

TO: Mayor and Board of Aldermen
SUBJECT: Review of 2007-2008 Budget

As the 2007-2008 fiscal year enters the final months, we are able to make some pretty solid projections of the results for the year. There have been some very positive signs during the year, and we are pleased with the projects underway and those that have been authorized. The Town's financial position remains strong, and in comparison to many other communities in North Carolina and beyond, Waynesville has been quite fortunate.

Some of our biggest challenges this year were in dealing with the dramatic increase in fuel charges. Not only have we paid more, but we are finding that more of our suppliers have added fuel surcharges to their invoices to cover their extra cost of delivery of goods to the Town. We have also seen the implications of a global economy, for even as we enter what some economists term a recession, the price of many products the Town uses in its operation have increased. Normally, the prices might decline, but the worldwide demand for certain products still exists, pulling prices even higher, and oil is a prime example. As is normally the case, our department heads and personnel have been good stewards of the public's funds, and we are ending up the year in excellent financial condition in all funds.

In the General Fund, our fund balance has returned to an above average level, even after using a substantial amount as the downpayment on the new fire station. The levels are such that we will be able to pledge approximately \$1.4 million toward the renovation and expansion of the police station, development office and town meeting space.

In the Water and Sewer Funds, the Town's financial position reached a point where the Board could make substantial appropriations toward the replacement of deteriorated water and sewer lines throughout the town. There is still much work to do in this area and it is a long term commitment as you will recall from the Asset Management Plan that was presented in 2006.

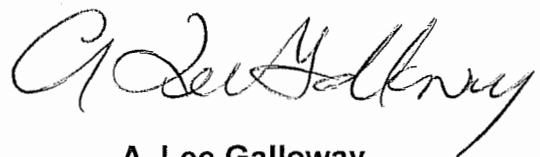
In the Electric Fund, we have continued to stay alert to the fluctuating fuel adjustment charges which are passed along by Progress Energy. While gasoline has risen dramatically, so too has the cost of coal and natural gas, two of the main energy sources that Progress Energy uses to generate power. The Town increased electric rates in August, 2007, to cover the cost of the new electric substation, but the funds generated have thus far gone toward the higher fuel costs. We are optimistic that by the end of the year, the electric financial position will be back in balance.

During 2007-2008, we did not see any significant variations in our normal revenue sources. There were some special grants awarded, such as on the Greenway, that allowed us to come close to completing that needed facility. The Town also sold property it owned at 59 Depot Street with funds going toward the new police station. In the Enterprise Funds, there were no significant variations in the Water and Sewer funds. In the Electric Fund, the purchase of wholesale power was much higher than expected due to increased consumption and higher fuel adjustment charges, but there were higher revenues as well to offset most of those increased costs.

In almost every year, the Town must appropriate funds from our reserves in order to balance the budget of each fund. Sometimes we have to use a portion of those savings, but in other years, we do not have to touch those reserves at all. In 2007-2008, we appropriated a total of \$1,074,560 from the reserves of the General and Water Funds to balance the budgets of those individual funds, with nothing planned from the Sewer and Electric Funds. As we approach the end of the year, it appears that we will spend an estimated \$443,570 to balance the budgets, with most coming from the Water Fund to offset the higher than expected costs on the lab expansion. Of the \$682,000 appropriated from the General Fund, we do not expect to need any of those reserves. This reflects a positive year financially for the Town, and we are enthusiastic about the results of the 2007-2008 fiscal year.

The following pages show the anticipated results in each fund, comparing the revenues and expenditures budgeted for 2007-2008 with what we believe they will actually be when the year ends. In cases where there are significant differences, an explanation is provided. This will give you a good idea of what our financial results will be for the year and why.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "A. Lee Galloway".

