

TO: Mayor and Board of Aldermen
SUBJECT: Review of 2010-2011 Budget

We are now within two months of the completion of the 2010-2011 fiscal year. At this point, we are able to make some pretty good projections as to the amount of the revenues and expenditures we anticipate for the entire year. The 2010-2011 fiscal year is the third in the great recession as it is being called by many. We saw a weakening economy in the spring of 2008, but disaster struck in the fall of that year and continued into the 2009-2010 fiscal year. Although our revenues have not returned to the levels we experienced five years ago, we are starting to see some positive signs in the economy. Hopefully the summer will begin strong so that we may finish the current fiscal year on a strong note.

Many local governments have continued to take firm actions in response to their budget challenges – cutting personnel, furloughing others and continuing to reduce the fringe benefits provided their personnel. The Town of Waynesville has maintained a healthy fund balance in our General, Water, Sewer and Electric Funds, and as a result, we have been able to better survive the current storm. That is not to say that we have not had to take some decisive action, and over the past three years, we have eliminated 8 positions. Fortunately, all were vacant and we were not faced with taking away anyone's job with the Town. We also have been able to maintain the fringe benefits package for our personnel and have not cut back on programs or projects.

As we prepared the 2010-2011 budget, we were conservative in our revenue estimates. While some were saying the recession was over, we were not so sure, and based upon the sales taxes we were receiving on retail sales, others apparently did not think the recession was over either. But we did see some stabilization, and during the year, we actually saw a little growth in the sales tax figures. We were also fortunate that the valuations of some new developments in Waynesville hit the tax scrolls, giving us a boost in our property tax base and collections.

The other side of the equation dealt with expenditures, and once again, we came to realize how fortunate we are to have our current department heads and supervisors. They have been equally conservative in their expenditures and have been very careful in the way they expended the public funds with which they have been entrusted.

In most years we submit budget proposals that call for the town allocating funds from reserves to balance the budget. Typically, it is not necessary for us to use those reserves, for expenditures are far enough below projections that the normal revenues cover the expenditures without depending upon reserves. In 2010-2011, it appears that we will actually use some reserves in the General and Electric Funds, but we do not believe we will have to dip into the reserves of the Water and Sewer Funds.

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While we have been cautious with our expenditures, it does mean that the Town has been in a holding pattern. There were a number of utility projects that have been completed this year. More than two miles of water lines along with two new tanks and pump stations were placed into operation in Eagle Nest Estates, and we added approximately 35 new customers to our system. The Town spent over \$1,500,000 on improvements to portions of the water and sewer systems throughout the community. Renovations were completed on the Hazelwood Branch Office and the Finance Department was relocated there to improve efficiency and provide better access to the public. The Hendrix Street bridge was replaced and improvements were made on this street which was entirely resurfaced. Sidewalk was added for its entire length.

New motor vehicles and equipment have been added as we continue efforts to supply employees with the tools they need to perform their jobs. A new Pierce Fire Pumper was added at a cost of \$400,000 and we secured a new Sewer Cleaning Truck for approximately \$190,000. But there were other equipment additions, such as a rear loading garbage truck, dump truck and brush truck. Nearly \$160,000 was spent at the recreation center on replacing the exercise equipment that came with the building when it opened in 2000. As Christmas approached, citizens and visitors to the community found all new Christmas decorations along the streets of the Town, and we received many positive comments on these.

The review and revisions to the Land Development Standards were completed and the Town Board approved the document. At the present time, Town Staff members are reviewing proposals for completing the South Main Street Corridor Study, and this should be a very useful tool in terms of how that busy area develops.

In an attempt to be more responsive to the growing senior population in our community, the recreation department has begun seeking ways to orient the use of the Old Armory more toward senior services and activities. Working with Haywood Community Connections, a computer "Brain Gym" has been established in the Old Armory and we have redirected the operation at that facility. Changes will be ongoing during the upcoming fiscal year as we strive to attract seniors to take advantage of the social activities and socialization that are so important to the well being of the elderly.

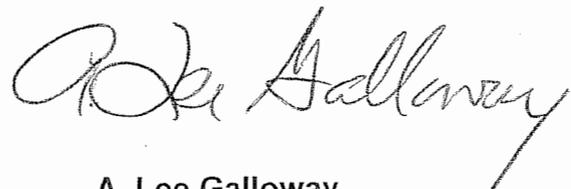
I could go on, but I believe you will agree that it has been an active year and that the community has a great deal to show in terms of what has occurred in Waynesville during 2010-2011.

