

TO: Mayor and Board of Aldermen

SUBJECT: Proposed 2009 - 2010 General Fund Budget

The proposed General Fund Budget for the 2009-2010 Fiscal Year is hereby submitted for your review. The document calls for expenditures of \$13,034,800, and that is a decrease of \$362,110 from the original 2008-2009 budget of \$13,396,910. I would note that in November, 2008, in response to declining economic conditions, management presented the Town Board with recommendations to reduce the General Fund budget by \$381,846, and the Board approved those recommendations. The revised General Fund budget became \$13,015,064. The proposed 2009-2010 General Fund budget of \$13,034,800 is an increase of \$19,736 over the revised General Fund budget of \$13,015,064. This represents a rise of .15%.

In the second part of this section, there are sheets comparing the estimated revenues and expenditures for the current fiscal year with those proposed for the next fiscal year. With these sheets, there is a brief notation as to the major increases or decreases in various revenue sources or in the expenditures for each department. The budget narrative which follows will give more detail about these changes and attempts to explain any new programs or major differences in the 2008-2009 budget.

I. REVENUES

In the coming year, it is projected that **General Fund Revenues** will be \$11,272,000, and to meet the anticipated expenditures of \$13,034,800 will require the use of \$540,640 in General Fund reserves, \$160,140 in Powell Bill reserves and the transfer of \$1,062,020 from the Enterprise Funds. During the 2005-2006 fiscal year, we made some sizable transfers from the General Fund reserves for the fire station project and our fund balance was reduced; however, those reserves grew again and we were able to commit over \$1.4 million from reserves to assist with the renovations and expansion of the police station, development office and town meeting space. Over the years, we have discussed the need to reduce the dependency of various funds upon transfers from the Electric Fund. In the 2006-2007 budget, the Town Board reduced the transfer from the Electric to the General Fund by \$100,000, and in 2007-2008, the Board reduced that transfer to \$875,000. This year, we are recommending a very slight increase in the transfer to \$887,000. In view of the health of the Water and Sewer Funds, we propose that those funds contribute a portion of their revenues to the General Fund.

In 2006, there was a property revaluation and the Town's tax base grew well. In the subsequent years, there has been significant growth in the tax base and a resulting increase in property tax revenues. Last year, we were conservative in our estimates of tax collections, for we were seeing the early signs of recession and skyrocketing fuel and food costs. While we were fortunate to see a larger tax base growth than expected, the collection percentages have declined somewhat, perhaps due to the poor economic conditions and high unemployment rate. For 2009-2010, we are not anticipating much in the way of growth in property tax revenues. For one thing, we did not see a great deal of

increase in the property tax base. I should explain that the new shopping center is in a Brownsfield Development Zone, and as such, tax valuations increase gradually over the first five years and are not at full value until the fifth year after completion of development. In addition, as unemployment in our county has topped 11%, we fear the property tax collection rate may drop some as people have to make decisions about buying essentials and to delay paying property taxes.

Our other major source of revenue in the General Fund is the sales tax. The Town receives four different sales tax revenues. The first is a 1% tax and it is based upon sales in Haywood County. The second and third are two, one-half cent sales taxes based upon sales on a statewide basis. The last is a half-cent passed in 2004 as a compensation for various State-shared taxes which Governor Easley took from local governments when the budget for the State of North Carolina was extremely tight. But the State took back that 2004, half cent sales tax when it took over the Medicare payments for the counties. There was a compromise to replace the revenues that municipal governments would lose in that exchange, and we were promised a "hold-harmless" arrangement. So far, it appears that Waynesville lost revenue in that deal, but some of that reduction may be related to the poor economy of the State.

Our budget along with those of other local governments in North Carolina and the State, has seen a significant reduction in revenues from the sales tax. We anticipated a combined revenue of \$2,367,390, but we are estimating that will be more like \$2,194,860, a decline of \$172,530. Although there are some signs of economic recovery with the great infusion of federal money under the American Recovery Act, we are concerned about how rapidly the sales tax revenues will bounce back. In the "9-11" attack, terrorists delivered a severe impact to our nation's economic system, and it was not until three years later that sales taxes came back to the levels prior to September 11, 2001. For the 2009-2010 fiscal year, we are estimating sales tax revenues of \$2,172,740, for we feel that retail recovery may not occur until some point in or after 2010.

For 2009-2010, major changes in revenue sources in the General Fund would be: Real Estate Taxes (\$7,878), Utility Franchise Taxes (\$7,500), Powell Bill Bridge Reimbursement Program (\$187,100), Police Grants (\$35,000), Police Contract Services (\$15,920), Sanitation Fees (\$41,340), Cemetery Lot Sales (\$9,000) and Recreation Fees (\$26,080). There are some revenue sources which we expect to decline in the coming fiscal year, and these include: Motor Vehicle Taxes (\$7,740), Sales Taxes (\$22,120), Cable Television Receipts (\$9,300), Powell Bill Revenue (\$55,030), Powell Bill Interest Earnings (\$10,440), Miscellaneous Grants (\$56,380), Charges to other Funds (\$48,430), Public Art (\$15,000), Investment Earnings (\$40,440) and ABC Store proceeds (\$17,920).

As the budget stands, the use of \$540,640 from the General Fund reserves would be necessary to balance the upcoming budget, down from the \$800,000 we originally appropriated in the 2008-2009 budget. The \$540,640 is higher than the \$418,154 from the revised General Fund Budget. As it turned out, though, it appears that we will use approximately \$131,340 from those reserves to balance the current budget. Last year, we proposed the use of \$198,510 in Powell Bill Reserves, and we will use around \$145,310 of those funds. In 2009-2010, we are proposing the use of \$160,140 to balance the proposed expenditures for Powell Bill purposes, and this will go primarily toward the Town's share of the cost of the Hendrix Street Bridge.