A. Lee Galloway
Town Manager

**PART 1 - 2007 - 2008
ESTIMATED BUDGET**

I. GENERAL FUND			
A. REVENUES	BUDGETED 2007-2008	EST. ACTUAL 2007-2008	DIFFERENCE
Real Estate Taxes - Town	3,795,210	3,848,870	53,660
Comment: We have continued our aggressive tax collection efforts, and you have seen the higher collection rates this generates each year. We saw some growth in the tax base from the prior year with some new construction and annexations.			
Real Estate Taxes - Downtown Association	81,520	92,300	10,780
Comment: The Tax Collector has been more aggressive in efforts to collect taxes in the Municipal Service District and has made some discoveries of previously untaxed property.			
Motor Vehicle Taxes	272,860	284,850	11,990
Comment: Values of new vehicles have risen over previous years and collection efforts at the County level are more aggressive.			
Motor Vehicle Rental Tax	20,000	21,000	1,000
Comment: A tax levied on the rental proceeds on vehicles.			
Tax Refunds and Discounts	(4,500)	(4,500)	0
Comment: Refunds normally issued when people duplicate tax payments made by their mortgage company.			
Penalties/Interest/Advertising	27,600	27,600	0
Comment: Revenues in this area hold steady each year.			
Local Option Sales Tax - 1 %	902,300	933,310	31,010
Comment: The growth in the sales tax based on Haywood County proceeds has increased more this year than the other sales taxes based on Statewide distribution. That may have meant the local economy was stronger or that we underestimated growth potential.			
Local Option Sales Tax - 1/2 %	974,420	967,020	(7,400)
Comment: This revenue source is based upon statewide sales and this resource did not grow as rapidly as we had hoped.			
Additional 1/2% Sales Tax to Replace Reimbursements	415,720	416,240	520
Comment: This is the last of the half cent sales taxes approved by the State to replace revenues once shared but subsequently taken. It is based on Statewide sales which have not grown very fast.			
Privilege License Tax	19,000	19,000	0
Cable Television Gross Receipts	129,320	147,000	17,680
Comment: There were numerous changes in State law concerning cable franchising. We are still experiencing the effects of the changes and believe we received some extra revenue from the fees charged for advertising sales on cable television during 2007.			

**PART 1 - 2007 - 2008
ESTIMATED BUDGET**

REVENUES	BUDGETED	EST. ACTUAL	DIFFERENCE
Beer and Wine Tax	43,830	43,830	0
Comment: Growth in this revenue source has been slow and it is distributed on a statewide basis. Areas with faster population growth are likely seeing higher revenues than we are.			
Court Facilities Fees	3,000	3,800	800
Franchise Taxes			
Comment: These revenues sources used to grow steadily, but in recent years, they have been unpredictable. We are being very conservative in our estimated growth and even show a decline in the revenues from natural gas sales over the past two years. Revenues from Telecommunications may be up due to the increased use of cellular telephones. Revenues from Electric may be higher due to a warmer than normal summer, a colder than normal winter, as well as rate increases and higher fuel adjustment charges.			
A. Telecommunications	260,920	269,310	8,390
B. Electric	298,050	325,000	26,950
C. Natural Gas	11,620	10,450	(1,170)
Powell Bill Revenue	373,900	395,630	21,730
Comment: Waynesville did see a substantial increase in the Powell Bill funds this year, though we did not add many streets or see much population growth. That leads us to conclude that the gasoline taxes at the State level must have been up in 2006-2007. The revenue for 2007-2008 has climbed back to what it was in 2000, and the cost of paving and concrete has doubled in that time.			
80% Bridge Reimbursements	332,000	80,000	(252,000)
Comment: This was for the 80% reimbursement from the State for the Hendrix Street bridge. Some engineering work was done this year, but we hope to see construction begin in 2008-2009.			
Sidewalk Reimbursement from DOT	0	0	0
Payments on Behalf of Firemen for Pensions	16,000	16,000	0
Powell Bill Interest Earnings	25,000	24,150	(850)
Comment: We had a little more money in Powell Bill reserves and more funds to invest, but as interest rates dropped, the proceeds from Powell Bill interest dropped as well.			
Police Grant - Others	50,000	10,000	(40,000)
Comment: Grant have been much more limited as federal funds are being used elsewhere and not for law enforcement purposes.			