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Financially, the Town of Waynesville remains strong. We finished the 2009-2010 fiscal year with a sizable fund balance and felt comfortable pledging a portion of that to balance the 2010-2011 budget. But of the \$1,428,530 pledged from the reserves of the General, Water, Sewer and Electric Funds, we are estimating that we may actually use \$528,690. We will not use any of the reserves of the Water and Sewer Funds.

The following pages show the anticipated results in each fund, comparing the revenues and expenditures budgeted for 2010-2011 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, appearing to read "A. Lee Galloway". The signature is fluid and cursive, with a long, sweeping tail on the final letter.

**A. Lee Galloway
Town Manager**

PART 1 - 2010-2011 - ESTIMATED BUDGET

I. GENERAL FUND			
A. REVENUES	BUDGETED 2010-2011	EST. ACTUAL 2010-2011	DIFFERENCE
Real Estate Taxes - Town	4,042,350	4,112,830	70,480
Comment: Our Tax Collector has continued to have success with collecting some older tax payments, and the Debt Setoff Program has been helpful in that regard. In addition, taxes billed and collected in 2010-2011 ran higher than expected.			
Real Estate Taxes - Municipal Service District - Downtown Waynesville	98,620	104,120	5,500
Comment: The Tax Collector was successful in collecting some old taxes in the MSD this past year resulting in higher revenue for the District.			
Motor Vehicle Taxes	244,800	229,690	(15,110)
Comment: As the recession continues, the purchase of new vehicles has remained low, meaning the values and billing for motor vehicles taxes continues to decline.			
Motor Vehicle Taxes - Municipal Service District - Downtown Waynesville	0	0	0
Motor Vehicle Rental Tax	20,000	19,000	(1,000)
Comment: It may be that vehicle rentals have been lower in a slower economy.			
Tax Refunds and Discounts	(3,500)	(1,600)	1,900
Comment: Refunds are issued when people pay property taxes already paid by their mortgage company. This seemed lower than normal in 2010-2011.			
Penalties/Interest/Advertising	28,100	39,400	11,300
Comment: The collection of back taxes was good in 2010-2011, meaning more income from penalties and interest.			
Local Option Sales Tax - 1 %	783,850	800,760	16,910
Comment: We budgeted a very small increase in the local option sales tax for the 2010-2011 fiscal year and it appears that there will be some slight growth.			
Local Option Sales Taxes - 1/2 %	801,940	815,000	13,060
Comment: As with the 1% Local Option sales taxes, we budgeted a very small rise in tax collections for 2010-2011. It appears that there was some slight growth.			
Additional 1/2% Sales Tax to Replace Reimbursements	363,060	369,170	6,110
Comment: The State has continued to manipulate the formula to distribute this sales tax. This particular tax was intended to reimburse and hold harmless the municipalities when the State traded counties the last one-half cent sales tax in exchange for the State taking medicare reimbursements off the Counties.			

PART 1 - 2010-2011 - ESTIMATED BUDGET

REVENUES	BUDGETED	EST. ACTUAL	DIFFERENCE
Privilege License Tax	20,000	19,100	(900)
Cable Television Gross Receipts	149,470	135,970	(13,500)
Comment: Revenues from the State for cablevision and satellite service fell this year, and we suspect it is related to consumer cutbacks in poor economic times.			
Beer and Wine Tax	44,710	42,470	(2,240)
Comment: The State withheld two thirds of our revenue in 2009-2010 but resumed full funding in 2010-2011; however, the proceeds were down.			
Court Facilities Fees	2,800	4,200	1,400
Franchise Taxes			
Comment: These revenue sources used to grow steadily, but in recent years they have been more unpredictable. Competition in telecommunications has driven prices (and taxes) down, and many have given up their land lines and gone solely to cell phones, further reducing revenues. Both electric and gas rates have been dropping, so the taxes have declined as well.			
A. Telecommunications	303,140	272,930	(30,210)
B. Electric	387,660	389,880	2,220
C. Natural Gas	14,840	14,770	(70)
Powell Bill Revenue	305,000	325,500	20,500
Comment: We were advised that with the poor economy, the Powell Bill proceeds would be lower in 2010-2011. The League discovered an error in the DOT's calculations and as a result we received a slight boost in these funds for paving.			
80% Bridge Reimbursements	336,000	409,600	73,600
Comment: Weather challenges in 2009-2010 delayed the completion of the Hendrix Street bridge, pushing more of the construction into the 2010-2011 fiscal year. Our reimbursements were higher in 2010-2011 as well.			
Solid Waste Tax	6,850	6,620	(230)
Comment: This was a new source of revenue in 2009-2010 and results from a \$2.00 per ton charge on everything disposed of at the landfill. The volume of solid waste has declined some and the revenues have dropped as well.			
Payments on Behalf of Firemen for Pensions	15,000	15,000	0
Federal Emergency Management Reimbursements (FEMA)	0	0	0
Note: No disasters and no FEMA reimbursements during 2010-2011.			

