we've paid off two police patrol vehicles, and we're in the last year of the conducted electrical weapons replacement program.**

## Funding schedule

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Year 3 shows the highest cost of funding the CIP, at \$70,511. By year 5, funding the CIP costs \$21,484, which opens up funding to be programmed towards other needs that will have developed by that time. Or, the additional funds could be earmarked towards accumulating General Fund reserves to meet the minimum levels set by policy.

The multi-year financing schedule appears in detail on the following page.



Funding schedule

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General Fund multi-year CIP financing schedule (with adjustment for inflation)

Total annual funding requirement:	46,208.00	53,516.74	70,511.94	56,790.09	21,484.08
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Project #	Capital project	Type of financing	Future year 1	Future year 2	Future year 3	Future year 4	Future year 5
			FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23
1	6 pairs of turn out gear @ \$3,063 per pair.	Pay-go	18,378	0	0	0	0
1	6 pairs of turn out gear @ \$3,063 per pair.	Pay-go	0	18,929	0	0	0
1	6 pairs of turn out gear @ \$3,063 per pair.	Pay-go	0	0	19,499	0	0
1	6 pairs of turn out gear @ \$3,063 per pair.	Pay-go	0	0	0	20,087	0

Funding schedule

Project #	Capital project	Type of financing	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23
18	1 police vehicle with equipment @ \$41,000 (total vehicle and equipment principle) each. 3-year financing.	Lease-purchase	14,500	14,935	15,385	0	0
18	1 police vehicle with equipment @ \$41,000 (total vehicle and equipment principle) each. 3-year financing.	Lease-purchase	0	14,935	15,385	15,849	0
18	1 police vehicle with equipment @ \$41,000 (total vehicle and equipment principle) each. 3-year financing.	Lease-purchase	0	0	15,385	15,849	16,327
19	Purchase of conducted electrical weapons. 3-year phase-in to replace all. Financing through company.	Company provided financing	3,580	4,717	4,859	5,006	5,157
16	Body armor replacement.	Pay-go	9,750	0	0	0	0



## 5-year financial forecast

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The 5-year financial forecast shows projected revenues and expenditures for the General Fund from FY 18/19 to FY 22/23. The forecast also factors in current debt service obligations. Also included in the forecast are the costs associated with implementing the recommended CIP, as well as additional program options. At the end **of the forecast, you're then able to see the impact on our ending fund balance** for each year of the 5-year period.

Revenues are presented by type: property taxes, user charges, fines and fees, intergovernmental revenues, and licenses, mostly comprising business licenses. Expenditures are presented by category for each department.

The 5-year forecast shows revenues, expenditures, and changes in fund balance. The forecast also has separate lines where you can see the impact of our current and projected debt service, as well as the funding schedule for the CIP. Finally, the forecast shows you the impact on our bottom-line. For FY 18/19, you can see a \$70,799 decrease in fund balance with the adoption of the recommended budget. For future years, the decreasing trend in our fund balance turns around, with surpluses for the succeeding years.

The last part of the forecast shows you the minimum amount of fund balance required **pursuant to the adopted "General Fund Reserve Policy," which requires a minimum of three months of operating expenditures, plus an additional amount of \$100,000.** This section also shows how much over or under we are from meeting that minimum requirement.

### Assumptions

*Revenues.* Revenue assumptions for categories except property taxes and intergovernmental revenues are based on average annual increases since 2011.

Intergovernmental revenues—the majority of which consists of

reimbursements for our school resource officers—are projected to increase in line with the historical rate of inflation. **The "Revenues assumptions" table shows the annual increase assumptions associated with each revenue category.**

<b>Revenues assumptions</b>	
Licenses	1.00%
Permits	1.00%
Fines and fees	1.00%
Interest	0.00%
Intergovernmental	3.00%
Other	1.00%
Charges	1.00%

Property tax revenues are slightly more complex to forecast. The first part of the analysis includes examining our tax valuation, which for this forecast, are based on **values since 2011 that the Spartanburg County Auditor's Office provided.** Using the method of ordinary least squares regression, we can develop a linear regression equation to forecast the valuation for the forecast years. The linear regression equation results in an average 1.43% increase in the tax value for the forecast years. The next

## 5-year financial forecast

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piece of the analysis is the tax collection rate, which we assume to be 95% for each of the forecast years, which is in line with the rate from years past. Finally, for the purposes of calculating the maximum millage increase allowed for growth in population and the Consumer Price Index, we assume a 1% increase in both of those each year for the forecast model.

*Expenditures.* Each General Fund expenditures account is factored into the model and is assigned a category. Each category, in turn, is associated **with an inflation factor that's** based on one of various inflation tables from the Bureau of Labor Statistics.