**PART 1 - 2007 - 2008
ESTIMATED BUDGET**

REVENUES	BUDGETED	EST. ACTUAL	DIFFERENCE
Unauthorized Substance Funds	30,000	10,000	(20,000)
Comment: When funds are taken as part of a drug raid or in connection with drug deals/sales, the funds are distributed back to the department involved in the police actions. Proceeds were high in 2006-2007 but have dropped off the past two years.			
Richland Creek Grant	113,600	308,000	194,400
Comment: Through the support of the Department of Transportation and the State Legislature, additional monies were appropriated for the Greenway, and it will be dedicated this year.			
Richland Creek Action Committee Grants	19,300	0	(19,300)
Comment: Additional funding from the Pigeon River Fund were received in 2006-2007.			
Miscellaneous Grant	48,000	137,250	89,250
Comment: We anticipated funds for a pedestrian study and for a study on the redesign of Russ Avenue, but those will be in 2008-2009. The funds shown here are for grants received from Homeland Security for fire radios & equipment (\$99,750) and from the State for Storm Water system evaluation and future planning (\$37,500 to be spent this year).			
Sale of Fixed Assets - Powell Bill Items	0	2,500	2,500
Comment: We did not anticipate selling equipment paid by Powell Bill Funds, but we did sell a small amount and must record revenues here. Proceeds will be returned to the Powell Bill account.			
Building Permits	150,000	145,000	(5,000)
Comment: We received some of the building permit fees on the new shopping center, at least for the WalMart location. We are also seeing revenues from new housing developments, though those permits slowed as the year progressed.			
Planning Fees	7,000	9,000	2,000
Comment: These have increased so much due to development and growth and applications for changes in the rules and regulations.			
Rezoning and Annexation Fees	3,000	3,000	0
Homeowners Recovery Fund	-500	-500	0
Connection and Reconnection Fees	40,000	41,000	1,000
Late Payment Penalties	16,000	19,000	3,000
Comment: These were unusually high in 2006-2007, and we figured they might decline. Maybe due to the economy the proceeds have remained higher than we have seen historically.			
Charges to the Water Fund	181,930	181,930	0

**PART 1 - 2007 - 2008
ESTIMATED BUDGET**

REVENUES	BUDGETED	EST. ACTUAL	DIFFERENCE
Charges to the Sewer Fund	165,320	165,320	0
Charges to the Electric Fund	329,730	329,730	0
Police Contract Services Comment: These are revenues for contract police services. There is a large sum from the School System for the School Resource Officer at Waynesville Middle School, with the rest for police services at banks, stores or private functions. The requests for these services have declined as have the revenues in this account.	66,250	55,000	(11,250)
Fire Protection Charges Comment: There has been additional development in areas outside the Town and revenues from the fire district taxes and/or the fee on water bills have grown.	140,000	147,000	7,000
Commercial Sanitation Fees Comment: We had proposed a rate increase for the current budget, but we had to raise that when tipping fees charged by the County went up more than anticipated.	306,800	360,000	53,200
Residential Sanitation Fees Comment: Last year's 50 cent rate increase generated more revenue than we had anticipated.	231,750	241,000	9,250
Solid Waste Containers - Sales Comment: Since the Board approved the switch to front loading trucks we have declined to sell anyone new side loading dumpsters. We have put them on the rental program until we can resolve whether the firms will be able to switch to front loading dumpsters.	2,000	0	(2,000)
Solid Waste Containers - Rental Comment: Revenues were up as we declined to sell any more side loading units with the pending switch to front loading units.	12,000	15,600	3,600
Cemetery Lot Sales Comment: There was an increase in the charges in 2007-2008, and that helped keep revenues at the level projected.	20,000	20,000	0
Cemetery After Hours Call Out Fees Comment: This is the charge for call outs on weekends and holidays. It is now being collected on a regular basis.	100	100	0
Recreation - Memberships Comment: We saw increased revenues in this category as there are more programs and activities and more interest in the facility.	260,000	266,000	6,000
Recreation - Daily Passes Comment: Daily pass revenue dropped a little, but it was offset by more people switching to memberships rather than daily fees.	140,000	137,800	(2,200)