PART 1 - 2010-2011 - ESTIMATED BUDGET

REVENUES	BUDGETED	EST. ACTUAL	DIFFERENCE
Powell Bill Interest Earnings	3,530	440	(3,090)
Comment: Interest earnings have remained low, even lower than prior years.			
Police Grant - Others	135,520	86,780	(48,740)
Comment: These are grant funds for the full year in the COPS Program which allowed us to hire two full time officers for the Police Department. Other grants that we had hoped for did not materialize.			
Unauthorized Substance Funds	30,000	30,000	0
Comment: When funds are taken during drug raids or in connection with drug deals/sales, the funds are distributed back to the department involved.			
Richland Creek Grant	0	0	0
Richland Creek Action Committee Grants	0	0	0
Miscellaneous Grants	67,000	1,180	(65,820)
Comment: We had anticipated that the South Main Street Corridor Study would get underway in 2010-2011, but the Land Development Standards Review Process took longer than expected and we were not able to get to the Corridor Study. The grant funds should be forthcoming in 2011-2012,			
Sale of Fixed Assets - Powell Bill Items	0	0	0
Comment: When we sell capital equipment paid from Powell Bill Funds, we must return the money to Powell Bill reserves. We had no sales this year.			
Construction Classes	0	1,700	1,700
Comment: Since he had some extra time this year, Jason Rogers conducted some classes for contractors for a fee. The revenues benefitted the Town and the classes helped contractors to be able to take the classes locally.			
Building Permits	115,000	80,000	(35,000)
Comment: Construction was slow for 2009-2010 and again in 2010-2011.			
Planning Fees	8,000	5,000	(3,000)
Comment: Construction and development projects remained slow in 2010-2011, so planning fees remained low.			
Rezoning and Annexation Fees	1,500	6,000	4,500
Comment: Fees were higher in this category due to the Ingles project.			
Homeowners Recovery Fund	-500	-400	100
Comment: There is a fee charged for each new home to go to a State fund, and construction remained slow in 2010-2011.			

PART 1 - 2010-2011 - ESTIMATED BUDGET

REVENUES	BUDGETED	EST. ACTUAL	DIFFERENCE
Connection and Reconnection Fees	47,000	52,800	5,800
Comment: Unfortunately, these fees remained higher than normal due to the poor economy and the economic conditions for many of our citizens and customers.			
Late Payment Penalties	21,000	24,700	3,700
Comment: A poor economy contributed to higher late payment penalties.			
Charges to the Water Fund	200,000	200,000	0
Charges to the Sewer Fund	171,580	171,580	0
Charges to the Electric Fund	370,500	370,500	0
Police Contract Services	67,000	59,280	(7,720)
Comment: These are revenues for contract police services, including a large sum from the School System for the School Resource Officer at the middle school.			
Fire Protection Charges	234,200	245,000	10,800
Comment: The County expanded fire districts in 2009-2010 and revenues rose. In fact, the proceeds have exceeded our earlier estimates			
Commercial Sanitation Fees	356,230	349,600	(6,630)
Comment: Revenues from commercial customers dropped in 2009-2010 due to a lower volume of garbage, and that volume fell again in 2010-2011.			
Residential Sanitation Fees	344,000	349,430	5,430
Comment: We increased monthly garbage fees by \$1.00 in 2010-2011 and that resulted in revenues slightly higher than we anticipated.			
Solid Waste Containers - Rental	46,000	45,000	(1,000)
Comment: We now rent dumpsters to customers and those were down slightly in 2010-2011 as some businesses were down and reduced the number of collections.			
Cemetery Lot Sales	20,000	20,000	0
Comment: Sales of cemetery lots were about as we anticipated for the year.			
Cemetery After Hours Call Out Fees	100	0	(100)
Comment: This is the charge for call outs on weekends and holidays.			
Columbarium Sales	1,200	1,000	(200)
Comment: We are seeing more interest in the columbarium niches now, though the sales did not quite come up to our estimated budget figure.			