<b>Expenditures assumptions</b>	
Wages	2.00%
Health Insurance	2.94%
Retirement	3.00%
Inflation	3.00%
Materials & Supplies	1.52%
Utilities & Fuel	1.59%
Across the board cuts	0.00%

**For instance, the annual increase for the City's share of** employee health insurance is **based on series title** "Medical care in U.S. city average, all urban consumers, seasonally adjusted – 1982-1983=100." The inflation assumption for this category, in turn, is based on the average annual increase for this series since 2009. A similar analysis was conducted for other major categories of expenditures. The assumed annual increase for categories of expenditures is presented in the table above. Note that the model allows you to see the impact for across the board cuts for each year. (For this model, annual across the board cuts are not included.) Also note that the model includes a 2% increase in wages for each year of the forecast.

### Results

Before discussing the results, we must note that circumstance will change: the **model's** results could end up better, or worse, than forecasted. It will be important to evaluate and update the model from year to year. The first year of the forecast is very much a test year, enabling us to see what we got right, and what we got wrong, about the model. We can use that information for future years to fine-tune the model. Thus, the forecast can give us an educated guess about our financial situation for the next few **years, but it shouldn't be taken as an absolute.**

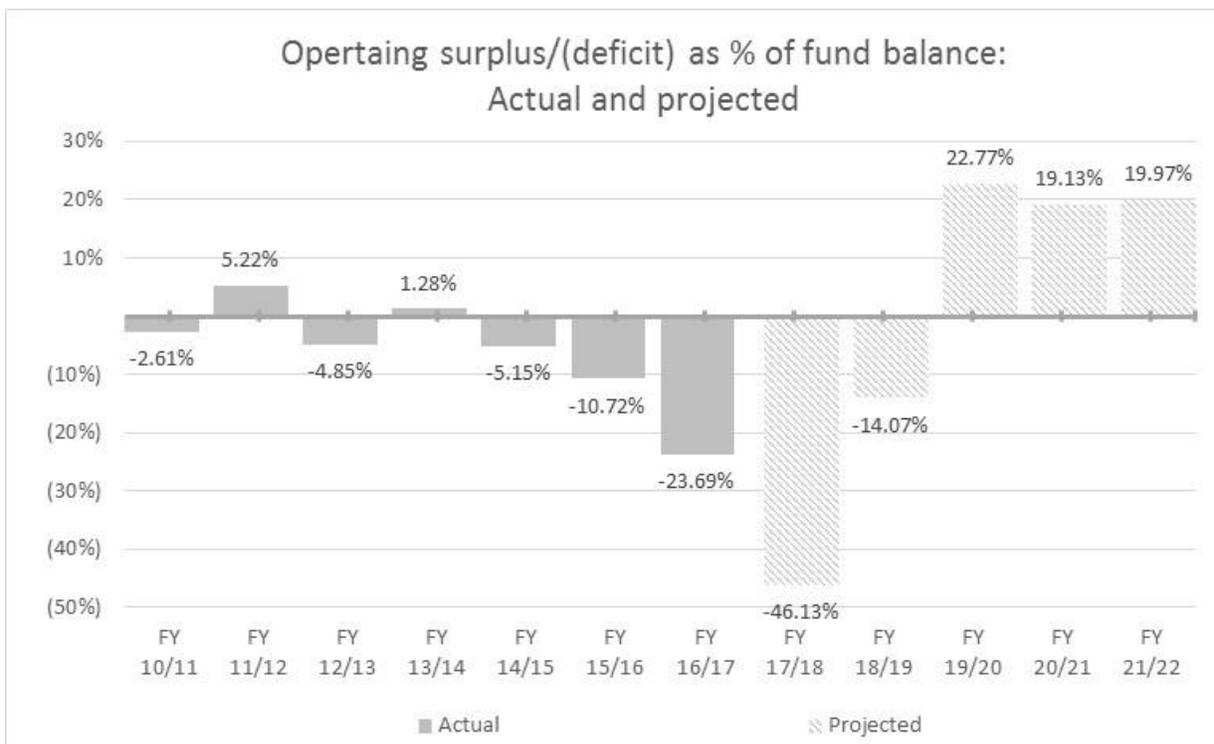
With that in mind, the first year of the model shows a decline in our fund balance with the adoption of the FY 18/19 budget. Pay attention, though, to the **"Operating deficit as % of fund balance graph" below.** This shows the difference between our revenues and expenditures divided by ending fund balances. **A deficit (spending more than we're bringing in) is negative, while a surplus (bringing in more than we're spending) is positive.** A warning trend for this indicator is continuous, and growing, deficits, as we see from FY 15 to the end of FY 18, as projected. The operating deficit as a percentage of