**PART 1 - 2007 - 2008
ESTIMATED BUDGET**

REVENUES	BUDGETED	EST. ACTUAL	DIFFERENCE
Recreation - Rentals	40,000	41,700	1,700
Comment: Our facilities have become more popular to rent for various purposes.			
Recreation - Department Services	60,000	45,000	(15,000)
Comment: While this appears to have dropped, we think it is more a matter of how a revenue is recorded. The Adult and Children's Fees shown in another category was double the projection, so some of these revenues may have been recorded in that account.			
Recreation - Contribution from Haywood County	70,000	70,000	0
Recreation - Adult and Children Recreation Programs	35,000	70,000	35,000
Comment: While we know there has been an increase in participants, we think some of this overage is a matter of how revenues are recorded. Some of these perhaps should have been in services.			
Recreation - Program Fees at Armory	14,000	5,100	(8,900)
Comment: Drop may be a matter of how revenue is recorded.			
Recreation - Rentals Collected at Armory	6,000	6,000	0
Recreation - Child Care	7,000	4,550	(2,450)
Comment: We knew that this revenue source would take a reduction since child care service is now made available to members at no charge to encourage them to buy membership in the center.			
Recreation - Commissions on Vending Machines	4,400	3,950	(450)
Comment: This is the revenue related to sales from vending machines that are placed by others.			
Recreation - Proceeds from Concessions	28,000	32,000	4,000
Comment: We have reopened the concession stand and it seems to be generating more revenues for the town than vending machines.			
Recreation - Playground	21,700	5,000	(16,700)
Comment: There is \$21,700 left over from contributions toward the Community Playground. This money was presented to the Town for annual maintenance on the playground. Auditors advised us to appropriate the entire balance each year, show what is spent, and then reappropriate the account balance in the following year.			
Contributions/Donations - Police	0	40	40
Contributions/Donations - Recreation	0	3,700	3,700
Community Foundation Donation	1,500	1,500	0
Comment: When the Recreation Center was being planned, a special fund was established to receive donations. This fund normally provides donations from interest earnings.			

**PART 1 - 2007 - 2008
ESTIMATED BUDGET**

REVENUES	BUDGETED	EST. ACTUAL	DIFFERENCE
Memorials	0	10,000	10,000
Comment: This was a new account this year, allowing citizens and others to donate to purchase items as a memorial to others. There have been several donations for benches and other items this year.			
Public Art	0	3,000	3,000
Comment: These are donations made in support of the Public Art Program. We do not know how much will be generated as the Public Art Program grows and is more accepted by the public.			
Miscellaneous	4,500	38,000	33,500
Comment: The majority of this was the result of insurance settlement for water damages from a leak in the criminal investigation division.			
Rents	28,800	28,800	0
Comment: These are primarily the rents from cell tower locations.			
Sale of Materials & Fixed Assets	27,000	350,000	323,000
Comment: Sales of rolling stock was less than normal as we did not replace as many vehicles as normal. The largest revenue in this account is for the sale of the Pancake House for \$335,000.			
Parking Tickets	400	2,800	2,400
Noise Ordinance Violations	200	0	(200)
Comment: This was new in 2001-2002, and allows a process by which an officer can assess an immediate fine if a vehicle's radio is in violation of the noise ordinance. It has been very effective.			
Cash - Over and Short	0	0	0
Gas Tax Refunds	0	0	0
Bad Check Charges	500	600	100
Adopt a Trail - Recreation Department	0	0	0
Investment Earnings	130,000	174,520	44,520
Comment: For most of the year, we had more funds to invest, but as the year progressed, interest rates dropped and there was not as much revenue. For the year, though, revenues exceeded estimates.			
ABC Store Sales Distribution	65,390	84,340	18,950
Comment: The ABC Store has reached the maximum amount of funds which it can accumulate and must now submit reserves above that amount to the Town, so we are seeing an increase here.			
ABC Distribution - Law Enforcement	11,060	14,260	3,200
ABC Distribution - Rehabilitation	6,900	8,920	2,020

**PART 1 - 2007 - 2008
ESTIMATED BUDGET**

REVENUES	BUDGETED	EST. ACTUAL	DIFFERENCE
Transfer from Water Fund	52,450	52,450	0
Comment: We transferred a portion of the water revenues after fund balance is deducted to the General Fund.			
Transfer from Sewer Fund	49,400	49,400	0
Comment: We transferred a portion of the sewer revenues after fund balance is deducted to the General Fund.			
Transfer from Electric Fund	875,000	875,000	0
Comment: Over the years, our contribution from the Electric Fund grew to as much as \$1,227,000. As our electric proceeds were eroded by higher fuel costs, we saw the need to transfer fewer funds to the General Fund. We dropped this amount \$25,000 in 2007-2008.			
Fund Balance Appropriated-Powell Bill	60,600	39,220	(21,380)
Comment: Because of delays in the Hendrix Street Bridge Project, it was not necessary to use as much of our Powell Bill reserves as we expected. We will likely see more used in 2008-2009.			
Fund Balance Appropriated	682,080	0	(682,080)
Comment: For the past few years, we have pledged money from fund balance, but in the end, we do not use a great deal of that money. Fortunately, our financial position was such in 2007-2008 that we do not feel we will have to use any of the fund balance which was budgeted.			
TOTAL GENERAL FUND REVENUES	12,611,930	12,544,440	(67,490)