PART 1 - 2010-2011 - ESTIMATED BUDGET

REVENUES	BUDGETED	EST. ACTUAL	DIFFERENCE
Columbarium Openings	600	400	(200)
Comment: A fee is charged for opening columbarium and engraving doors.			
Recreation - Memberships	320,000	320,000	0
Comment: We saw a decline in most recreation revenues last year, but the revenues for memberships seems to be stabilizing in 2010-2011.			
Recreation - Daily Passes	140,000	120,000	(20,000)
Comment: Daily attendance was down in 2009-2010 in the harsh winter months and has been down again in 2010-2011 as people spend less in this economy.			
Recreation - Rentals	42,000	42,000	0
Comment: Rental fees should meet expectations in 2010-2011.			
Recreation - Department Services	60,000	32,000	(28,000)
Comment: Fees for department services dropped in 2010-11, as fewer teams participated, and people cut back spending in a tight economy.			
Recreation - Contribution from Haywood County	0	0	0
Comment: Haywood County no longer supports recreation efforts of the Town.			
Recreation - Adult and Children Recreation Programs	100,000	94,000	(6,000)
Comment: As with some of the other revenues in the recreation department, the revenues in this category will likely see a small decline.			
Recreation - Program Fees at Armory	7,000	7,500	500
Recreation - Rentals Collected at Armory	4,000	10,000	6,000
Comment: We have had some success in renting space at the Armory. A nearby church will begin renting space each Sunday morning for their Sunday School.			
Recreation - Child Care	0	30	30
Recreation - Commissions on Vending Machines	7,000	4,000	(3,000)
Comment: The Town moved out of the vending machine business and collects a share of the profits from the machines placed here by others.			
Recreation - Proceeds from Concessions	2,200	1,000	(1,200)
Comment: We receive a small amount from the sale of items at the center.			
Recreation - Playground	13,000	5,000	(8,000)
Comment: This is the money left over from contributions toward the Community Playground and is used for annual maintenance on the playground. We appropriate all that is left in the fund, but we do not use all that money.			

PART 1 - 2010-2011 - ESTIMATED BUDGET

REVENUES	BUDGETED	EST. ACTUAL	DIFFERENCE
Contributions/Donations - Police	0	500	500
Comment: There was a small donation made to the department during the year.			
Contributions/Donations - Recreation	0	300	300
Community Foundation Donation	0	0	0
Comment: These are proceeds from Fund Investments for Recreation Endowment.			
Memorials	10,000	3,000	(7,000)
Comment: This was a new account in 2009-2010 where people donate toward the purchase of memorials for others. There was interest in memorials for items at new buildings, and we anticipated a decrease in contributions in 2010-2011.			
Public Art	22,500	11,500	(11,000)
Comment: These are donations made in support of the Public Art Program			
Public Art - Town of Waynesville	7,500	7,500	0
Comment: This is the Town's contribution to the Public Art Program.			
Public Art - Ticket Sales	0	0	0
Historic Pamphlet Sales	0	2,500	2,500
Comment: Sales of the Historic Homes pamphlets went very well.			
Miscellaneous	5,000	60,000	55,000
Comment: This is an account where we place revenue that does not fit easily in other categories. The large revenue in 2010-2011 was due to a \$55,000 reimbursement from our insurance carrier for a radio console that was damaged beyond repair from power surges during a snow storm in 2010.			
Rents	28,800	36,000	7,200
Comment: These are primarily the rents from cell tower locations.			
Sale of Materials & Fixed Assets	31,000	70,500	39,500
Comment: We sold some big ticket items in 2010-2011 and received some great prices for several police cars sold.			
Parking Tickets	800	2,500	1,700
Comment: More and more second floor residents are parking on Main Street and we have increased parking enforcement to try and curtail some of that parking.			
Noise Ordinance Violations	200	200	0
Comment: This is an instant ticketing program where an officer may cite a person for a loud radio or boom box and may be paid like a parking ticket.			