In recent years, we have been able to reduce the transfer of funds from the Electric Fund to the General Fund. In 2003-2004, the transfer was \$1,227,050, and that number was reduced to \$900,000 in 2006-2007. The transfer was further reduced to \$875,000 in the 2007-2008 budget. In 2009-2010, we are recommending that the transfer be \$987,000, and while that is a slight increase, it is primarily to pay back funds collected by the Electric Fund for electric service provided to facilities operated by the General Fund. We maintain a hope that in the future, with an improved economy, we will be able to reduce the transfers and continue to free other funds from dependency upon the Electric Fund. For the first time in 2006-2007, we proposed a transfer of a small portion of the Water and Sewer Funds to the General Fund. In 2009-2010, we are proposing that the General Fund receive \$91,150 from Water Fund and \$83,070 from Sewer Fund.

II. EXPENDITURES

In the coming year, it is projected that **General Fund Expenditures** will total \$13,034,800, exceeding our anticipated expenditures for 2008-2009 by \$502,450, an increase of 4.01%. Most of the increase can be tied to three areas: Wages and Fringe benefits, Capital Outlay and Loan Payments on debt service. In 2008-2009, we kept some positions vacant and delayed filling other vacancies when we could, so in the 2009-2010 budget, wages and fringe benefits are up \$133,000. Some Capital Outlay was delayed last year and in 2009-2010, some of those items must be secured. As a result, we anticipate that Capital Outlay will be up \$194,000 in 2009-2010. Finally, in the area of Debt Payments, we will begin making the payments on the loan from Rural Development for the fire station, giving us a new expense of \$108,700. Those three categories make up \$435,000 of the \$502,450 increase in expenditures.

With the economy in the shape it is in and the Town's financial condition impacted by the downturn, we are not able to recommend any cost of living or merit pay adjustment for employees for the coming year. While this may be disappointing for some, the Town has been able to make it through the current recession without having to lay off a single employee, reduce anyone's pay or cut back anyone's hours. To be able to maintain that record in the 2009-2010 fiscal year, we felt there was no choice but to maintain current pay levels and sacrifice any cost of living increase for employees. With 163 full time and 60 part time employees, a goodly portion of the Town's budget is tied to personnel costs for wages and fringe benefits. Nearly 60% of the General Fund budget is tied to salaries, wages and fringe benefits costs, so even a modest pay increase can have a significant financial impact upon the budget. A 2% increase can mean close to \$100,000 in costs to the General Fund budget, and our current estimate of revenues will not support that. As we proceed through the fiscal year, if economic conditions improve and revenues are on the upswing, perhaps we can revisit this issue.

For many years, the Town was hit with double digit increases in hospitalization insurance costs. Fortunately, the past year has been one in which employee usage of insurance benefits was lower than expected. As a result, the hospitalization rates from Blue Cross-Blue Shield will not increase for the second consecutive year. This cost is a major expense in the Town's budget, so not having an increase means a great deal.

Significant budget expenses include: Construction of the Hendrix Street Bridge (\$475,000), Loan Payment to Rural Development on Fire Station (\$108,700), Purchase of two new trucks in Street Department (\$90,000), Leaf Machine (\$21,000), Cost of Debris Landfill (\$40,000). We will also have expenses associated with several studies in the Planning Department. We will be closing out the Thoroughfare Study for Russ Avenue and the Pedestrian Study for the community, and we will be deeply into the review of the Land Development Standards and a study on Historic Preservation.

In Section 6 of the Budget, you will find comparisons for each of the six funds the Town operates. These show the actual amount of revenues and expenditures we are estimating for 2008-2009 compared with the amount we project for the 2009-2010 fiscal year. These charts may be helpful to the Board in understanding the origin of the money and how it is spent.

III. APPROPRIATION FROM RESERVES & INTERFUND TRANSFERS

The 2009-2010 General Fund Budget calls for a **Fund Balance appropriation** of \$700,780, with \$540,640 coming from undesignated reserves and \$160,140 coming from Powell Bill funds. The amount coming from Powell Bill reserve funds has been building for a few years in anticipation of replacing the Hendrix Street Bridge. The \$540,640 coming from the undesignated reserves of the General Fund is lower than we typically suggest; however, we feel we need to be conservative in light of the current economic condition. In addition, we do not want the percentage of the Town's fund balance to drop too much at one time. We feel comfortable making our recommendation for 2009-2010.

In the 2004-2005 budget, we transferred \$1,227,050 from the Electric Fund to the General Fund and in 2005-2006 we dropped that number to \$1,000,000. In 2006-2007, there was a reduction to \$900,000, and in 2007-2008, we reduced that to \$875,000. We wanted to reduce this \$25,000 in 2008-2009, but were unable to do so. In the 2009-2010 budget, there is a slight increase to \$887,000, but this is primarily a repayment of the expense of the electricity provided to facilities operated by the General Fund. When you consider the total transfer, you should realize that of the \$887,000, \$370,850 is the debt payment on the Waynesville Recreation Center. When that expense is deducted from the \$887,000 to be transferred, the balance used solely to subsidize General Fund operating expenditures is \$516,150. That figure is close to what we were transferring to the General Fund prior to construction of the Recreation Center.

As you know, by subsidizing the General Fund, the Town has been able to keep the property tax rates much lower than other municipalities. Based upon the projected tax base for 2009-2010, one cent on the tax rate produces around \$100,000; consequently, the transfer of \$875,000 is the equivalent of approximately 8.75 cents on the property tax rate. For the sixth consecutive year, we are dealing with the financial impact of fuel adjustment charges passed along by Progress Energy, and we have seen reductions in the fund balance in the Electric Fund as we absorbed some of those increases. With the new electric power supply agreement with Progress Energy going into affect in 2009-2010, and the debt payments on the new substation, there are fewer reserve funds for the Electric Fund to share with other funds, so we feel the Town should continue to reduce transfers as much as possible.

