

TO: Mayor and Board of Aldermen
SUBJECT: Review of 2008-2009 Budget

As the 2008-2009 fiscal year enters the final months, I believe most of us will be glad to see it come to an end. It has been a difficult year to say the least. When you enter a new year, you normally get a new lease on life. You have a new budget to work with and funds are available for more work on water and sewer lines or for materials and supplies needed in a department or to replace worn out equipment or vehicles.

We were not far into the 2008-2009 fiscal year before we started seeing signs of things unraveling. We entered the year with gas prices approaching the \$4.00 per gallon mark. And it eased upward until September when the hurricane season arrived and did damage to oil facilities in the Gulf Region. Then not only was price an issue, availability was an issue as well. We struggled with finding gas and diesel fuel during September and early October, at any price. Many would have gladly paid \$4.50 or even \$5.00 a gallon had we been able to find gas. The distribution system failed and supply was scarce. At about the same time, problems within the financial system became evident. Financial institutions began to slide, the housing market crumbled and the stock market began a slide that lasted until early spring of 2009.

It was in the late summer that the State of North Carolina began predicting revenue shortfalls, first \$230,000,000, then \$320,000,000, and by mid-year, up to \$1.6 billion. In the early spring, the State had revised the numbers to more than \$2 billion, then up to \$3 billion. Figures released this week indicate an even higher number, and it is predicted that the State's shortfall could be \$4 billion in the 2009-2010 fiscal year.

In the early part of the fiscal year, the Town was doing fine, but as we began receiving sales tax information for August and September, we began seeing signs that things were starting to slip. As a precautionary measure, we began working with our department heads in October, asking that they consider how they would reduce their budgets by 3%. They responded well, and in November, we presented a list of cuts to the Board which were approved and resulted in a budget reduction of \$580,896.

While 3% may not seem like a lot of money, it seems that amount takes out any cushion or contingency there might be in a typical budget. For the Police Department, for instance, they normally under spend their budget by roughly \$100,000. But if you remove 3% of their budget, you take away \$95,000, and that leaves them virtually no cushion at all. We found that to be true in several departments, and you will see that many spent close to what was allocated for their departments.

As the year progressed, we saw further drops in our sales tax proceeds, and it now appears we will fall at least \$172,500 below estimates for the year. Another big shortfall was from interest earnings on investments. In 2007-2008, interest earnings in all funds ran \$331,543. We are estimating that will drop to \$108,240 for 2008-2009 and that in 2009-2010, it will sink to \$24,700. That is a decline of \$306,843 in two years and is equivalent to the revenue from three cents on the tax rate.

But with the many challenges we have faced in the current fiscal year, I am pleased to report that the Town appears to have weathered this year's storm well. It was fortunate that we cut 3% of the budget so early in the fiscal year. From what we can tell, it seems likely that we will have to use some of the reserves in order to achieve a balanced budget in the General Fund, Water Fund and Electric Fund. We do not believe we will have to use reserves in the Sewer Fund to balance the 2008-2009 budget in that fund. We did have to hit the reserves of the Water Fund particularly hard to pay for the unexpected replacement of the roof at the water plant. Part of the reason a unit of government has a fund balance is in the event there are economic downturns or large, unanticipated expenditures. Our reserve funds helped the Town survive a hard year, but we obviously cannot depend on the reserves in perpetuity.

I am particularly proud to say that the Town was able to protect its greatest asset during the 2008-2009 fiscal year, our employees. While we did freeze five vacant positions, we did not have to terminate or furlough a single employee, nor was it necessary to reduce anyone's pay or the number of regular hours anyone works. The Town Board and management were in full agreement that we would find ways to reduce expenditures in other areas - that we would do our best to make sure that our employees did not experience reductions in earnings or benefits. The Mayor and I provided a letter to employees in March assuring them their jobs and compensation were secure, and I am pleased to report that we will accomplish this in 2008-2009.

There are many good signs that emerged from the 2008-2009 budget. We opened the year in July, 2008, by dedicating our beautiful new fire station, and during the year, we completed and placed into operation a new, 15 megawatt electric substation. We commenced construction on a facility that will house a new police station, development office and meeting space and that will be finished this summer. We replaced a crumbling roof on the water plant, rehabilitated or replaced a few thousand feet of deteriorated sewer lines and water lines. We revamped commercial garbage collections, adding two new front-loading trucks and switching from side-loading dumpsters to front loading dumpsters. We worked to make our expensive and time-consuming sanitation operation more efficient while maintaining the level of service to which our citizens have become accustomed.