PART 1 - 2010-2011 - ESTIMATED BUDGET

REVENUES	BUDGETED	EST. ACTUAL	DIFFERENCE
Cash - Over and Short	0	0	0
Bad Check Charges	600	600	0
Investment Earnings Comment: Interest rates remain very low providing little investment income.	13,650	1,500	(12,150)
ABC Store Sales Distribution Comment: The ABC Store is only allowed to retain a certain percentage of their earnings and they had been exceeding that amount. This year, their auditor told them they would have to send the excess to the Town as required by law.	32,340	174,330	141,990
ABC Distribution - Law Enforcement	8,320	7,030	(1,290)
ABC Distribution - Rehabilitation	4,790	4,400	(390)
Transfer from Water Fund Comment: We transfer a portion of the water revenues after fund balance is deducted to the General Fund.	97,250	97,250	0
Transfer from Sewer Fund Comment: We transfer a portion of the sewer revenues after fund balance is deducted to the General Fund.	81,700	81,700	0
Transfer from Electric Fund Comment: When we entered a new contract with Progress Energy in 2002, we planned to pay for the parking deck payment of \$227,050. The Electric Fund prospered in 2009-2010, and propose that it make that payment in 2010-2011.	1,114,050	1,114,050	0
Fund Balance Appropriated-Powell Bill Comment: Our share of the Hendrix Street Bridge project was primarily spent in the current year, but some of our expenditures for sidewalks was lower than expected.	129,470	38,460	(91,010)
Fund Balance Appropriated Comment: We proposed a large sum from reserves to balance the fund in 2010-2011, but it appears that the actual appropriation will be much less.	906,580	430,520	(476,060)
TOTAL GENERAL FUND REVENUES	13,393,900	13,004,270	(389,630)

PART 1 - 2010-2011 - ESTIMATED BUDGET

B. EXPENDITURES	BUDGETED	EST. ACTUAL	DIFFERENCE
Governing Body	120,240	117,990	(2,250)
Comment: Property and Liability Insurance were less than expected.			
Administration	852,680	838,950	(13,730)
Comment: Wages and fringe benefits exceeded what was anticipated, but these were offset by lower than expected costs for Legal Fees, Deductibles for Insurance Claims, Professional Services and the Materials and Supplies.			
Finance Department	814,260	791,450	(22,810)
Comment: Accounting costs were less than expected and some computer software items had to be delayed until the 2011-2012 budget.			
Public Buildings	979,280	967,310	(11,970)
Comment: Materials and supplies were less than expected and some capital outlay purchases for benches and trash receptacles were not made.			
Horticulturist (excludes wages & fringe which shows in Public Buildings)	40,600	40,600	0
Police Department	3,425,240	3,421,060	(4,180)
Comment: Wages and fringe benefit costs were less than expected as were some insurance premiums, uniform costs, repairs to vehicles, materials and supplies and travel and training. The cost of gasoline was more than budgeted as was the cost for replacement vehicles (Chevy Tahoes). There is also an expense for a new dispatch console at \$55,000 which was reimbursed by our insurance coverage.			
Miscellaneous Police Grants	80,000	30,000	(50,000)
Comment: Grants through the State were not as plentiful this past year and we were not successful with some federal grant applications.			
Fire Department	867,230	850,270	(16,960)
Comment: Wages & Fringe Benefits were less than expected .			
A. Emergency Responders	12,540	11,260	(1,280)
Streets and Sanitation	2,347,610	2,231,480	(116,130)
Comment: Although gasoline exceeded what was appropriated, there were some significant underexpenditures in several areas: Unemployment Reimbursements, Maintenance of the Landfill, Vehicle Repairs, Electricity for Street Lighting, Repairs to Equipment, Landfill Tipping Fees, and Capital Outlay for Sidewalks.			