IV. TAXES AND FEES FOR 2009-2010

In the 2009-2010 fiscal year budget, we are proposing that the property tax remain at its present level of 40 cents per \$100 valuation. Of that amount, we anticipate that roughly 4 cents per \$100 will be needed to pay for the local share and the debt service on the new fire station and the new police/development office. We had been transferring funds into a Capital Project Fund to pay for the construction costs, but during 2008-2009, we began paying the actual debt service on the loan on the fire station. One loan of \$1,000,000 is with BB&T, and we are already repaying that loan. The other loan is for \$2,000,000 from the Rural Development branch of the U. S. Department of Agriculture. We closed that loan in August, 2008, and our debt payments will begin in 2009-2010. For the police station, the entire \$3,000,000 loan is with Wachovia Bank, and we began making semi-annual payments on that loan in 2008-2009.

The Town, like all consumers, saw the cost of gasoline, oil, diesel fuel, tires and petroleum related products skyrocket to record levels in 2008. Our expenditures for vehicle fuel rose from \$104,194 in Fiscal Year 2004 to \$277,034 in 2007-2008. The 2008-2009 year looked as if it might be worse before prices fell over the winter after peaking in the early autumn. In terms of fuel costs, the Sanitation Department is one of our most expensive operations. A new fuel tracking system installed in October, 2008, revealed that we had dramatically underestimated the amount of fuel used by Streets and Sanitation. We have been operating five sanitation vehicles in residential areas, collecting garbage, junk, recycling, yard waste or leaves and chipping limbs, and most of these units get low gas mileage. We have installed the new Pin Point Geotech System to try and help us reduce fuel costs, and we have adjusted collection schedules; however this is an expensive operation, and we provide a very high level of services for the small fee charged. In 2009-2010, we are proposing that the residential garbage fee be raised from \$5.00 to \$5.50 monthly. In comparing this fee with other communities, we found that as with our taxes, water and sewer rates, the fee charged for sanitation services is on the low side, and taxes continue to subsidize the sanitation service provided citizens.

During 2008-2009, we have been converting from side-loading to front-loading dumpsters and working with customers to adjust service levels and schedules. We have worked to provide an equitable fee schedule for this service and just implemented the new fees in December, 2008. We did not want to have to make adjustments to those fees, but Haywood County has warned that tipping fees will increase next year, so we have no choice but to pass along the tipping fees to our customers.

Beginning in 2008, the State of North Carolina mandated a \$2.00 per ton fee on all solid wastes to cover the cost of remediating "orphan" landfills abandoned prior to the implementation of EPA closeout regulations. In 2008-2009, the Town had to pass along that charge to our customers, but at least we receive a very small portion of the fee collected back for use in our sanitation program. Hopefully we will be able to use those funds to improve our recycling efforts or allow our personnel to expand recyclables they may collect or perhaps to improve the collection of litter from our roadsides, a blight that severely impacts the appearance of our beautiful community.

In 2008-2009, after years of seeking a more equitable way of collecting charges for providing fire service, the Towns and Volunteer Fire Departments convinced Haywood County to place almost all property within the county into fire districts. There are currently three fire tax districts to which our Fire Department responds, and there are a number of areas on the Town's water system which pay a \$4.00 per month fire fee. There are other areas to which the Town's department responds, but which pay nothing for fire service. Under the new system, the three fire districts and \$4.00 monthly charge on utility bills would be eliminated and there would be one fire district for all property served by our Fire Department. This should result in an increase in revenues for the Waynesville Fire Department, but we are reluctant to budget these until we know that is the actual result.

The Recreation Center opened in December, 1999, and since then, there have been two increases in fees or rates. Since the facility opened, Haywood County has contributed \$70,000 annually toward the cost of recreation services, and that equates to approximately 3.5% of the department's budget. Statistics reveal that roughly 70% of the users of the Town's recreation services reside outside of Waynesville, but the Town has always charged the same fees regardless of whether people lived inside or outside the Town. Due to budget constraints, the County has withheld some funding from the Town for recreation services, and the County Manager has indicated that if any County funding is provided in 2009-2010, it will be less than what the Town has received in the past. On that basis, we will be recommending that users from outside Waynesville pay a higher fee than users from inside Waynesville. At this stage, we are continuing to gather information on how other communities administer fee schedules for resident and non-resident users, and we plan to have a recommendation to the Board during budget work sessions. The Town cannot continue to provide 70% of recreation services to non-residents when the County is paying 3.5% or less of the cost of providing the services to residents from outside the town. We do not feel it is fair for the people of Waynesville to continue to subsidize that expense.

We are also recommending an increase of \$100 for each cemetery lot and columbarium niche, with one half the total price going to the Perpetual Care Fund.

V. HIGHLIGHTS OF EXPENDITURES FOR 2009-2010

A. Cost of Living Adjustments and Retirement Contributions

As indicated earlier in this document, because of the present state of the economy and the impact upon the revenues the Town receives, we are unable to propose a Cost of Living raise or merit increase for employees in the 2009-2010 budget. If financial conditions change later in the fiscal year, perhaps we can revisit this issue.

As has been done for several years, funds are provided to make a 5% contribution to a **401(k) retirement account** for every full-time employee. Employees may invest that money as they chose and may contribute their own money into the 401(k) account. In addition to the 401(k), the Town contributes 5% on behalf of every full time employee to either the **Local Government Employees' Retirement System** or to the **Local Law Enforcement Officers' Retirement System**. Employees also contribute to this retirement system and it is one of the finest benefits that are offered to our personnel.