## 5-year financial forecast

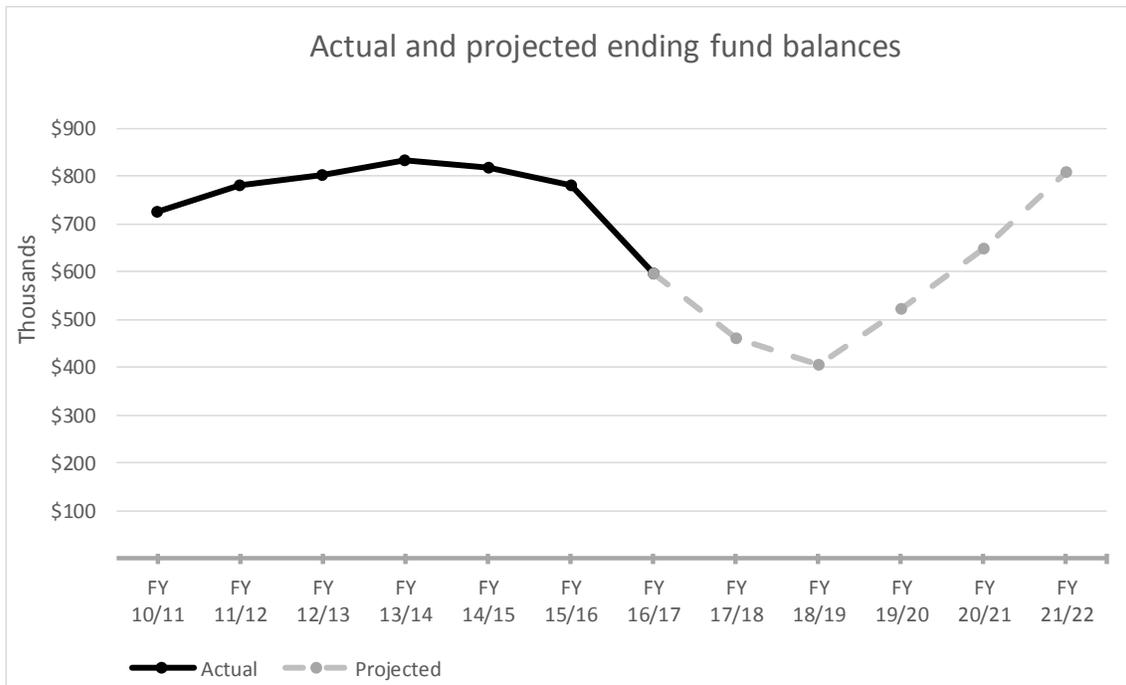
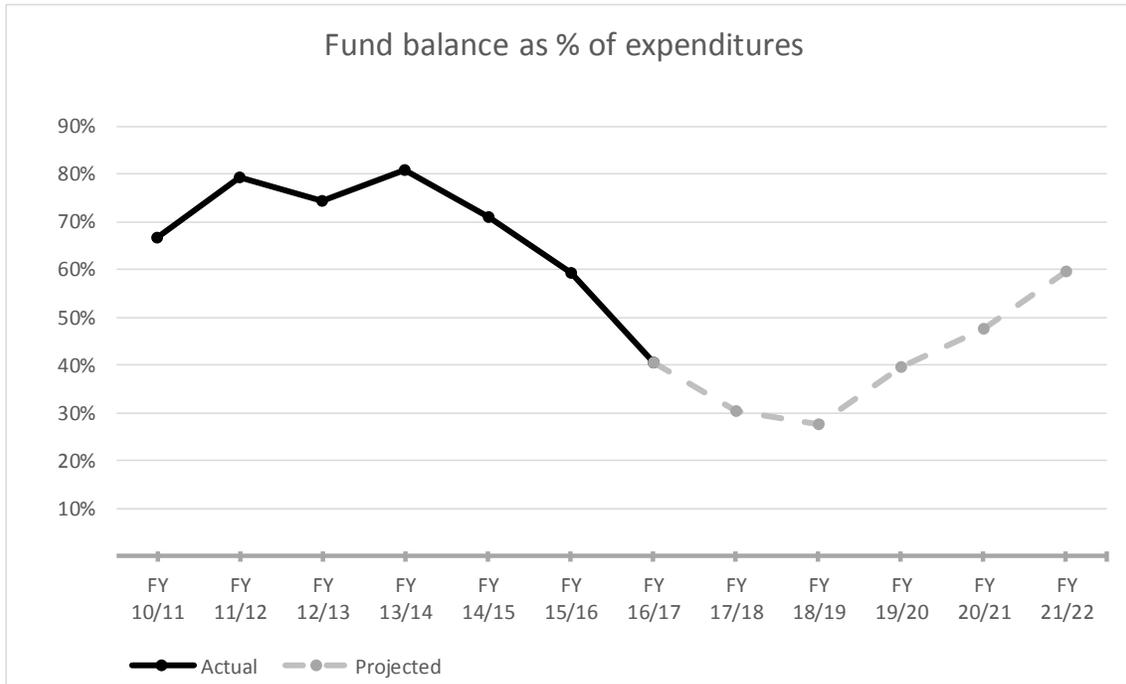
fund balance for FY 18/19, however, is -14.07%, reversing the trend of growing deficits. By FY 20, the model shows us in the black for the first time in 6 years.