**PART 1 - 2007 - 2008
ESTIMATED BUDGET**

B. EXPENDITURES	BUDGETED	EST. ACTUAL	DIFFERENCE
Governing Body	129,490	127,750	(1,740)
Comment: Health insurance for this account were under budget costs estimates while election costs exceeded what was budgeted.			
Administration	829,100	808,220	(20,880)
Comment: Wages, Workers Compensation, Legal Fees and Medical deductibles were less than expected.			
Finance Department	775,880	755,420	(20,460)
Comment: Workers Compensation, accounting fees, travel/training and capital outlay were less than expected.			
Public Buildings	688,200	698,000	9,800
Comment: Health insurance costs and the expense of renovations to the temporary police department exceeded estimates.			
Horticulturist	41,900	41,500	(400)
Comment: We have established a separate account for horticulture, so that we can plan and track expenditures a bit easier.			
Police Department	3,006,310	2,977,210	(29,100)
Comment: Wages and fringe benefit costs under by \$63,000, uniforms under by \$5,000, Materials & Supplies under by \$8,000, Travel/Training under by \$11,000. Gas and Oil over by \$31,000 and Capital Expense over by \$42,000 due to repairs & equipment in criminal investigations.			
Miscellaneous Police Grants	80,000	20,000	(60,000)
Comment: Grant funds were not as easy to secure this past year as there have been many cutbacks at the federal and state levels.			
Fire Department	781,300	891,400	110,100
Comment: Gas and Oil up by \$5,000 and Equipment expenditures up by \$105,000 due to grant for radios received from Homeland Security.			
A. Emergency Responders	10,000	10,000	0
Streets and Sanitation	2,123,160	2,167,070	43,910
Comment: Wages and fringe benefit costs are under by \$45,000, and capital expense under by \$100,000, since we are switching from side load to front load dumpsters. Gas and Oil over by \$17,000 and storm water study grant will mean higher contracted services expense. Tipping fees are up \$30,000 since County raised fees during year.			
Powell Bill	791,500	541,500	(250,000)
Comment: Hendrix Street Bridge construction was planned in 2006 2007 budget but has again been delayed by State. We are optimistic that bridge construction will being in the 2008-2009 fiscal year.			
Cemetery	138,290	122,450	(15,840)
Comment: Wages and fringe benefit costs are under by \$15,000.			

**PART 1 - 2007 - 2008
ESTIMATED BUDGET**

B. EXPENDITURES	BUDGETED	EST. ACTUAL	DIFFERENCE
Planning and Code Enforcement	285,520	222,790	(62,730)
Comment: We had anticipated that the traffic study of Russ Avenue and the Pedestrian Study would begin in 2007-2008, but those will be in the 2008-2009 budget, reducing the current budget by \$61,000. For some reason, interest by planning firms was very low for this work.			
A. Building Inspectors/Code Enforcement Officer	255,650	251,880	(3,770)
Comment: We have created a separate account to track these costs more closely. A new position of Inspector was added in the budget, but the position was vacant the first month leading to some savings in this account.			
Special Appropriations	240,480	265,580	25,100
Comment: After adoption of the budget, funds were approved for other organizations: VFW for a van - \$5,000, Haywood Schools Foundation - \$2,500 and Public Art Commission - \$7,500. In addition, more taxes were collected from the Municipal Service District and are paid to DWA from this account, increasing expenditures by \$11,000.			
Parks and Recreation	2,068,780	1,992,610	(76,170)
Comment: Wages and fringe benefit costs are under by \$106,000, Materials and supplies over by \$30,000.			
Recreation - Special Projects	188,400	351,000	162,600
Comment: With new grant funds from the Department of Transportation and the North Carolina General Assembly, we were able to complete the Greenway, and the funds for that work are allocated in this section of the Town Budget.			
Operating Transfers to Other Funds			
A. Transfer to Capital Projects Fund - Fire & Police Projects	177,970	177,970	0
Comment: Last year, we transferred the full revenue from the taxes assessed for these projects. This year, the tax for the police project will be transferred, but the tax for the fire department will remain in this fund for payment on the debt on the station.			
TOTAL GENERAL FUND EXPENDITURES	12,611,930	12,422,350	(189,580)
C. GENERAL FUND SUMMARY	BUDGETED	EST. ACTUAL	DIFFERENCE
REVENUES	12,611,930	12,544,440	(67,490)
EXPENDITURES	12,611,930	12,422,350	189,580
DIFFERENCE	0	122,090	122,090