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On the administrative side, studies were conducted on ways to address traffic problems on Russ Avenue, on improving pedestrian facilities and circulation in our community and the review of our Land Development Standards began. In the Recreation area, personnel in that department continued to expand programming, made improvements to comply with federal regulations, and the use of facilities set new records. Even in the midst of challenges, good things were happening!

In the General Fund, our fund balance remains strong and allowed us the ability to commit a portion to the completion of the new police station, development office and meeting space. At the end of the year, our fund balance will dip below 30%, less than what it has been in the past, but it is not at an uncomfortable level. In August, we are anticipating the repayment of the Town's investment in the Dayco Property, when we joined the County to buy the site out of bankruptcy. We expect to receive more than half a million dollars back, and while a portion will go to the construction project, a portion should help boost our fund balance.

In the Water Fund, we had to use our reserves to a greater degree than in the past, drawing out funds to replace the deteriorated concrete roof on the water plant. This came a year after we used a sizable portion of those reserves to pay part of the costs of expanding the lab and administrative area at the Water Plant. The reserves in the Water Fund fell further than we wanted. We need to work to rebuild that amount so that the fund will be positioned to pay the cost of unanticipated future repairs.

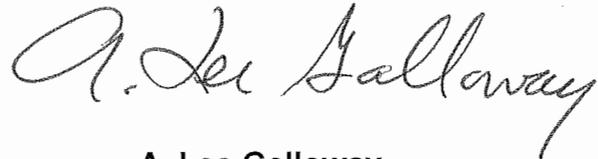
In the Electric Fund, only a small amount had to come from reserves, even though we continued to deal with the ever increasing fuel adjustment charges that Progress Energy passes along to us. In turn, we have to pass along those costs to our own customers, hoping upon hope that we do not miss the mark and drain our reserves in this fund. We experienced some special challenges this year as we paid the costs of the new substation and had some extremely cold days this winter when the demand on our system set record peaks. Fortunately, the demand, while exceeding the rated capacity, never exceeded what our old substation was able to supply to our customers.

The Sewer Fund, for the second consecutive year, has supported itself without drawing on the reserves of the fund. This is a tremendous accomplishment, for until the past few years, the operation of the sewer system and treatment plant has consistently lost money.

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The following pages show the anticipated results in each fund, comparing the revenues and expenditures budgeted for 2008-2009 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 black ink that reads "A. Lee Galloway". The signature is written in a cursive style with a large initial "A" and a long, sweeping tail on the "y".

A. Lee Galloway
Town Manager

PART 1 - 2008 - 2009
ESTIMATED BUDGET

I. GENERAL FUND			
A. REVENUES	REVISED 2008-2009	EST. ACTUAL 2008-2009	DIFFERENCE
Real Estate Taxes - Town	3,941,690	4,014,500	72,810
Comment: There was a greater increase in the tax base than the estimate received from the county last spring. Collections ran strong even with the country's economic problems.			
Real Estate Taxes - Municipal Service District - Downtown Waynesville	87,310	92,380	5,070
Comment: There were some discoveries in the Municipal Service District and values in the District increased more than was anticipated. Collections ran strong even with the country's economic problems.			
Motor Vehicle Taxes	273,740	263,470	(10,270)
Comment: With the economic slowdown, there has been a reduction in the purchase of new vehicles and the overall values have declined.			
Motor Vehicle Taxes - Municipal Service District - Downtown Waynesville	0	20	20
Motor Vehicle Rental Tax	21,000	18,980	(2,020)
Comment: A tax levied on the rental proceeds on vehicles.			
Tax Refunds and Discounts	(4,500)	(1,200)	3,300
Comment: Refunds normally issued when people duplicate tax payments made by their mortgage company.			
Penalties/Interest/Advertising	28,100	28,100	0
Comment: Revenues in this area hold pretty steady each year.			
Local Option Sales Tax - 1 %	960,120	909,960	(50,160)
Comment: This portion of the sales tax is based on sales in Haywood County and there has been a significant decline in local retail activity. But sales in Haywood County did not decline to the extent that sales declined statewide.			
Local Option Sales Tax - 1/2 %	981,390	907,530	(73,860)
Comment: This revenue source is based upon statewide sales, and there was a greater decline statewide than in Haywood County.			
Additional 1/2% Sales Tax to Replace Reimbursements	425,880	377,370	(48,510)
Comment: The distribution of this sales tax changed during the year due to the State taking the tax to offset Medicare Payments by the County. We were told there was a hold harmless clause to make sure local governments did not lose money as a result, but we have taken a big loss in this sales tax.			
Privilege License Tax	19,500	19,500	0