Our ending fund balance as a percentage of expenditures declined from a high of 80% in FY 14 to the lowest level in many years, with a projected figure of 30.3% for the end of FY 18. Put another way, the projected ending FY 18 fund balance as a percentage of **expenditures means that, as of June 30, 2018, we're estimated to have enough fund balance to pay for a little over three months of expenditures.** Starting with FY 19, this downward trend reverse. And by FY 22, the model projects an ending fund balance as a percentage of expenditures that totals 60%, or 7.2 months of operating expenditures.

**It's important to have an adequate fund balance to meet cash flow needs, since we** receive most of our General Fund revenues at specific times during the year. In between those times, we have to rely on the balance in our bank account to tide us over. Also, adequate fund balance is necessary to meet emergency and unanticipated needs, to help fund City operations during economic downturns, and so on.



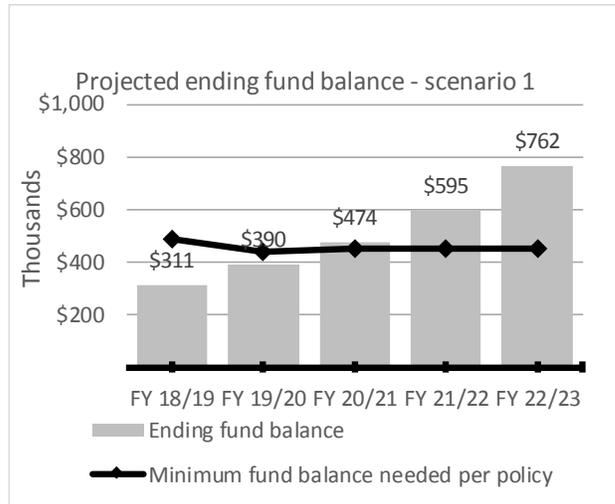
5-year financial forecast



## 5-year financial forecast

### Alternate scenarios

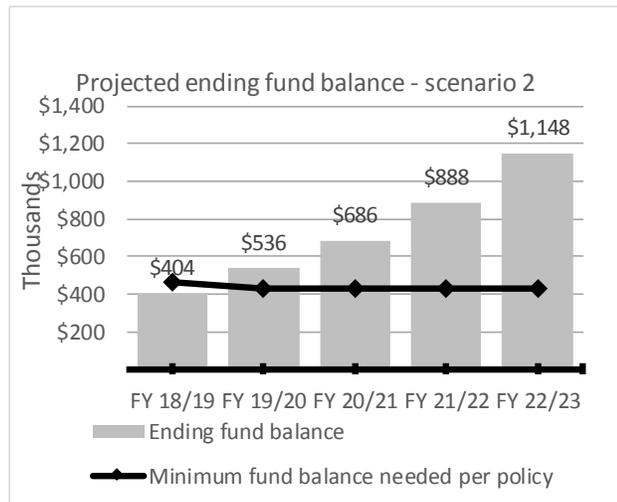
The model allows us to adjust assumptions, in turn seeing what the impact would be on our financial health. The graphs below show what our ending fund balance would be under each scenario. The solid, black line shows the minimum fund balance required **per your “General Fund Reserve” police**. The scenarios below are for illustrative purposes and can be altered based on what City Council would like to see.



*Scenario 1.* In the first alternate scenario, we hold all other assumptions constant while adding the following program options, based on what one or more City Councilmembers **have stated they'd** like to see: \$26,000 demolition for 26 Mill St. office building; \$40,000 per year demolition program for demolishing dilapidated buildings/housing for each year of the forecast; \$15,000 for a facilities needs study; and \$12,500 for updating the comprehensive land use

plan. Unsurprisingly, adding these options decreases the ending fund balance for FY 18/19. Thus, the ending fund balance for FY 19/20 approximately equals what it would be for FY 18/19 (under the recommended budget), putting off what could be, in essence, a year of recovery for our fund balance. Due to adding an additional \$40,000 per year for a building demolition program, our growth in fund balance is slower than it would otherwise be, too.

*Scenario 2.* In this scenario, we implement 1% across-the-board cuts to the departments each year while holding all other assumptions constant. As you can see, by year 5 of the forecast, our projected ending fund balance is \$1.148 million. Thus, the fastest (though not necessarily the easiest) way to arrest downward trends in our fund balance is to implement, and keep, cuts.