As we have stated many times, and I know the Board is aware of this, the Town has some of the best employees that can be found in any organization. While we are unable to offer them higher compensation at this time, at least we are able to maintain the generous fringe benefits program as a reward for the excellent work they do.

B. Employment Levels

In 2007-2008, we added several new employees including two police dispatchers, a drug detective, a new building inspector and a new employee in Streets and Sanitation. During 2008-2009, some positions became vacant, and with the need to make some financial cutbacks, we had to freeze some of those positions. In the General Fund, we froze the positions of Building Inspector, Sanitation Worker and Cemetery Laborer, and these have actually been eliminated from the 2009-2010 budget. This means that the number of full time employees in the General Fund will drop from 123 to 120.

There are some definite personnel needs within our organization, but with the Town's financial situation, we did not feel that we could recommend the addition of more personnel in the General Fund at this time. There continues to be a need for an assistant in Human Resources to help Ms. Margaret Langston with her work load. We also see a growing work load with the number of responses to calls by the Police Department, and we have applied for a federal grant that may pay most of those costs for the next four years. In the future, the Town might look to hiring a full time employee to oversee Information Technology for all departments. At present, we have a broad contract with a computer firm to oversee IT, to improve on what we are presently doing and to expand into new areas, and in the Police Department, we have an employee who handles this type of work for IT, telephone and communication systems.

C. Fringe Benefits Costs

The greatest fringe benefit provided our employees is health insurance. Over the years, the cost of health insurance has increased far in excess of inflation rate. We have tried various means in response to increasing costs - changing deductibles, changing providers and requiring that employees start picking up a share of the cost of this benefit. There is no charge to employees for their own health insurance, only for that of their dependents, and the Town continues to pay the full premium for an employee and for retirees with at least ten years of service. We are continuing to look at some possible changes on health insurance for some of our long term employees. As noted earlier, our personnel have been judicious in the use of their health insurance benefits this past year, and Blue Cross-Blue Shield has advised that for 2009-2010, there will be no increase. As the Town spends approximately \$1.5 million for health insurance, when there is no increase, it is a tremendous savings for the Town and our employees.

Our dental and life insurance coverage is provided through the North Carolina League of Municipalities which also provides our **Worker's Compensation, Property, Automotive and Liability Insurance**. We were pleased to learn that the premiums on property, automotive and liability insurance will be stable next year as the Town will be receiving some credits due to the length of time it has participated in those programs. We are seeing a substantial increase in Worker's Compensation Insurance due to some large claims in two areas.

In addition to the 401(k) retirement program, the Town offers the opportunities for employees to participate in other retirement programs, to purchase extra life insurance for themselves or their dependents, to establish pre-tax health savings accounts or special eye care accounts and to take part in a variety of other programs.

The budget includes funds for **Longevity, Safety and Christmas Bonuses**, and as required by federal law, the Town contributes 7.65% of earnings for each employee to Social Security. Our Town employees enjoy a generous fringe benefits program.

D. Capital Outlay/Infrastructure Improvements Costs

In the 2009-2010 fiscal year, the appropriation for capital outlay in the General Fund is recommended to increase by approximately \$143,465. While there are some new capital purchases proposed, \$88,040 of that increase is the result of loan payment to Rural Development on the new fire station.

When budgets are tight, one of the first things that get reduced is Capital Outlay. In making their requests, we are sure that department heads believe that the vast majority of items are needed in order to improve departmental operations, but obviously we could not recommend every request. Each department head is asked to prioritize requests for funding, and you will see these numbers next to the items in Section VI. In that same Section, you will also see every request that was made and what we are recommending be funded in 2009-2010. In the 15 years I have served as Town Manager, various Town Boards have been very generous in providing funds so that employees may have adequate vehicles and equipment with which to perform their work. In turn, I believe our personnel take good care of the equipment and that the garage does a good job of providing proper care and maintenance of the equipment.

In some cases, we had to be creative about meeting needs. The Police requested nine vehicles, one of which was rejected. The Town could not afford the \$188,000 to pay cash for eight vehicles, so we are recommending that they be financed over two years. The Fire Department needs a new fire truck to replace a 1988 Pumper. We bid the truck one time but only three bidders participated. Specifications need to be redone to open the process so more companies will bid. We are recommending that both the police cars and the fire truck be bid and ordered during 2009-2010. The police cars should be delivered during 2009-2010, but the first payment on the vehicles will not be due until the 2010-2011 fiscal year. In the case of the fire truck, though ordered in 2009-2010, the unit will not likely be delivered until 2010-2011. If that occurs, then the first payment on the truck might not even be due until the 2011-2012 budget; however, we may want to begin making payments during 2010-2011.

As we have done since 1995, we continued development of the Five-Year **Capital Improvements Plan (CIP)**, and we expect department heads to pay attention to this planning tool each year when developing budget requests. Much time was spent by the departments in developing the list of items that they felt needed to be replaced over the next five years. A CIP must be adjusted annually depending upon changing conditions or new circumstances. Such a plan should cause us to develop replacement schedules for major equipment, and help prevent a situation where all big-ticket items have to be replaced at the same time.

E. General Operating Expenditures

When the recession hit, we anticipated a drop in the price of many commodities the Town purchases. But we have seen the reverse of that, with many products rising in price. During the year, the price of gasoline and diesel fuel skyrocketed and was in short supply. We used an average price of \$3.10 per gallon to prepare the 2008-2009 budget, and we were afraid that would not be sufficient. Petroleum prices have dropped significantly, saving us thousands of dollars. Prices of other items, such as concrete, asphalt, steel and certain types of pipe were on the rise. We asked departments to give up 3% of their budgets, and in some cases, they cut a lot of general operating expenses. This meant that the budget was particularly tight, and with the economy continuing to be volatile, the budget for 2009-2010 will likely be just as tight.