**PART 1 - 2007 - 2008
ESTIMATED BUDGET**

II. WATER FUND			
A. REVENUES	BUDGETED 2007-2008	EST. ACTUAL 2007-2008	DIFFERENCE
Federal Emergency Management Agency-Reimbursement	0	0	0
Water Charges Comment: A 5% rate increase produced higher water revenues and a year of well below average rainfall may have contributed.	1,977,700	1,986,900	9,200
Water Taps/Connection Fees Comment: We saw continued development along with new water connections during the 2007-2008 fiscal year.	58,500	60,000	1,500
Impact Fees - New Connections Comment: Last year, the Asset Management Study recommended the Impact Fees for new connections, and while connections were high, the revenues from this new charge was probably overestimated.	40,000	30,000	(10,000)
Miscellaneous Revenues	1,500	1,500	0
Sale of Materials/Supplies/Fixed Assets Comment: We repay the Water Fund for items sold, but we do not anticipate many items being sold in 2007-2008.	0	100	100
Contributed Capital Comment: This is generally for grants received, and we do not anticipate many grants in the coming year.	0	0	0
Investment Earnings Comment: Interest rates were higher at the beginning of the year and we had more funds to invest, but rates declined later in the fiscal year.	20,500	44,250	23,750
Transfer from Electric Fund	0	0	0
Fund Balance Appropriated Comment: Because of higher than expected costs for the water plant lab expansion, we had to use some fund balance to cover expenses.	331,880	321,250	(10,630)
TOTAL WATER FUND REVENUES	2,430,080	2,444,000	13,920

**PART 1 - 2007 - 2008
ESTIMATED BUDGET**

B. EXPENDITURES	BUDGETED	EST. ACTUAL	DIFFERENCE
Water Maintenance	1,181,410	1,161,640	(19,770)
Comment: Wages and fringe benefits costs are under by \$15,000, Materials and Supplies are under by \$8,000, Vehicle Cost under by \$10,000, while Gas & Oil is over by \$6,000, Electricity is over by \$4,000, and Equipment Rental is over by \$4,500.			
Water Treatment	1,004,630	1,038,320	33,690
Comment: Wages and fringe benefit costs are under by \$41,400, but Treatment Chemicals are up by \$19,200 and equipment is over by \$20,000. There was a tank budgeted in 2006-2007 but purchase was delayed to take advantage of cost savings on shipping by buying two tanks in one year, so part of the overage is a carryover from last year.			
Administration and Finance	191,590	191,590	0
Debt Service	0	0	0
Contingency	0	0	0
Transfer to Other Funds:			
To General Fund	52,450	52,450	0
Comment: We transfer 2.5% of the water fund revenues, after fund balance is deducted, to the General Fund.			
TOTAL WATER FUND EXPENDITURES	2,430,080	2,444,000	13,920
C. WATER FUND SUMMARY	BUDGETED	EST. ACTUAL	DIFFERENCE
REVENUES	2,430,080	2,444,000	13,920
EXPENDITURES	2,430,080	2,444,000	(13,920)
DIFFERENCE	0	0	0