## 5-year financial forecast

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### Conclusions from the 5-year financial forecast

The model shows the warning signs regarding our decline in fund balance starting to turn around with the FY 18/19 budget. The “**Actual and projected ending fund balances**” graph shows the trend of decreasing fund balances since FY 13/14. But, again, the model has an upward trend with FY 18/19 through FY 21/22.

The upshot is that, assuming the only increases to our budget are normal increases due to inflation, then we should start to recover from the trend of increasing deficits that **we’ve faced** every year since FY 14/15.

### Schedule of revenues, expenditures, and changes in fund balance

The schedule on the following pages shows the results of the 5-year financial forecast, showing our revenues, expenditures, and changes in fund balance. The figures for FY 18/19 represent what’s **proposed in the recommended FY 18/19 budget**.

The schedule also provides a separate line show the impact of both current and projected **debt service, as well as what’s proposed for the 5-year capital improvements plan’s** financing schedule.

In addition to showing ending fund balance for each year, the model also shows how much fund balance is required per your General Fund reserve policy and how far away you are from meeting that policy.



5-year financial forecast

<b>General Fund - 5-year financial forecast</b>					
	<b>FY 18/19</b>	<b>FY 19/20</b>	<b>FY 20/21</b>	<b>FY 21/22</b>	<b>FY 22/23</b>
<b>Revenues</b>					
Property taxes	437,300	458,170	479,700	501,910	524,810
Additional millage for reserve fund (CIP)	67,410	69,240	71,070	72,910	74,740
<b>Subtotal: property taxes</b>	<b>504,710</b>	<b>527,410</b>	<b>550,770</b>	<b>574,820</b>	<b>599,550</b>
<b>Charges</b>					
Charges	9,090	9,181	9,273	9,365	9,459
Fines and fees	80,249	81,051	81,862	82,681	83,507
Intergovernmental	256,115	263,798	271,712	279,864	288,260
Licenses	549,070	554,561	560,106	565,707	571,364
Other	8,050	8,131	8,212	8,294	8,377
<b>Total revenues</b>	<b>1,407,284</b>	<b>1,444,132</b>	<b>1,481,935</b>	<b>1,520,731</b>	<b>1,560,518</b>
<b>Expenditures</b>					
Admin/Clerk	260,071	265,870	271,800	277,880	284,090
Personnel	169,646	173,250	176,940	180,720	184,580
Operating	57,925	59,140	60,370	61,630	62,910
Services	32,500	33,480	34,490	35,530	36,600
Mayor's Office	11,926	12,100	12,280	12,460	12,640
Personnel	7,126	7,160	7,190	7,220	7,250
Operating	4,800	4,940	5,090	5,240	5,390
Services	0	0	0	0	0
City Council	20,178	15,440	15,500	15,560	15,630
Personnel	15,378	15,440	15,500	15,560	15,630
Operating	4,800	0	0	0	0

5-year financial forecast

Services	0	0	0	0	0
Fire	136,921	140,300	143,740	147,280	150,930
Personnel	66,721	68,190	69,680	71,210	72,780
Operating	70,200	72,110	74,060	76,070	78,150
Services	0	0	0	0	0
Police	646,707	562,550	575,640	589,050	602,780
Personnel	549,767	562,550	575,640	589,050	602,780
Operating	96,140	0	0	0	0
Services	800	0	0	0	0
Streets	269,450	277,050	284,860	292,900	301,180
Personnel	62,830	64,210	65,630	67,090	68,590
Operating	85,620	88,210	90,860	93,590	96,400
Services	121,000	124,630	128,370	132,220	136,190
Planning/Zoning	5,875	6,010	6,150	6,290	6,430
Personnel	0	0	0	0	0
Operating	1,875	1,930	1,990	2,050	2,110
Services	4,000	4,080	4,160	4,240	4,320
Court/Non-Departmental	10,680	10,950	11,230	11,510	11,800
Personnel	0	0	0	0	0
Operating	3,080	3,120	3,160	3,200	3,240
Services	7,600	7,830	8,070	8,310	8,560
<b>Sub-total: expenditures</b>	<b>1,361,808</b>	<b>1,290,270</b>	<b>1,321,200</b>	<b>1,352,930</b>	<b>1,385,480</b>
<b>Debt service</b>					
Current debt service	57,159	57,159	44,659	30,000	30,000