Many departments asked for increases in Materials and Supplies, as they have work they want to accomplish. Regrettably, with the decline in revenues in several areas, it will be necessary to delay some projects and try to make the funds available spread over a twelve month period.

While the cost of motels and food in restaurants rose a bit in 2008-2009, we have tried to hold travel and training expenses down for the 2009-2010 fiscal year. We are trying to do more to bring training to our site rather than send large numbers of personnel elsewhere for training. We continue to emphasize additional training for our personnel so they improve their job skills and increase their chances of advancement. We want to promote from within when we can and when our employees are capable. We have to try to make sure they are.

F. Miscellaneous Costs

The **Professional and Contract Services** amount will drop a bit in 2009-2010. Many of the engineering costs associated with the replacement of the Hendrix Street Bridge have been paid. There are also some projects in the Planning Department for planning studies that will be completed in 2008-2009. We will have costs associated with the review of the Land Development Standards and for Historic Preservation. The Pay and Classification Study is nearing completion, though we will be hard pressed to implement any increases recommended. Our legal fees rose slightly this past year, but a goodly portion of that will be reimbursed from the Eagle Nest Project Funds. The Donations and Contributions to various organizations will drop by \$25,000 as the five year commitment to FolkMoot has been completed and some organizations have ceased to exist. In a separate document, the Board is provided a list of the requests and letters received from various organizations.

The final category in the budget is for **Debt Service**. There is one new debt added to what the Town must pay in the 2009-2010 General Fund budget. The following are debts which appeared in previous budgets and will continue:

1. the eleventh of twenty years on the Waynesville Recreation Center (\$370,850),
2. the third of four payments on three trucks for sanitation (\$56,250),
3. the seventh of fifteen payments to Haywood County for a parking deck (\$227,050),
4. the fifth of five years of bull dozer payments for the Town's landfill (\$15,800),
5. the second of five years on the telephone system for all town facilities (\$18,030),

6. the third of fifteen years on the BB&T loan for the fire station (\$98,720),
 7. the second of twenty years on the Wachovia loan on the police station (\$211,340),
 8. the second of five years on the front loading garbage trucks (\$82,900).
- New debts appearing in the 2009-2010 budget include the following:
1. the first of forty years to Rural Development on the fire station (\$108,700).

VI. NOTEWORTHY ITEMS

Much of the decision making process involved in developing the 2009-2010 budget was in determining what is essential and how to pay for those services. The Town of Waynesville is fortunate that we have developed a pretty healthy fund balance over the years, saving up for a "rainy day". We have also been blessed with elected officials who have been willing to pay for the cost of doing business and providing the services and the facilities that the public wants and expects from its local government. When ADW Architects recommended that the Town needed a new fire station and a new police and development office, the Board asked Town Staff to determine a way to pay for these needs. When the costs were determined, we advised the Board that in order to construct these two facilities, it would be necessary to approve a four-cent tax to handle the debt. The Board approved that funding, and today, the new fire station has greatly improved our ability to provide fire service to the community and the police station, development office and town meeting room are nearing completion on Main Street in the downtown.

As we begin the new fiscal year, we will see the Police Department, Planning, Land Use and Building Inspections returning to the downtown. All police operations will be under one roof and this should improve the efficiency of that department's operation. For the first time in decades, police operations should have adequate space in which to function, with a state of the art evidence lab and storage area, something the late Alderman Kenneth Moore emphasized so much. The Planning, Land Use and Building Inspections will be under one roof and have the Public Works Director in the office as well. We hope that will open the doors for better communications within those separate operations and make sure that developers and citizens are in compliance with the rules and regulations that each office of the operation administers. For the citizens, it has been our goal that whether they are dealing with police or development, they should be able to resolve their issues or get their questions answered in one place without bouncing from one office to another. We are excited for our employees to be stationed in modern facilities which provide them with the space and equipment to better do their jobs, but we are also excited for the citizens, our customers, for this will make local government more convenient for them.

It is noteworthy that while other local governments throughout the region and the nation are having to lay off workers, go to reduced schedules, cut back hours of employees, reduce wages and adjust or eliminate service levels, the Town of Waynesville has been able to avoid that. During the current fiscal year, we did freeze some positions. A position as building inspector was frozen when the work level declined and that position has been eliminated in the 2009-2010 budget. In Streets and Sanitation, we switched from a side-loading to front loading commercial garbage truck, reducing the two man crew to a single operator, so we froze one position there and it has been eliminated in the 2009-2010 budget. In the cemetery, we froze and then eliminated one position, but by reorganizing the schedule for collecting brush and old furniture and appliances, the Superintendent is able to shift crew members around as needed to assure the work gets done.

During the past year, I am sure that many of us have read writings about the current financial situation. One of the articles that struck a particular chord with me was one which advised – ‘Don’t let a good crisis go to waste!’ I have thought a great deal about that in subsequent months. As an organization, I am sure the Town of Waynesville has been faced with any number of challenges since its founding in 1871. Obviously it met each one of these and has continued to survive over the past 138 years. But when an organization comes face to face with the financial issues of 2008-2009, that organization has the opportunity to look deep inside and determine how to change to survive.

Last October, when we asked Department Head to look within their budgets and find reductions of 3% that they could return without doing a lot of damage to their operations. This was not an easy task, but we were able to make those reductions. In exchange, I promised that I would do everything possible to take care of our employees – to prevent layoffs, furloughs, reduced hours, pay cuts or reductions in benefits. The Town Board has supported this philosophy and we maintain a finest group of employees anywhere!