PART 1 - 2010-2011 - ESTIMATED BUDGET

B. EXPENDITURES	BUDGETED	EST. ACTUAL	DIFFERENCE
Powell Bill	774,000	774,000	0
Comment: Hendrix Street Bridge construction was planned in 2006-2007 budget but was delayed by State. For the most part, the expenditure for the actual construction has come from the 2010-2011 budget.			
Cemetery	114,890	128,910	14,020
Comment: While wages and fringe benefits were under budget, we had Board approval to purchase a concrete storage building for mowers and other equipment.			
Planning and Code Enforcement	304,540	251,610	(52,930)
Comment: With so much time on Land Development Plan Review, staff could not start the South Main Street Corridor Study, for which a grant of \$45,000 was given.			
A. Building Inspectors/Code Enforcement Officer	231,240	212,460	(18,780)
Comment: Personnel changes in this area that resulted in some savings on wages.			
Special Appropriations	233,400	245,500	12,100
Comment: Because the profits of the ABC Store were higher, the required portion going to the Library was higher. Also, taxes in the DWA district came in higher than expected and we had to record the payment to DWA in this section of the budget.			
Parks and Recreation	2,138,150	2,051,620	(86,530)
Comment: The expenses for Referees and Umpires was less than expected since fewer teams participated and there were less games. Also, the cost of electricity at the facility was down quite a bit with the installation of the new dectron unit.			
Recreation - Special Projects	58,000	39,800	(18,200)
Comment: Playground Maintenance costs were less than expected and the cost of programming was down due to fewer participants.			
Operating Transfers to Other Funds			
A. Transfer to Capital Projects Fund - Fire & Police Projects	0	0	0
TOTAL GENERAL FUND EXPENDITURES	13,393,900	13,004,270	(389,630)
C. GENERAL FUND SUMMARY	BUDGETED	EST. ACTUAL	DIFFERENCE
REVENUES	13,393,900	13,004,270	389,630
EXPENDITURES	13,393,900	13,004,270	(389,630)
DIFFERENCE	0	0	0

PART 1 - 2010-2011 - ESTIMATED BUDGET

II. WATER FUND			
A. REVENUES	BUDGETED 2010-2011	ESTIMATED ACTUAL	DIFFERENCE
Water Charges	2,349,000	2,332,400	(16,600)
Comment: We increased water rates in 2010-2011 by 5%, but as is typical, there are usually cut backs and we do not realize an increase matching the rate increase.			
Water Taps/Connection Fees	40,000	20,000	(20,000)
Comment: Revenues for new taps and connections continue to lag along with the lag in the start of new homes and commercial enterprises.			
Impact Fees - New Connections	20,000	12,000	(8,000)
Comment: Again, the lag in construction means lower capacity fees.			
Miscellaneous Revenues	1,500	1,500	0
Sale of Materials/Supplies/Fixed Assets	75,000	50	(74,950)
Comment: We had planned to proceed with the sale of white pines in the forest management area, but the timber market is bad and it was suggested we delay.			
Contributed Capital	0	0	0
Investment Earnings	2,000	100	(1,900)
Comment: Interest rates remain at historical lows and there are few earnings.			
Transfer from Electric Fund	97,250	97,250	0
Comment: The Electric Fund was in good shape and we had recommended this transfer to assist with undertaking some water system improvements.			
Fund Balance Appropriated	84,390	0	(84,390)
Comment: Although we had recommended the appropriation of \$84,390 from the Water Fund to meet expenditures, it appears that none of that allocation will be needed as the fund had a good year in revenues and lower expenditures.			
TOTAL WATER FUND REVENUES	2,669,140	2,463,300	(205,840)

PART 1 - 2010-2011 - ESTIMATED BUDGET

B. EXPENDITURES	BUDGETED	EST.ACTUAL	DIFFERENCE
Water Maintenance	1,283,560	1,176,790	(106,770)
Comment: Expenditures were under what was budgeted for electricity, equipment repair and maintenance and contract services. But the main reason for the lower than expected expenditure relates to debt payments. We did not have to make the budgeted debt payments on either the Eagle Nest Water Improvements or the State Revolving Fund for the \$904,000 loan for water system improvements.			
Water Treatment	1,077,510	947,330	(130,180)
Comment: Expenditures were under what was budgeted for Professional Services, Treatment Chemicals and Electricity. But the primary reason for the savings in this department relate to the delay on the sale of the white pines in the watershed. We had anticipated work on the roads and creek crossings to provide accessibility to the pine harvest area and to prevent erosion and damage to streams.			
Administration and Finance	210,820	210,820	0
Debt Service	0	0	0
Contingency	0	0	0
Transfer to Other Funds:			
To General Fund	97,250	97,250	0
Comment: We transfer a portion of the water fund revenues after fund balance is deducted. We covered this expense with a transfer from the Electric Fund to the Water Fund.			
TOTAL WATER FUND EXPENDITURES	2,669,140	2,432,190	(236,950)
C. WATER FUND SUMMARY	BUDGETED	EST.ACTUAL	DIFFERENCE
REVENUES	2,669,140	2,463,300	(205,840)
EXPENDITURES	2,669,140	2,432,190	236,950
DIFFERENCE	0	31,110	31,110