5-year financial forecast

<b>Capital improvements plan</b>					
Capital improvements plan	46,208	53,517	70,512	56,790	21,484
<b>Additional program options</b>					
Indirect cost recovery from sewer fund	-60,000	-61,800	-63,654	-65,564	-67,531
Fire department: 24/7 part-time position	52,975	0	0	0	0
Implement 3% COLA	19,913	0	0	0	0
Addt'l items not funded:	0	0	0	0	0
Beauchamp office demolition - (\$26,000)	0	0	0	0	0
Implement derelict building demo program - (\$40,000 per year)	0	0	0	0	0
Facilities needs study - (\$15,000)	0	0	0	0	0
Comprehensive plan - (\$12,500)	0	0	0	0	0
<b>Total debt, capital improvements, and addt'l items</b>	<b>116,255</b>	<b>48,876</b>	<b>51,517</b>	<b>21,226</b>	<b>-16,046</b>
<b>Total expenditures</b>	<b>1,478,063</b>	<b>1,339,146</b>	<b>1,372,717</b>	<b>1,374,156</b>	<b>1,369,434</b>
<b>Revenues over/(under) expenditures</b>	<b>(70,779)</b>	<b>104,986</b>	<b>109,218</b>	<b>146,575</b>	<b>191,084</b>
<b>Beginning fund balance [1]</b>	<b>461,251</b>	<b>390,472</b>	<b>495,458</b>	<b>604,677</b>	<b>751,251</b>
<b>Ending fund balance</b>	<b>390,472</b>	<b>495,458</b>	<b>604,677</b>	<b>751,251</b>	<b>942,335</b>

5-year financial forecast

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<b>Minimum fund balance needed per policy</b>	<b>469,516</b>	<b>434,786</b>	<b>443,179</b>	<b>443,539</b>	<b>442,358</b>
<b>Ending fund balance over/(under) required</b>	<b>(79,044)</b>	<b>60,672</b>	<b>161,497</b>	<b>307,712</b>	<b>499,977</b>

**Note:**

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**[1] Projection based on figures available as of 5/7/18.**

Ranking and list of all capital requests

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**The following table lists each of the departments' capital requests, including those that aren't included in the recommended capital improvement financing scheduling.** The table also shows the recommended ranking for each item for each of the 7 criteria described above. The criteria are: (1) project mandate; (2) threat elimination; (3) meets City Council goals; (4) supports economic development; (5) consequences of not funding; (6) benefits outweigh costs; and (7) able to be funded externally.

*City Administrator recommended ranking (with weights) for CIP items. (Includes sewer fund items.)*

Item	Dept.	Project	Description	Mandated (1)	Threat elim. (2)	Council goals (3)	Econ. devel. (4)	Severe conseq. (5)	Cost/benefit (6)	External funding (7)	Total points	Cost
1	Fire	Fire fighting turn-out gear	24 sets of turn-out gear.	25	17.5	4.5	0	20	2.5	2.5	72	73,500
2	Fire	Engine 4 replacement	Replace 20-year old fire engine used as a reserve.	20	17.5	1.5	0	8	5	2.5	54.5	580,000
3	Fire	Engine 1 replacement	Replace fire engine nearing 20 years of age.	20	17.5	1.5	0	8	5	0	52	580,000
4	Fire	New fire station	Construction of a new station.	0	3.5	1.5	0	0	0	0	5	12,000,000
5	Fire	Mini-pumper purchase	Quick response mini-pumper.	0	3.5	1.5	0	0	0	0	5	225,000

Ranking and list of all capital requests

Item	Dept.	Project	Description	Mandated (1)	Threat elim. (2)	Council goals (3)	Econ. devel. (4)	Severe conseq. (5)	Cost/benefit (6)	External funding (7)	Total points	Cost
6	City Clerk	Finance system hardware/software upgrade	Purchase of a new finance system.	5	0	1.5	0	4	2.5	0	13	51,000
7	City Clerk	Security system for City Hall	Install security system for City Hall.	5	17.5	0	0	4	0	0	26.5	7,000
8	City Clerk	Vehicle replacement for administrative use	Purchase two replacement vehicles that meet state replacement criteria.	0	0	0	0	4	2.5	0	6.5	51,750
9	City Clerk	New computers and printers for office use	Replace one desktop and one laptop computer, purchase one new laptop computer, and replace one printer.	5	0	0	0	4	5	0	14	6,000
10	Streets	Back-hoe replacement	Replace back-hoe that has exceeded its useful life.	0	7	0	0	4	5	0	16	70,000
11	Streets	Dump truck replacement	Replace dump truck that has exceeded its useful life.	0	7	0	0	4	5	0	16	80,000

Ranking and list of all capital requests

Item	Dept.	Project	Description	Man- dated (1)	Threat elim. (2)	Council goals (3)	Econ. devel. (4)	Severe conseq. (5)	Cost/ benefit (6)	External funding (7)	Total points	Cost
12	Streets	Leaf vacuum replacement	Replace leaf vacuum that has exceeded its useful life.	0	3.5	0	0	4	2.5	0	10	40,000
13	Streets	F-250 work truck replacement	Replace work truck that meets state replacement criteria.	0	0	0	0	0	2.5	0	2.5	40,000
14	Streets	Heavy duty trailer replacement	Replace heavy duty trailer that is inadequate for current use.	0	0	0	0	0	2.5	0	2.5	5,000
15	Streets	New 4x4 utility vehicle (Gator) purchase	Addition of new Gator.	0	0	0	0	0	0	0	0	12,000
16	Police	Body armor replacement	Purchase and upgrade of body armor for all officers.	15	17.5	0	0	20	10	0	62.5	9,750
17	Police	Purchase of 9 new police vehicles	Replace police vehicles that have exceed their useful lives.	20	17.5	0	0	20	7.5	0	65	256,500