We have adjusted the manner in which we deliver services in some cases, and looked for ways to be more efficient. The switch to the front loading garbage truck was a change that made sense, but it was also one that improved efficiency and actually resulted in a better level of service for our commercial customers. In many cases, the customers were able to save money by using a larger dumpster with fewer collections to pay for, and it saved the Town money since fewer trips were made to collect and fewer man hours were needed. We have purchased the new Pin Pointe Technology System to make collections of brush, trash, old furniture and appliances more efficient. For now, our personnel are experimenting with the system, but when it is fully implemented in 2009-2010, we anticipate a substantial savings in fuel and labor costs.

We continue to work with various groups and the State in finding ways to handle the brush, leaves and yard wastes we collect from residents. We have formed partnerships in the county with the Extension Service and the Master Gardeners to establish a composting program and to make that compost available to the public. We are trying to be more environmentally conscious, and during the coming year, we hope to work with Haywood County on efforts to increase recycling and reduce the waste stream going into the landfill.

While we are looking within the organization, as a team, the Board and Town Staff are looking at the community and how change might be needed in the future. With help in the form of grants, the Board has funded a Pedestrian Study to assist us in indentifying the most needed improvements to meet the needs of pedestrians. Another study is in its final stages on evaluating potential changes to Russ Avenue, to find ways to help traffic flow better and to reduce the congestion and number of accidents on this very busy road. On a broader scale, the Town Board authorized funds for a review of the Land Development Standards adopted in April, 2003. These rules and regulations have been both praised and criticized over the past six years, and the Board felt it was time to revisit the document to see what changes might be desirable and how it might be improved in finding a balance between what developers want and what is in the best interest of the community. The review will be completed during 2009-2010, with changes presented to the Board for its consideration in early 2010.

While there has certainly been a slowdown in growth and development this past year, there are still many exciting things happening in Waynesville. During 2008-2009, we have seen the opening of Waynesville Crossings, the new shopping center on the former Dayco Products site on South Main Street. With a large Wal-Mart, a Best Buy and a number of smaller businesses within the development, this has become a retail center for Waynesville, and there is still space for more development on the site. Just a half mile south, between Old Balsam Road and the Great Smoky Mountain Expressway, an apartment complex is rising from the ground and later this year, 160 housing units will be added to our community's inventory. Other developments are on hold until the financial markets rebound and the credit crunch is past, but projects such as Richland Hills, off North Main Street and abutting the downtown area, are moving ahead with plans to provide 64 rental apartments for our senior citizens.

The lull will pass. New homes and businesses will be built. More people will move to Waynesville and more commercial enterprises will have the desire to locate here to meet the demand for their business services. While the economic situation may now be a little stagnant, it will not be for long. And when the turnaround occurs, there will be a pent up demand for new cars, furniture, property and big ticket items as well as a rebound in the requests for vehicular or home repairs.

During the lull, we are planning and preparing for the growth to come. We are conducting studies to make our community more open for development and more user-friendly to developers and to new businesses. While I do not see our town giving up on the Smart Growth principals that drove the Land Development Standards of 2003, I do see an effort at trying to make the Standards mesh with the actual needs in Waynesville.

We have evaluated the needs of our organization. For several years, Department Heads submitted their capital outlay requests in a priority order, but in our work on the budget for 2009-2010, I do not think we have ever paid more attention to those priorities. We have had to be conservative in recommending capital outlay purchases, but we must also find ways to provide employees with the equipment they need to do the work for which they are hired and which the Management, Board and citizens expect. Creative? Yes, we have done some creative things in planning or timing purchases, but this was an essential part of meeting the needs we found.

VII. SUMMARY

My mother passed away in March, 2009. She was a lady who was a walking encyclopedia of old and wise sayings. It seemed that no matter what I did (or did not do) while growing up and even in my adult life, Mom had or thought she had an old and wise saying that fit the occasion. "Idleness is the Devil's Workshop", "You made your bed, you lie in it", "If you dance, you must pay the fiddler" – one after another, those sayings poured from her lips.

Those who know me realize that "the apple does not fall far from the tree". We tend to be like our parents, often duplicating their interests and the way they do things. I am guilty of sharing old and wise sayings as well, thinking that somehow, they must apply in a given situation.

'Don't Waste a Good Crisis' – I really liked that quote, and I have tried to apply it to our own organization.

The Town of Waynesville is still opened for business. We are a leaner organization today than we were a year ago, but we are functioning well, perhaps even better than we did prior to the crisis. In all truth, we have had it somewhat easy for a while, the revenues were there, and the growth in the tax base was there, visitors came to the community and spent their money, bought second homes, generated more business. All that changed in 2008. But it has affected an area far greater than Waynesville. Other communities throughout North Carolina, the nation and the world have been impacted.

In my summary of the 2008-2009 budget message, I spoke of the increasing price of fuel, of rising costs and of the potential drop in revenues. And I noted that "If we need to make changes during the coming year, we will be prepared to make whatever changes are necessary to assure that our organization maintains its fiscal strength."

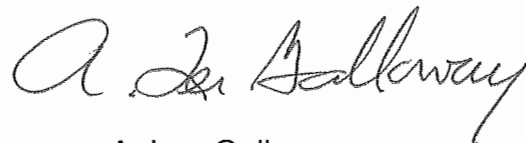
The fiscal year of 2008-2009 has been about change, not only for our municipal government, but about the county, state and national government as well. We have had to change in order to survive. 'If you always do what you have always done, you will always get what you always got'. In order to get different results, our organization and all organizations must do things differently.