PART 1 - 2010-2011 - ESTIMATED BUDGET

III. SEWER FUND			
A. REVENUES	BUDGETED 2010-2011	ESTIMATED ACTUAL	DIFFERENCE
Sewer Charges Comment: User charges came very close to meeting budget projections.	1,909,500	1,904,720	(4,780)
Sewer Taps Comment: The construction slowdown continues and affects the sewer tap fees.	20,000	12,000	(8,000)
Industrial Discharge Permits	500	500	0
Impact Fees - Dellwood Area Comment: Sewer lines were constructed in this area in the late 1990s and the County shared in the cost. We were to split any Impact Fees collected on the system for a ten year period, but that period has now expired.	0	0	0
Impact Fees - Flow Allowances - Other Systems Comment: There were a few new developments on the outside systems to which we provide sewer service and we collect some revenue from these to offset demand upon our system and loss of capacity at our wastewater treatment plant.	2,000	9,350	7,350
Impact Fees - New Connections Comment: The Asset Management Study recommended capacity fees from new customers connecting to the system. Construction remained slow in 2010-11 meaning there were fewer new connections and less capacity fees.	20,000	14,000	(6,000)
Miscellaneous Revenue	500	250	(250)
Sale of Materials/Supplies/Fixed Assets	0	0	0
Contributed Capital Comment: There are no grant funds received from outside sources.	0	0	0
Investment Earnings Comment: Interest rates remain historically low as do interest earnings.	2,440	320	(2,120)
Fund Balance Appropriated Comment: We had recommended the use of \$81,330 in fund balance but with good revenues and lower expenditures than anticipated, we will not spend any reserves.	81,330	0	(81,330)
TOTAL SEWER FUND REVENUES	2,036,270	1,941,140	(95,130)

PART 1 - 2010-2011 - ESTIMATED BUDGET

B. EXPENDITURES	BUDGETED	EST.ACTUAL	DIFFERENCE
Sewer Maintenance	703,550	687,090	(16,460)
Comment: We were under budget on Professional Services, Equipment Repair and Maintenance and Contract Services.			
Wastewater Treatment	1,067,090	971,590	(95,500)
Comment: This department was under on Wages and fringe benefit costs, Professional Services and Maintenance and Repair of Equipment. There was a big savings on the cost of Treatment Chemicals and the purchase of some equipment was delayed. The expense for electricity was higher than expected.			
Administration and Finance	183,930	183,930	0
Contingency Appropriated	0	0	0
Transfer to Other Funds:			
To General Fund	81,700	81,700	0
Comment: We transferred a portion of the sewer fund revenues, after fund balance is deducted, to the General Fund.			
TOTAL SEWER FUND EXPENDITURES	2,036,270	1,924,310	(111,960)
C. SEWER FUND SUMMARY	BUDGETED	EST.ACTUAL	DIFFERENCE
REVENUES	2,036,270	1,941,140	(95,130)
EXPENDITURES	2,036,270	1,924,310	111,960
DIFFERENCE	0	16,830	16,830

PART 1 - 2010-2011 - ESTIMATED BUDGET

IV. ELECTRIC FUND			
A. REVENUES	BUDGETED 2010-2011	ESTIMATED ACTUAL	DIFFERENCE
Electric Charges	7,711,900	7,924,640	212,740
Comment: There were months with higher sales, but most increase is related to higher fuel charges by Progress Energy.			
Security Lights	45,000	45,000	0
Street Lights	88,800	88,800	0
Underground Service Installation	2,000	500	(1,500)
Comment: The slow construction meant fewer requests for underground service.			
Renewable Charge Revenue	47,580	36,500	(11,080)
Comment: This is the charge required under Senate Bill 3 and is paid to Progress Energy to assist them in meeting the 12.5% renewable energy level.			
Electric Pole Rental	13,700	13,700	0
Comment: These are charges made to other utilities for use of Town poles.			
Sales Tax Charges	189,000	196,600	7,600
Comment: With sales up this year, we collected more sales taxes this year.			
Miscellaneous Revenues	3,000	28,050	25,050
Comment: We received an insurance settlement for storm damage to substation.			
Sale of Fixed Assets	0	2,000	2,000
Investment Earnings	4,690	620	(4,070)
Comment: Interest rates have remained low and interest earnings have as well.			
Funds Transferred from Loan Escrow	243,640	256,940	13,300
Comment: After substation construction, there were funds remaining. BB&T gave us leftover funds to be used on loan payment on substation.			
Fund Balance Appropriated	356,230	98,170	(258,060)
Comment: We anticipated the use of a large amount of fund balance in order to balance the budget, but with revenues up and expenses down, it was not required.			
TOTAL ELECTRIC FUND REVENUES	8,705,540	8,691,520	(14,020)