## Ranking and list of all capital requests

Item	Dept.	Project	Description	Man- dated (1)	Threat elim. (2)	Council goals (3)	Econ. devel. (4)	Severe conseq. (5)	Cost/ benefit (6)	External funding (7)	Total points	Cost
18	Police	Purchase of equipment for 9 new police vehicles	Purchase of equipment for 9 new police vehicles.	20	17.5	0	0	20	7.5	0	65	112,500
19	Police	Purchase of electroshock weapons to replace aging Tasers	Purchase of new electroshock weapons to replace Tasers that have exceeded their useful lives.	15	17.5	0	0	20	12.5	0	65	20,000
20	Police	Purchase of replacement duty weapons	Purchase of replacement duty weapons for all officers.	15	17.5	0	0	12	12.5	0	57	16,000
21	WWTP	Lines and manholes improvements	Implement a line/manhole replacement program.	25	17.5	0	1	20	12.5	0	76	80,000
22	WWTP	Generator replacement at Southfield lift station	Upgrade generator at Southfield lift station.	15	17.5	3	1	20	12.5	0	69	22,000
23	WWTP	Blower upgrades for equalization basin	Blower upgrades for equalization basin.	15	17.5	0	0	20	12.5	0	65	15,000

## Ranking and list of all capital requests

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Item	Dept.	Project	Description	Mandated (1)	Threat elim. (2)	Council goals (3)	Econ. devel. (4)	Severe conseq. (5)	Cost/benefit (6)	External funding (7)	Total points	Cost
24	WWTP	Pump replacement for aeration basin	Pump replacement for aeration basin.	15	17.5	0	0	20	12.5	0	65	18,500
25	WWTP	Sandblasting and paint coating for clarifier	Sandblasting and paint coating for clarifier.	10	17.5	0	0	16	12.5	0	56	20,000
26	WWTP	Effluent washwater pump	Replacement pump for spare washwater pump.	0	0	0	0	4	12.5	0	16.5	34,000
27	WWTP	Big Daddy's pump station upgrade	Construction of a new pump station at this location.	20	17.5	0	0	12	12.5	0	62	220,000
28	WWTP	Improvements to shop area	Renovation of shop area for better organization and more space.	5	7	0	0	8	2.5	0	22.5	75,000
29	WWTP	Pick-up truck replacement	Replace pick-up truck that has exceeded its useful life.	0	0	0	0	0	2.5	0	2.5	18,000

Ranking and list of all capital requests

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Item	Dept.	Project	Description	Man- dated (1)	Threat elim. (2)	Council goals (3)	Econ. devel. (4)	Severe conseq. (5)	Cost/ benefit (6)	External funding (7)	Total points	Cost
30	WWTP	Line and pump station installation on Hwy. 292	Install sewer lines and pumps station on Hwy. 292.	0	0	7.5	5	0	7.5	10	30	3,255,527
31	WWTP	Wastewater treatment plant (WWTP) upgrade to 1.5 MGD	Increase capacity at current plant to 1.5 MGD through expanding the plant.	0	0	7.5	5	0	12.5	10	35	7,729,072



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Appendix A: Recommended budget ordinance

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STATE OF SOUTH CAROLINA            )  
COUNTY OF SPARTANBURG            )                    ORDINANCE  
CITY OF INMAN                            )

AN ORDINANCE TO PROVIDE FOR THE LEVY OF PROPERTY TAXES FOR THE FISCAL YEAR BEGINNING JULY 1, 2018 AND ENDING JUNE 30, 2019; TO ADOPT A BUDGET APPROPRIATING REVENUES FOR SPECIFIED PURPOSES; AND TO SET COMPENSATION FOR THE MAYOR AND CITY COUNCIL.

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BE IT ORDAINED by the Mayor and City Council of the City of Inman:

Section 1. Budget Adoption.

The prepared budget, including the estimated revenues, for fiscal year July 1, 2018 to June 30, 2019, attached hereto as Exhibit A, is hereby adopted.

Section 2. Taxes Levied.