While we do things differently, we must remember that we do not accomplish things alone. We are a team, and good teams work together. At the foundation, we have the finest asset imaginable - dedicated, loyal and skilled employees. We must continue to support them, just as they support the Town during this difficult and challenging time. We have an outstanding group of elected officials, people sincere about their service, with no hidden agendas, interested only in doing what is best for the community and the citizens. With the challenges and hurdles ahead, I can think of no group of employees, department heads and elected officials with whom I would rather face those challenges.

I have spent almost 36 years in local government, and my highest goal has always been in being a good steward of the money and resources entrusted to us by the citizens. We believe that the 2009-2010 budget will meet the needs of the citizens while maintaining the financial integrity of the Town. We feel that the budget responds well to the crisis.

We stand ready to answer any questions which you might have and to assist you as you proceed through the consideration of the 2009-2010 budget. As you review the materials presented, please contact Finance Director Eddie Caldwell or me to answer your questions or if additional information is needed

Respectfully submitted,

A handwritten signature in cursive script, reading "A. Lee Galloway".

A. Lee Galloway
Town Manager

PART 2 - 2009 - 2010
PROPOSED GENERAL FUND BUDGET

I. GENERAL FUND			
A. REVENUES	EST. ACTUAL 2008-2009	PROPOSED 2009-2010	DIFFERENCE
Real Estate Taxes - Town	4,014,500	4,022,370	7,870
Comment: There has been very little growth in the tax base this past year and with the economic situation and high unemployment rate, we felt it prudent to reduce the collection percentage slightly.			
Real Estate Taxes - Municipal Service District - Downtown Waynesville	92,380	92,100	(280)
Comment: There were some discoveries in the Municipal Service District this past year and that gave the MSD a one-time boost in collection revenue.			
Motor Vehicle Taxes	263,470	255,730	(7,740)
Comment: Auto sales have plummeted and tax valuation will fall as well.			
Motor Vehicle Taxes - Municipal Service District - Downtown Waynesville	20	0	(20)
Motor Vehicle Rental Tax	18,980	20,000	1,020
Comment: Apparently there were fewer vehicles rented in 2008-2009.			
Tax Refunds and Discounts	(1,200)	(4,500)	(3,300)
Comment: Refunds are issued when people pay property taxes already paid by their mortgage company. The duplicate payments were less in 2008-2009 than we normally see.			
Penalties/Interest/Advertising	28,100	28,100	0
Comment: Revenues in this area hold pretty steady each year.			
Local Option Sales Tax - 1 %	909,960	900,870	(9,090)
Comment: There was a significant decline in the sales tax in 2008 due to the poor economy and it is projected that retail sales will not rebound until early 2010. We expect another slight decline in revenues next year.			
Local Option Sales Tax - 1/2 %	907,530	898,340	(9,190)
Comment: This revenue source is based upon statewide sales, and it is predicted that retail sales will decline statewide as well as in Haywood.			
Additional 1/2% Sales Tax to Replace Reimbursements	377,370	373,530	(3,840)
Comment: The distribution of this sales tax changed during 2008 due to the State taking the tax to offset Medicare Payments by the County. There was a hold harmless clause to make sure local governments did not lose money as a result. We expect a decline here, but only a small one.			
Privilege License Tax	19,500	19,500	0

PART 2 - 2009 - 2010
PROPOSED GENERAL FUND BUDGET

REVENUES	EST. ACTUAL	PROPOSED	DIFFERENCE
Cable Television Gross Receipts	158,320	149,020	(9,300)
Comment: The State adopted new regulations on cablevision and satellite television. Revenues have been good, but we anticipate that people will reduce expenses and perhaps their spending on cable, thus reducing our revenues.			
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	2,200	4,000	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 and higher fuel costs. We would not expect to have so cold a winter in 2009-2010.			
A. Telecommunications	320,740	335,170	14,430
B. Electric	403,510	396,740	(6,770)
C. Natural Gas	15,190	15,030	(160)
Powell Bill Revenue	361,330	306,300	(55,030)
Comment: With the increase in gasoline prices last year, there was a related decrease in consumption. We have been told that with the poor economy, we will see another substantial drop in 2009-2010.			
80% Bridge Reimbursements	192,900	380,000	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	2,830	4,250	1,420
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 are receiving a small amount from this new tax.			
Payments on Behalf of Firemen for Pensions	15,000	15,000	0
Powell Bill Interest Earnings	14,000	3,560	(10,440)
Comment: Interest rates are at a near record low and earnings are down.			

**PART 2 - 2009 - 2010
PROPOSED GENERAL FUND BUDGET**

REVENUES	EST. ACTUAL	PROPOSED	DIFFERENCE
Police Grant - Others	15,000	50,000	35,000
Comment: We are hopeful that more grants will be available to us next year.			
Unauthorized Substance Funds	25,000	30,000	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. While down in 2008-2009, we expect a rise next 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 Grants	107,070	50,690	(56,380)
Comment: We expect to close out the various projects and receive funds for the pedestrian study and the redesign of Russ Avenue. There are also funds coming for Historic Preservation Study and for Stormwater Study.			
Sale of Fixed Assets - Powell Bill Items	25,210	0	(25,210)
Comment: We sold some trucks which were paid for with Powell Bill Funds, but we do not anticipate any sales of Powell Bill equipment next year.			
Building Permits	101,500	105,000	3,500
Comment: We are not certain as to when construction will pick up again. The \$105,000 is much lower than what was received two years ago, but we will can make that number if some larger projects begin to develop.			
Planning Fees	8,000	8,000	0
Comment: Permits are down, but there are still many requests for plan review.			
Rezoning and Annexation Fees	1,200	3,000	1,800
Homeowners Recovery Fund	-200	-500	(300)
Connection and Reconnection Fees	45,000	42,000	(3,000)
Late Payment Penalties	19,000	19,500	500
Charges to the Water Fund	202,280	180,860	(21,420)
Charges to the Sewer Fund	181,720	166,730	(14,990)
Charges to the Electric Fund	373,140	361,120	(12,020)