**PART 1 - 2008 - 2009
ESTIMATED BUDGET**

REVENUES	REVISED	EST. ACTUAL	DIFFERENCE
Cable Television Gross Receipts	125,450	158,320	32,870
Comment: The State adopted new regulations regarding cablevision as well as satellite television. It appears that the revenue growth has surpassed the State's estimates in these catagories. The cablevision franchise now falls under the oversight of the North Carolina Attorney General's Office.			
Beer and Wine Tax	44,710	44,710	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	4,000	2,200	(1,800)
Franchise Taxes			
Comment: These revenue sources used to grow steadily, but in recent years they have been unpredictable. Telecommunications revenues continue to grow due to so much cell phone use, and electric and gas revenues grew significantly due to the cold fall and winter months as well as the increases in rates due to higher fuel charges passed along to customers.			
A. Telecommunications	274,690	320,740	46,050
B. Electric	340,740	403,510	62,770
C. Natural Gas	9,410	15,190	5,780
Powell Bill Revenue	365,000	361,330	(3,670)
Comment: With the increase in gasoline prices last year, there was a related decrease in consumption. As a result, the Town received a reduced amount in Powell Bill receipts.			
80% Bridge Reimbursements	380,000	192,900	(187,100)
Comment: This is for the 80% reimbursement from the State for Hendrix Street bridge construction. We paid on engineering in 2007-2008 and for right-of-way purchase in 2008-2009. Construction should begin next year.			
Solid Waste Tax	0	2,830	2,830
Comment: This is a new source of revenue which resulted from the \$2.00 per ton charge on everything disposed of at the landfill. Local governments were to receive a small amount from this tax.			
Payments on Behalf of Firemen for Pensions	16,000	15,000	(1,000)

**PART 1 - 2008 - 2009
ESTIMATED BUDGET**

REVENUES	REVISED	EST. ACTUAL	DIFFERENCE
Powell Bill Interest Earnings	14,490	14,000	(490)
Comment: We may have a little more money in Powell Bill funds to invest, but interest rates have dropped dramatically, so earnings are down.			
Police Grant - Others	50,000	15,000	(35,000)
Comment: Grant funds have been much more limited as federal funds have been used elsewhere and not for law enforcement purposes.			
Unauthorized Substance Funds	30,000	25,000	(5,000)
Comment: When funds are taken during a drug raid or in connection with drug deals/sales, the funds are distributed back to the department involved in the police actions. There was a decline in funds confiscated this past year.			
Richland Creek Grant	0	0	0
Comment: The initial phases of this project have been completed.			
Richland Creek Action Committee Grants	0	0	0
Comment: the initial phases of this project have been completed.			
Miscellaneous Grant	64,500	107,070	42,570
Comment: Funds are expected for a pedestrian study and for a study on the redesign of Russ Avenue. We also anticipate funds for historic preservation as well as for stormwater management studies.			
Sale of Fixed Assets - Powell Bill Items	13,500	25,210	11,710
Comment: We sold some trucks which were paid for with Powell Bill Funds, and we must return the proceeds to the Powell Bill.			
Building Permits	125,000	101,500	(23,500)
Comment: The income from permits ran above what we expected, but there were a few large permits for Best Buy and Vantage Pointe which drove the revenues higher than reasonably expected in view of construction slowdowns.			
Planning Fees	8,000	8,000	0
Comment: Although building permits are off, there are still many requests for plan review.			
Rezoning and Annexation Fees	3,000	1,200	(1,800)
Homeowners Recovery Fund	-500	-200	300
Connection and Reconnection Fees	41,000	45,000	4,000
Late Payment Penalties	18,500	19,000	500