**PART 1 - 2007 - 2008
ESTIMATED BUDGET**

III. SEWER FUND			
A. REVENUES	BUDGETED 2007-2008	EST. ACTUAL 2007-2008	DIFFERENCE
Sewer Charges	1,868,500	1,833,650	(34,850)
Comment: While we realized higher revenues from the 5% increase in water rates, we did not see that in the sewer rates. We are double checking some of our sewer metering equipment to make sure we are being paid for what is discharged into the system.			
Sewer Taps	45,000	27,000	(18,000)
Comment: Taps for water connections exceeded expectations, but sewer taps have not met the projected income. Perhaps more new connections were out of town and needed water but not sewer.			
Solids Surcharge	0	0	0
Industrial Discharge Permits	1,000	1,000	0
Impact Fees	1,000	2,000	1,000
Comment: There are still a few connections being made to the sewer lines on Route 19 and the Maple Grove Line, giving us some revenues which are shared with Haywood County on a 50-50 basis.			
Impact Fees - Flow Allowances - Other Systems	2,000	2,000	0
Comment: These are Impact Fees the Board approved for any new developments on the Junaluska Sanitary District and Clyde systems, as those additions impact the capacity of our wastewater plant.			
Impact Fees - New Connections	40,000	24,000	(16,000)
Comment: In the Asset Management Study completed in 2006, there was a recommendation that the Town implement Impact Fees for new connections to the system. Income from these was less than expected.			
Miscellaneous Revenue	500	0	(500)
Sale of Materials/Supplies/Fixed Assets	0	2,000	2,000
Contributed Capital	0	0	0
Comment: There are no grant funds received from outside sources.			
Investment Earnings	18,000	22,300	4,300
Comment: Interest rates were higher early in the year and we had more funds to invest. Rates dropped as the year progressed.			
Fund Balance Appropriated	0	17,690	17,690
Comment: Revenues from sales, taps and impact fees are under projections, so we had to use reserves to present a balanced budget.			
TOTAL SEWER FUND REVENUES	1,976,000	1,931,640	(44,360)

**PART 1 - 2007 - 2008
ESTIMATED BUDGET**

B. EXPENDITURES	BUDGETED	EST. ACTUAL	DIFFERENCE
Sewer Maintenance	652,330	616,140	(36,190)
Comment: Wages and Fringe Benefit Costs are under by \$27,440, and Equipment Rental is under by \$7,500.			
Wastewater Treatment	1,097,930	1,089,760	(8,170)
Comment: Wages and fringe benefit costs are under by \$14,000, while professional services are under \$9,000, capital costs for equipment are under by \$8,000 and building maintenance is under by \$10,000. Chemical costs are over \$5,000 and electricity is over by \$27,000			
Administration and Finance	176,340	176,340	0
Contingency Appropriated	0	0	0
Transfer to Other Funds:			
To General Fund	49,400	49,400	0
Comment: We transfer 2.5% of the sewer fund revenues, after fund balance is deducted, to the General Fund.			
TOTAL SEWER FUND EXPENDITURES	1,976,000	1,931,640	(44,360)
C. SEWER FUND SUMMARY	BUDGETED	EST. ACTUAL	DIFFERENCE
REVENUES	1,976,000	1,931,640	(44,360)
EXPENDITURES	1,976,000	1,931,640	44,360
DIFFERENCE	0	0	0

**PART 1 - 2007 - 2008
ESTIMATED BUDGET**

IV. ELECTRIC FUND			
A. REVENUES	BUDGETED 2007-2008	EST. ACTUAL 2007-2008	DIFFERENCE
Federal Emergency Management Agency-reimbursement	0	0	0
Electric Charges Comment: While there was a 3.5% rate increase toward the cost of the new substation, the real increase in revenues came from our increases to cover fuel adjustment charges passed along by Progress Energy.	7,106,500	7,462,150	355,650
Security Lights	35,500	35,500	0
Street Lights	82,150	82,150	0
Underground Service Installation	2,000	500	(1,500)
Electric Pole Rental Comment: These are charges made to other utility companies for the use of our power poles.	13,700	13,700	0
Sales Tax Charges Comment: The General Assembly granted sales tax reductions to industry, leading to a reduction in this account.	213,190	205,500	(7,690)
Miscellaneous Revenues	3,000	10,500	7,500
Sale of Fixed Assets Comment: During the year, when we sell items paid for with assets from the Electric Fund, we return that money to this Fund. We estimate that there may be a few items to sell in the coming year.	5,860	5,860	0
Investment Earnings Comment: Interest rates were higher early in the fiscal year and we had more funds to invest. Later in the year, interest rates declined. While we well for the year, we expect to see a decline next year.	37,300	48,640	11,340
Transfer from Other Funds	0	0	0
Fund Balance Appropriated Comment: We have had some difficulty staying ahead of the curve in passing along fuel adjustment charges from Progress Energy. As a result, we have had to appropriate funds from the reserves of the fund to reach a balanced budget.	0	65,410	65,410
TOTAL ELECTRIC FUND REVENUES	7,499,200	7,929,910	430,710