In accordance with Section 6-1-320(A)(1) of the South Carolina Code of Laws, there is hereby levied, in addition to the current millage of 63.60 mills, an additional 1.27 mill representing the cap of 2.00% on the millage rate increase, as determined by the South Carolina Bureau of Revenue and Fiscal Affairs Office. The total tax rate of 64.87 mills is hereby levied on the assessed value of all real and personal property subject to taxation within the City of Inman.

Section 3. Reserve Account Established.

In accordance with Section 6-1-320(D) of the South Carolina Code of Laws, there is hereby levied on the assessed value of all real and personal property subject to taxation within the City of Inman a millage of 10.00 mills to establish and maintain a reserve account.

Section 4. Budget Amendments.

Amendments to the budget adopted in Exhibit A may be made as follows:

- (1) The City Council is hereby authorized to make line-item transfers within any fund, provided that no such transfer shall be used to increase the appropriation of any fund; and

## Appendix A: Recommended budget ordinance

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- (2) The City Administrator is hereby authorized to make line-item transfers up to \$10,000 within any fund, provided that no such transfer shall be used to increase the appropriation of any fund. The City Administrator shall report all line-item transfers made under this subsection to the City Council each month at its regular meeting.

### Section 5. Salaries of Elected Officials.

The annual salaries for each member of City Council and the Mayor shall remain at the current rate, as follows: \$3,000 per year for each member of City Council and \$6,000 per year for the Mayor. The compensation for members of City Council and the Mayor shall be payable on a quarterly payment schedule.

### Section 6. Compensation for Members of the Planning Commission and Zoning Board of Appeals.

Pursuant to Section 6-29-350(B) and Section 6-29-280 of the SC Code of Laws, members of the Planning Commission and Zoning Board of Appeals are entitled to be compensated \$25 for each regular monthly meeting attended, with the compensation not to exceed \$25 per member per month.

### Section 7. Cost-of-Living Adjustment.

The budget in Exhibit A funds a 3% cost-of living adjustment for all full-time City of Inman employees.

### Section 8. Finalizing the Line-Item Budget.

The City Administrator and City Clerk are directed to finalize the line-item budget, consistent with the goals of the budget adopted in Exhibit A.

### Section 9. Severability.

The invalidity of any provision of this Ordinance shall not affect the validity of the remaining provisions.

### Section 10. Effective Date.

This Ordinance is effective upon second reading approval.

PASSED AND APPROVED this 28<sup>th</sup> day of June 2018.

**Inman City Council**

By: \_\_\_\_\_

Cornelius Huff

Mayor

**ATTEST:**

\_\_\_\_\_

Robin Henderson  
City Clerk

First Reading: \_\_\_\_\_

Public Hearing: \_\_\_\_\_

Second Reading: \_\_\_\_\_

DRAFT - NOT FOR APPROVAL

EXHIBIT A:  
FISCAL YEAR 2018 – 2019  
ADOPTED BUDGET

Revenues and financing sources:	General Fund	Sewer Fund	Hospitality Fund	Special Revenue Funds	TOTAL
Ad Valorem Taxes	437,300	-	-	-	437,300
Other taxes	-	-	170,000	-	170,000
Millage to Establish Reserve Account	67,410	-	-	-	67,410
Licenses and permits	553,110	-	-	-	553,110
Fines and fees	87,299	-	-	8,173	95,472
Intergovernmental	256,115	30,335	-	4,900	291,350
User fees and charges	-	1,574,415	-	-	1,574,415
Miscellaneous	6,050	4,630	-	-	10,680
Grants	-	-	-	-	-
Interest	-	-	-	-	-
Interfund transfer - from Sewer Fund	60,000	-	-	-	60,000
Fund balances appropriated	70,779	81,369	42,200	20,208	214,556
Total revenues and financing sources:	1,538,063	1,690,749	212,200	33,281	3,474,293

EXHIBIT A:  
FISCAL YEAR 2018 – 2019  
ADOPTED BUDGET

Appropriations:	General Fund	Sewer Fund	Hospitality Fund	Special Revenue Funds	TOTAL
Administration Department	267,530	-	-	-	267,530
Mayor's Office	11,926	-	-	-	11,926
City Council	20,178	-	-	-	20,178
Fire Department	232,396	-	-	1,000	233,396
Police Department	653,907	-	-	12,000	665,907
Streets Maintenance Department	269,450	-	-	-	269,450
Wastewater Treatment Department	-	1,630,749	-	-	1,630,749
Planning Commission/Zoning Administration	5,875	-	-	-	5,875
Tourism and Hospitality	-	-	212,200	-	212,200
Victims Assistance Program	-	-	-	12,281	12,281
Municipal Court	8,680	-	-	-	8,680
Farmers Market	-	-	-	8,000	8,000
Non-Departmental	68,121	-	-	-	68,121
Interfund transfer - to General Fund	-	60,000	-	-	60,000
Total appropriations:	1,538,063	1,690,749	212,200	33,281	3,474,293