PART 1 - 2008 - 2009
ESTIMATED BUDGET

REVENUES	REVISED	EST. ACTUAL	DIFFERENCE
Charges to the Water Fund	202,280	202,280	0
Charges to the Sewer Fund	181,720	181,720	0
Charges to the Electric Fund	373,140	373,140	0
Police Contract Services	67,570	50,580	(16,990)
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, which were down for the fiscal year.			
Fire Protection Charges	171,620	170,000	(1,620)
Comment: There was an increase in these charges in 2008-2009, and the estimate of the revenue increase was very close to what was received.			
Commercial Sanitation Fees	400,000	376,050	(23,950)
Comment: During the year, we switched from side loading to front loading dumpsters, and many customers were able to reduce their collections. This saved them money, but saved the Town money on labor and fuel as well.			
Residential Sanitation Fees	267,770	273,300	5,530
Comment: A higher fee was approved last year, and this resulted in a higher level of revenue from residential customers.			
Solid Waste Containers - Sales	2,000	0	(2,000)
Comment: Since the Board approved the switch to front loading trucks we have declined to sell anyone new side loading dumpsters. By July 1, 2009, we hope to be completely out of the side loading dumpster business.			
Solid Waste Containers - Rental	15,600	32,710	17,110
Comment: We have switched almost entirely to front loading dumpsters, and we no longer sell dumpsters. So this revenue has increased significantly.			
Cemetery Lot Sales	20,000	11,000	(9,000)
Comment: The number of lots sold was down this year, perhaps reflecting on the state of the economy.			
Cemetery After Hours Call Out Fees	100	130	30
Comment: This is the charge for call outs on weekends and holidays.			
Columbarium Sales	0	1,600	1,600
Comment: We have begun selling niches in the columbarium units and decided to keep the sales separate from the income from inground spaces.			

**PART 1 - 2008 - 2009
ESTIMATED BUDGET**

REVENUES	REVISED	EST. ACTUAL	DIFFERENCE
Columbarium Openings	0	800	800
Comment: In the case of columbarium units, the Town opens the unit for placement of the urn and has the granite doors etched with the death year as a part of the fee that is charged.			
Recreation - Memberships	280,000	308,000	28,000
Comment: There was an increase in fees last year and more people seem to be purchasing memberships over daily passes. Attendance is up as well.			
Recreation - Daily Passes	145,000	140,000	(5,000)
Comment: With the rate increase, it appears more people are switching to memberships as opposed to daily passes. Attendance is up either way.			
Recreation - Rentals	42,000	35,000	(7,000)
Comment: Rental of facilities dropped off this year for whatever reason.			
Recreation - Department Services	55,000	75,000	20,000
Comment: We are seeing an increased use of all portions of the facility and revenues from fees for departmental services grew substantially.			
Recreation - Contribution from Haywood County	70,000	52,500	(17,500)
Comment: The County was caught in a financial crisis and halted the 4th quarter's payment to the recreation department.			
Recreation - Adult and Children Recreation Programs	70,000	79,730	9,730
Comment: We have continued to see an increase in participation in adult and children programs, so this revenue source has grown.			
Recreation - Program Fees at Armory	5,100	8,000	2,900
Recreation - Rentals Collected at Armory	6,000	4,500	(1,500)
Recreation - Child Care	5,000	420	(4,580)
Recreation - Commissions on Vending Machines	4,000	1,500	(2,500)
Comment: This is the revenue related to sales from vending machines that are placed by others. Sales appear to be off this year.			
Recreation - Proceeds from Concessions	32,000	30,100	(1,900)
Comment: Revenues at the concession stand the town operates are down.			
Recreation - Playground	21,700	11,170	(10,530)
Comment: This is the money left over from contributions toward the Community Playground and is used for annual maintenance on the playground.			