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B. EXPENDITURES	BUDGETED	EST. ACTUAL	DIFFERENCE
Electric Maintenance	1,245,390	1,142,180	(103,210)
Comment: Wages and fringe benefit costs are under by \$67,000 due to vacancies in the department, professional services under by \$4,000, Materials & Supplies under \$25,000, and Equipment Repair is under by \$6,000. Capital costs were also under by \$5,000, as funds for debt on substation have been used to cover engineering on substation. Gas and oil is over by \$5,000.			
Purchased Power	4,876,020	5,394,390	518,370
Comment: Fuel adjustment charges passed along by Progress Energy have resulted in a much higher expense for the purchase of power from Progress Energy.			
Sales Tax on Purchased Power	146,280	161,830	15,550
Comment: With higher sales, we must pay more in sales taxes.			
Bad Debt Expense	26,780	26,780	0
Administration and Finance	329,730	329,730	0
Comment: This is the charge to Electric Fund for the cost of services provided the Fund by General Fund personnel.			
Contingency Appropriated	0	0	0
Transfer to General Fund	875,000	875,000	0
Comment: We reduced our transfer to the General Fund in the 2006-2007 fiscal year by \$100,000. We would like to continue our efforts to reduce this transfer and propose that another \$25,000 be reduced from this transfer in the 2007-2008 fiscal year.			
Transfer to Other Funds	0	0	0
TOTAL ELECTRIC FUND EXPENDITURES	7,499,200	7,929,910	430,710
C. ELECTRIC FUND SUMMARY	BUDGETED	EST. ACTUAL	DIFFERENCE
REVENUES	7,499,200	7,929,910	430,710
EXPENDITURES	7,499,200	7,929,910	(430,710)
DIFFERENCE	0	0	0

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V. PUBLIC WORKS OPERATION			
A. REVENUES	BUDGETED 2007-2008	EST. ACTUAL 2007-2008	DIFFERENCE
Charges to Other Funds	300,010	285,550	(14,460)
Comment: Each department is charged a prorated share of the cost of this department based upon the square footage the department occupies at the public works facility.			
Miscellaneous Revenue	0	0	0
Investment Income	680	1,480	800
TOTAL PUBLIC WORKS REVENUES	300,690	287,030	(13,660)
B. EXPENDITURES	BUDGETED	EST. ACTUAL	DIFFERENCE
Public Works Operations	300,690	287,030	(13,660)
Comment: Wages and fringe benefit costs up \$1,000. Capital outlay is up \$10,000 as we continue construction of outdoor storage sheds at the rear of the Public Works Facility.			
TOTAL PUBLIC WORKS EXPENDITURES	300,690	287,030	(13,660)
C. PUBLIC WORKS SUMMARY	BUDGETED	EST, ACTUAL	DIFFERENCE
REVENUES	300,690	287,030	13,660
EXPENDITURES	300,690	287,030	(13,660)
DIFFERENCE	0	0	0

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VI. GARAGE OPERATIONS			
A. REVENUES	BUDGETED 2007-2008	EST. ACTUAL 2007-2008	DIFFERENCE
Charges to Other Funds	595,520	677,130	81,610
Comment: Each department is charged a prorated share of the cost of operating the Garage based upon the number of vehicles and equipment and the mileage placed on the vehicles.			
All Other Revenue	0	50	50
Investment Income	0	560	560
TOTAL GARAGE REVENUES	595,520	677,740	82,220
B. EXPENDITURES	BUDGETED	EST. ACTUAL	DIFFERENCE
Garage Operations	595,520	677,740	82,220
Comment: Wages and Fringe Benefits up \$4,070, Gas and Oil is up \$32,500, Tires are up \$5,000, Materials & Supplies up \$3,000, Capital Outlay is up \$45,100 as we implement a Fuel Management System to better account for the use of fuel.			
TOTAL GARAGE EXPENDITURES	595,520	677,740	82,220
C. GARAGE SUMMARY	BUDGETED	EST. ACTUAL	DIFFERENCE
REVENUES	595,520	677,740	82,220
EXPENDITURES	595,520	677,740	(82,220)
DIFFERENCE	0	0	0