PART 1 - 2010-2011 - ESTIMATED BUDGET

B. EXPENDITURES	BUDGETED	EST.ACTUAL	DIFFERENCE
Electric Maintenance	1,259,620	1,239,800	(19,820)
Comment: Professional Services to set up GIS system were more than anticipated as was the Repair and Maintenance of Equipment. These were offset by lower than expected expenditures for capital for equipment and system additions.			
Purchased Power	5,618,000	5,676,420	58,420
Comment: Fuel adjustment charges from Progress Energy led to higher costs. We had a few months with higher sales, but most months had lower than normal sales.			
Renewables Energy Payment:	47,580	36,500	(11,080)
Comment: Under Senate Bill 3, every electric provider must achieve a 12.5% of electric generation from renewable sources by 2021. Waynesville is allowed to pay Progress Energy an amount to expend on that renewable energy. We had expected an increase in 2010-2011, but it was smaller than anticipated.			
Sales Tax on Purchased Power	168,540	127,000	(41,540)
Comment: There is a new taxing system which results in a credit for certain taxes which we normally collect and submit to the State.			
Bad Debt Expense	30,000	30,000	0
Administration and Finance	370,500	370,500	0
Comment: This is the charge to Electric Fund for the cost of services provided the Fund by General Fund personnel.			
Transfer to Water Fund	97,250	97,250	0
Comment: The Electric Fund was healthy and able to donate to Water Fund.			
Transfer to General Fund	1,114,050	1,114,050	0
Comment: The Electric Fund has traditionally subsidized the General Fund, and this was done in 2010-2011. Without this transfer, replacing the amount of money in the General Fund would mean a tax increase close to 9 cents.			
TOTAL ELECTRIC FUND EXPENDITURES	8,705,540	8,691,520	(14,020)
C. ELECTRIC FUND SUMMARY			
REVENUES	8,705,540	8,691,520	(14,020)
EXPENDITURES	8,705,540	8,691,520	14,020
DIFFERENCE	0	0	0

PART 1 - 2010-2011 - ESTIMATED BUDGET

V. PUBLIC WORKS OPERATION			
A. REVENUES	BUDGETED 2010-2011	EST. ACTUAL 2010-2011	DIFFERENCE
Charges to Other Funds	289,540	259,600	(29,940)
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	150	20	(130)
TOTAL PUBLIC WORKS REVENUES	289,690	259,620	(30,070)
B. EXPENDITURES	BUDGETED	EST. ACTUAL	DIFFERENCE
Public Works Operations	289,690	259,620	(30,070)
Comment: Wages and fringe benefits were under budget estimates for year as were Materials and Supplies, Travel, Electricity and Equipment Maintenance and Repair and the cost of Capital Equipment.			
TOTAL PUBLIC WORKS EXPENDITURES	289,690	259,620	(30,070)
C. PUBLIC WORKS SUMMARY	BUDGETED	EST. ACTUAL	DIFFERENCE
REVENUES	289,690	259,620	(30,070)
EXPENDITURES	289,690	259,620	30,070
DIFFERENCE	0	0	0

PART 1 - 2010-2011 - ESTIMATED BUDGET

VI. GARAGE OPERATIONS			
A. REVENUES	BUDGETED 2010-2011	EST. ACTUAL 2010-2011	DIFFERENCE
Charges to Other Funds	596,140	595,950	(190)
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. With the new gas tracking system, installed in 2009, we are able to assess these charges in a more equitable manner with departments paying for gasoline actually used.			
All Other Revenue	0	0	0
Investment Income	110	0	(110)
TOTAL GARAGE REVENUES	596,250	595,950	(300)
B. EXPENDITURES	BUDGETED	EST. ACTUAL	DIFFERENCE
Garage Operations	596,250	595,950	(300)
Comment: While the cost of gasoline and diesel fuel exceeded budget, this was offset by lower expenditures for Tires and Materials and Supplies.			
TOTAL GARAGE EXPENDITURES	596,250	595,950	(300)
C. GARAGE SUMMARY	BUDGETED	EST. ACTUAL	DIFFERENCE
REVENUES	596,250	595,950	(300)
EXPENDITURES	596,250	595,950	300
DIFFERENCE	0	0	0