PART 1 - 2008 - 2009
ESTIMATED BUDGET

REVENUES	REVISED	EST. ACTUAL	DIFFERENCE
Contributions/Donations - Police	0	0	0
Contributions/Donations - Recreation	0	0	0
Community Foundation Donation	1,500	0	(1,500)
Comment: When the Recreation Center was started, a special fund was established to receive donations. This fund normally provides donations from interest earnings, but there were no earnings in the past year.			
Memorials	10,000	5,000	(5,000)
Comment: This was a new account last year to which citizens and others may donate to purchase items as a memorial to others. Several items were purchased last year but there were not as many purchases in 2008-2009.			
Public Art	30,000	33,000	3,000
Comment: These are donations made in support of the Public Art Program. The first year's program was very successful, and we anticipate that support for the art piece at the new town building will be strong as well.			
Public Art - Town of Waynesville	0	12,000	12,000
Comment: This is the Town's contribution to the Art Program.			
Miscellaneous	5,000	5,000	0
Comment: This is an account where we place revenue that does not fit easily in other categories.			
Rents	31,200	28,800	(2,400)
Comment: These are primarily the rents from cell tower locations.			
Sale of Materials & Fixed Assets	27,000	27,000	0
Comment: The income in this account is typically from the sale of old cars and trucks or surplus materials sold at auction.			
Parking Tickets	600	4,200	3,600
Comment: There was a stronger effort at parking enforcement this past year.			
Noise Ordinance Violations	200	100	(100)
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	130	130
Bad Check Charges	600	800	200

**PART 1 - 2008 - 2009
ESTIMATED BUDGET**

REVENUES	REVISED	EST. ACTUAL	DIFFERENCE
Adopt a Trail - Recreation Department	0	0	0
Investment Earnings	69,380	52,420	(16,960)
Comment: Interest rates have dropped considerably since 2007, and the interest earnings are declining as well.			
ABC Store Sales Distribution	82,000	112,290	30,290
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 our income has been higher in recent years.			
ABC Distribution - Law Enforcement	13,500	17,240	3,740
ABC Distribution - Rehabilitation	8,500	10,770	2,270
Transfer from Water Fund	74,420	74,420	0
Comment: We transferred a portion of the water revenues after fund balance is deducted to the General Fund.			
Transfer from Sewer Fund	70,180	70,180	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.			
Fund Balance Appropriated-Powell Bill	198,510	145,310	(53,200)
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.			
Fund Balance Appropriated	418,154	131,340	(286,814)
Comment: We started the year with an appropriation of \$800,000 from fund balance, but when we reduced the budget by 3%, the use of fund balance was cut by \$381,846, the 3% reduction in the budget.			
TOTAL GENERAL FUND REVENUES	13,015,064	12,532,350	(482,714)

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ESTIMATED BUDGET**

B. EXPENDITURES	REVISED	EST. ACTUAL	DIFFERENCE
Governing Body	112,675	111,300	(1,375)
Comment: Funds for professional services were not spent and some of the fringe benefit costs were lower than expected.			
Administration	860,700	832,160	(28,540)
Comment: Salaries and fringe benefits were under by \$10,760 Professional Services under by \$8,000, Gas & Tires under by \$2,150, Materials & Supplies under by \$3,000.			
Finance Department	790,500	786,580	(3,920)
Comment: Salaries and fringe benefits under by approximately \$4,000.			
Public Buildings	879,190	842,810	(36,380)
Comment: Expense for electricity down \$16,000, Contracted Services down \$5,000, Capital Improvements down \$15,750.			
Horticulturist	40,352	36,830	(3,522)
Comment: Materials and supplies under by \$3,752.			
Police Department	3,087,966	3,076,880	(11,086)
Comment: Wages and fringe benefit costs are over by \$8,000, but gas and tires are under by \$19,020.			
Miscellaneous Police Grants	80,000	40,000	(40,000)
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	805,226	784,080	(21,146)
Comment: Wages & Fringe Benefits under by \$39,056, Expenses at new building up \$13,110, Equipment over by \$7,000.			
A. Emergency Responders	12,309	12,300	(9)
Streets and Sanitation	2,292,617	2,269,970	(22,647)
Comment: Wages and fringe benefit costs under by \$28,310, Purchase of dumpsters over by \$14,630, Gas and Tires under by \$7,780, Equipment Rental over by \$9,720, Tipping Fees under by \$13,927.			
Powell Bill	971,500	738,750	(232,750)
Comment: Hendrix Street Bridge construction was planned in 2006-2007 budget but was delayed by State. We had to secure additional right-of-way this year and construction was further delayed leading to an under estimate.			
Cemetery	118,580	104,570	(14,010)
Comment: Wages and fringe benefit costs down \$13,310 due to vacancy.			

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ESTIMATED BUDGET

B. EXPENDITURES	REVISED	EST. ACTUAL	DIFFERENCE
Planning and Code Enforcement	319,300	256,880	(62,420)
Comment: Fringe benefits are under by approximately \$6,000, but the major difference in this account is a late start on the Land Development Review, meaning an underexpense of \$54,720 in Professional Services.			
A. Building Inspectors/Code Enforcement Officer	243,537	226,250	(17,287)
Comment: Wages and fringe benefits are under by \$13,537 due to vacancy, Gas and Tires under by \$2,000, Equipment under by \$2,000.			
Special Appropriations	262,170	268,000	5,830
Comment: The expenditures in this account are over some because of the higher collection of taxes in the Municipal Service District.			
Parks and Recreation	2,086,742	2,063,820	(22,922)
Comment: Wages and fringe benefit costs are under by \$25,159 due to some vacant positions during the year. Gas and Tires under by \$2,000, Materials and Supplies under \$19,900, Treatment Chemicals over by \$7,000, Building Maintenance over by \$14,700.			
Recreation - Special Projects	51,700	81,170	29,470
Comment: There were extra funds from the Department of Transportation and the General Assembly carried over to the new fiscal year for the greenway.			
Operating Transfers to Other Funds			
A. Transfer to Capital Projects Fund - Fire & Police Projects	0	0	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	13,015,064	12,532,350	(482,714)
C. GENERAL FUND SUMMARY	REVISED	EST. ACTUAL	DIFFERENCE
REVENUES	13,015,064	12,532,350	(482,714)
EXPENDITURES	13,015,064	12,532,350	482,714
DIFFERENCE	0	0	0

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II. WATER FUND			
A. REVENUES	REVISED 2008-2009	EST. ACTUAL 2008-2009	DIFFERENCE
Water Charges	2,114,000	2,122,410	8,410
Comment: In drought years, we tend to see an increase in water demand and related revenue increase. This slowed after the water conservation measures.			
Water Taps/Connection Fees	60,000	33,600	(26,400)
Comment: Tap fees were down considerably this year with the decline in virtually all forms of construction.			
Impact Fees - New Connections	40,000	21,300	(18,700)
Comment: Last year, the Asset Management Study recommended the Impact Fees for new connections. But the drop in construction meant that there would be little revenue from new connections.			
Miscellaneous Revenues	1,500	1,500	0
Sale of Materials/Supplies/Fixed Assets	0	12,040	12,040
Comment: A truck was sold from the water department and the revenue needed to go back to the department.			
Contributed Capital	0	0	0
Comment: This is generally for grants received, but the grant for the Eagle Nest Water System will be set up as a Capital Project Fund since it will likely extend over two fiscal years.			
Investment Earnings	17,700	10,950	(6,750)
Comment: Our fund balance dropped considerably this year and the drop in interest rates meant a lower revenue from investments.			
Transfer from Electric Fund	0	0	0
Fund Balance Appropriated	191,270	332,340	141,070
Comment: Last year, we used a good portion of reserves for the water plant lab. This year another chunk of reserves had to go toward the new roof on the plant and higher chemical costs.			
TOTAL WATER FUND REVENUES	2,424,470	2,534,140	109,670

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B. EXPENDITURES	REVISED	EST. ACTUAL	DIFFERENCE
Water Maintenance	1,216,920	1,183,770	(33,150)
Comment: Wages and fringe benefits costs down \$26,100, Materials and Supplies up \$36,200, Equipment Repair down \$7,000, Truck Purchase under \$11,000 and Capital Improvements under by \$36,200 and Professional Services over \$17,000.			
Water Treatment	921,190	1,064,010	142,820
Comment: Wages and fringe benefit under \$11,100, Treatment Chemicals over by \$58,100, Capital Improvements over by \$99,410 due to plant roof.			
Administration and Finance	211,940	211,940	0
Debt Service	0	0	0
Contingency	0	0	0
Transfer to Other Funds:			
To General Fund	74,420	74,420	0
Comment: We transfer a portion of the water fund revenues, after fund balance is deducted, to the General Fund.			
TOTAL WATER FUND EXPENDITURES	2,424,470	2,534,140	109,670
C. WATER FUND SUMMARY	REVISED	EST. ACTUAL	DIFFERENCE
REVENUES	2,424,470	2,534,140	109,670
EXPENDITURES	2,424,470	2,534,140	(109,670)
DIFFERENCE	0	0	0

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ESTIMATED BUDGET

III. SEWER FUND			
A. REVENUES	REVISED 2008-2009	EST. ACTUAL 2008-2009	DIFFERENCE
Sewer Charges	1,940,900	1,916,780	(24,120)
Comment: When we have drought conditions, there is less infiltration into the sewer system, so we do not have as high a flow to measure and charge for from Clyde and the Junaluska Sanitary District.			
Sewer Taps	45,000	12,000	(33,000)
Comment: Growth has slowed considerably and there have been very few new taps of either commercial or residential customers.			
Industrial Discharge Permits	1,000	500	(500)
Impact Fees	2,000	960	(1,040)
Comment: There are still a few connections being made to the sewer lines on Route 19 and the Maple Grove Line. We have reached the end of the ten year period when we must share the revenues with the county.			
Impact Fees - Flow Allowances - Other Systems	4,000	0	(4,000)
Comment: These are Impact Fees the Board approved for any new developments on the Junaluska Sanitary District and Clyde systems, but there was virtually no growth there either.			
Impact Fees - New Connections	40,000	45,000	5,000
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. This resulted in some significant payments from customers like Best Buy and the Laurel Ridge Country Club.			
Miscellaneous Revenue	500	250	(250)
Sale of Materials/Supplies/Fixed Assets	0	0	0
Contributed Capital	0	0	0
Comment: There are no grant funds received from outside sources.			
Investment Earnings	8,920	10,940	2,020
Comment: Investment income will decline as interest rates decline.			
Fund Balance Appropriated	7,670	0	(7,670)
Comment: We will not need to use anything from reserves in 2008-2009.			
TOTAL SEWER FUND REVENUES	2,049,990	1,986,430	(63,560)

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B. EXPENDITURES	REVISED	EST. ACTUAL	DIFFERENCE
Sewer Maintenance	655,470	636,280	(19,190)
Comment: Wages and Fringe Benefit Costs are down \$28,000 and Capital Outlay will be down \$14,000. Materials and Supplies is over by \$12,000.			
Wastewater Treatment	1,131,600	1,069,550	(62,050)
Comment: Wages and fringe benefit costs are under \$16,000, Treatment Chemicals under \$9,000 due to low flows, Materials and Supplies under by \$7,000, Electricity under \$14,000, Propane Gas under \$5,000, Equipment Repairs over by \$5,000.			
Administration and Finance	192,740	192,740	0
Contingency Appropriated	0	0	0
Transfer to Other Funds:			
To General Fund	70,180	70,180	0
Comment: We transfer a portion of the sewer fund revenues, after fund balance is deducted, to the General Fund.			
TOTAL SEWER FUND EXPENDITURES	2,049,990	1,968,750	(81,240)
C. SEWER FUND SUMMARY	REVISED	EST. ACTUAL	DIFFERENCE
REVENUES	2,049,990	1,986,430	(63,560)
EXPENDITURES	2,049,990	1,968,750	81,240
DIFFERENCE	0	0	17,680

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IV. ELECTRIC FUND			
A. REVENUES	REVISED 2008-2009	EST. ACTUAL 2008-2009	DIFFERENCE
Electric Charges	7,700,000	8,032,820	332,820
Comment: Revenue increase as we pass along the fuel adjustment charges we receive from Progress Energy. There was a big spike in the cost of all forms of energy in 2008 and coal costs have not dropped as fast as others.			
Security Lights	41,000	36,000	(5,000)
Comment: We overestimated the revenue from the rate increase here.			
Street Lights	84,210	82,150	(2,060)
Comment: We charge other funds for street lighting on Town property, but we did not increase it enough to cover the revenue estimate.			
Underground Service Installation	2,000	500	(1,500)
Comment: With construction down the income for underground service is also less than what we anticipated.			
Electric Pole Rental	13,700	13,700	0
Comment: These are charges made to other utility companies for the use of our power poles.			
Sales Tax Charges	206,290	213,980	7,690
Comment: When electric sales rise, so too do the sales taxes we must assess on the electric sales.			
Miscellaneous Revenues	3,000	10,500	7,500
Sale of Fixed Assets	0	9,500	9,500
Comment: During the year, when we sell items paid for with assets from the Electric Fund, we return that money to this Fund. This is from the sale of an old pole truck which has been replaced.			
Investment Earnings	19,450	19,520	70
Comment: Interest rates have declined but we had a little more money in this fund to invest, so we made budget on this revenue source.			
Fund Balance Appropriated	168,850	22,750	(146,100)
Comment: Expenses ran a lower than expected meaning that it was not necessary to dip into our reserves as much as we expected.			
TOTAL ELECTRIC FUND REVENUES	8,238,500	8,441,420	202,920

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B. EXPENDITURES	REVISED	EST. ACTUAL	DIFFERENCE
Electric Maintenance	1,254,030	911,720	(342,310)
Comment: Wages and fringe benefit costs are under by \$26,720 due to vacancies and personnel changes, Gas and Tires under by \$3,020, Repair and Maintenance of Equipment under \$16,000. The biggest cost factor was the delay in the substation construction which in turn delayed the first annual payment on the debt which is \$311,000.			
Purchased Power	5,543,250	6,072,600	529,350
Comment: Fuel adjustment charges passed along by Progress Energy have resulted in a much higher expense for the purchase of power. During the cold winter we had, there was an increase in the use of electricity.			
Sales Tax on Purchased Power	166,300	182,180	15,880
Comment: With higher sales, we pay more in sales taxes.			
Bad Debt Expense	26,780	26,780	0
Administration and Finance	373,140	373,140	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: The Electric Fund has traditionally provided a subsidy or profit sharing to the General Fund. Without this transfer, replacing the amount of money in the General Fund would mean a tax increase close to 9 cents.			
Transfer to Other Funds	0	0	0
TOTAL ELECTRIC FUND EXPENDITURES	8,238,500	8,441,420	202,920
C. ELECTRIC FUND SUMMARY			
	REVISED	EST. ACTUAL	DIFFERENCE
REVENUES	8,238,500	8,441,420	202,920
EXPENDITURES	8,238,500	8,441,420	(202,920)
DIFFERENCE	0	0	0

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V. PUBLIC WORKS OPERATION			
A. REVENUES	REVISED 2008-2009	EST. ACTUAL 2008-2009	DIFFERENCE
Charges to Other Funds	270,060	244,500	(25,560)
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. The cost was down for 2008-2009.			
Miscellaneous Revenue	0	0	0
Investment Income	590	410	(180)
TOTAL PUBLIC WORKS REVENUES	270,650	244,910	(25,740)
B. EXPENDITURES	REVISED	EST. ACTUAL	DIFFERENCE
Public Works Operations	270,650	244,910	(25,740)
Comment: Wages and fringe benefit costs under by \$17,040, Materials and Supplies under by \$7,000, Equipment Repair under by \$2,400.			
TOTAL PUBLIC WORKS EXPENDITURES	270,650	244,910	(25,740)
C. PUBLIC WORKS SUMMARY	REVISED	EST. ACTUAL	DIFFERENCE
REVENUES	270,650	244,910	(25,740)
EXPENDITURES	270,650	244,910	25,740
DIFFERENCE	0	0	0

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VI. GARAGE OPERATIONS			
A. REVENUES	REVISED 2008-2009	EST. ACTUAL 2008-2009	DIFFERENCE
Charges to Other Funds	618,230	571,130	(47,100)
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. Costs were down in 2008-2009.			
All Other Revenue	0	730	730
Investment Income	220	0	(220)
TOTAL GARAGE REVENUES	618,450	571,860	(46,590)
B. EXPENDITURES	REVISED	EST. ACTUAL	DIFFERENCE
Garage Operations	618,450	571,860	(46,590)
Comment: With the decline in fuel prices, costs for fuel and oil was under by \$36,900, and tires were under by \$9,000.			
TOTAL GARAGE EXPENDITURES	618,450	571,860	(46,590)
C. GARAGE SUMMARY	REVISED	EST. ACTUAL	DIFFERENCE
REVENUES	618,450	571,860	(46,590)
EXPENDITURES	618,450	571,860	46,590
DIFFERENCE	0	0	0