PART 2 - 2009 - 2010
PROPOSED GENERAL FUND BUDGET

REVENUES	EST. ACTUAL	PROPOSED	DIFFERENCE
Police Contract Services	50,580	66,500	15,920
Comment: These are revenues for contract police services, including a large sum from the School System for the School Resource Officer at the Waynesville Middle School. Others are police services at banks, stores and private events in the community.			
Fire Protection Charges	170,000	171,200	1,200
Comment: The County has promised to expand fire districts so that all pay, and we are told that will result in a sizable increase in fire fees. We are reluctant to budget an increase until we see that it actually occurs.			
Commercial Sanitation Fees	376,050	393,000	16,950
Comment: The front loading service is going well and we have gained a few customers. We are proposing a rate increase to our customers to offset the higher tipping fees the county indicates will be assessed.			
Residential Sanitation Fees	273,300	286,000	12,700
Comment: We are also proposing an increase in residential sanitation fees to close the gap between the revenues and the actual cost of providing this very labor intensive and costly service.			
Solid Waste Containers - Sales	0	0	0
Comment: We have switched our Sanitation operation to one in which we no longer sell dumpsters and only rent them to our customers.			
Solid Waste Containers - Rental	32,710	44,400	11,690
Comment: We have switched almost entirely to front loading dumpsters, and we no longer sell dumpsters. So this revenue is increasing significantly. We are not recommending an increase in the rental fees in 2009-2010.			
Cemetery Lot Sales	11,000	20,000	9,000
Comment: An increase in the price of a lot or columbarium niche is being recommended, with one half the charge going to the perpetual care fund.			
Cemetery After Hours Call Out Fees	130	100	(30)
Comment: This is the charge for call outs on weekends and holidays.			
Columbarium Sales	1,600	1,200	(400)
Comment: While sales began slowly, we feel the popularity of cremation will grow and that sales of columbarium units will increase as well.			
Columbarium Openings	800	600	(200)
Comment: This fee covers the cost of the Town opening the columbarium niche and having the year of death etched on the granite door.			

**PART 2 - 2009 - 2010
PROPOSED GENERAL FUND BUDGET**

REVENUES	EST. ACTUAL	PROPOSED	DIFFERENCE
Recreation - Memberships	308,000	320,000	12,000
Comment: We will be recommending rate increases for users residing outside of town to offset the loss of County funding for recreation.			
Recreation - Daily Passes	140,000	165,000	25,000
Comment: We will be recommending rate increases for users residing outside of the town to offset the loss of County funding for recreation.			
Recreation - Rentals	35,000	45,000	10,000
Comment: Rental fees will rise for those residing outside of town.			
Recreation - Department Services	75,000	60,000	(15,000)
Comment: Fees collected for services were unusually high in 2008-2009, so we have budgeted a number more typical of revenues in this category.			
Recreation - Contribution from Haywood County	52,500	50,000	(2,500)
Comment: The County has indicated that the funding level for recreation will be less than it has been in previous years.			
Recreation - Adult and Children Recreation Programs	79,730	75,000	(4,730)
Comment: Fees collected for programming were unusually high this year, and we are budgeting for a more typical year in 2009-2010.			
Recreation - Program Fees at Armory	8,000	7,000	(1,000)
Recreation - Rentals Collected at Armory	4,500	4,500	0
Recreation - Child Care	420	0	(420)
Recreation - Commissions on Vending Machines	1,500	1,500	0
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	30,100	30,000	(100)
Comment: Revenues at the concession stand the town operates are down.			
Recreation - Playground	11,170	14,000	2,830
Comment: This is the money left over from contributions toward the Community Playground and is used for annual maintenance on the playground.			
Contributions/Donations - Police	0	0	0
Contributions/Donations - Recreation	0	0	0

PART 2 - 2009 - 2010
PROPOSED GENERAL FUND BUDGET

REVENUES	EST. ACTUAL	PROPOSED	DIFFERENCE
Community Foundation Donation	0	0	0
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	5,000	10,000	5,000
Comment: This was a new account last year to which people may donate to purchase memorials for others. We expect an upsurge in this area as items may be purchased for the new Police Station and Development			
Public Art	33,000	20,400	(12,600)
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 will continue as more pieces are placed in town.			
Public Art - Town of Waynesville	12,000	9,600	(2,400)
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	28,800	28,800	0
Comment: These are primarily the rents from cell tower locations.			
Sale of Materials & Fixed Assets	27,000	31,000	4,000
Comment: The income is from the sale of vehicles and equipment as surplus, and we expect to have more for sale in 2009-2010.			
Parking Tickets	4,200	800	(3,400)
Comment: There was a stronger effort at parking enforcement this past year.			
Noise Ordinance Violations	100	200	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	130	0	(130)
Bad Check Charges	800	600	(200)
Investment Earnings	52,420	11,980	(40,440)
Comment: The interest rates on investments have dropped dramatically and the Town will see a dramatic drop on investment earnings.			

PART 2 - 2009 - 2010
PROPOSED GENERAL FUND BUDGET

REVENUES	EST. ACTUAL	PROPOSED	DIFFERENCE
ABC Store Sales Distribution	112,290	94,370	(17,920)
Comment: The ABC Store has reached the maximum amount of funds it can accumulate and must now distribute funds received above that level, so income has been higher than normal in recent years. In 2008-2009, some of the excess may have been recorded, making the revenues look disproportionately high.			
ABC Distribution - Law Enforcement	17,240	17,250	10
ABC Distribution - Rehabilitation	10,770	10,780	10
Transfer from Water Fund	74,420	91,950	17,530
Comment: We transfer a portion of the water revenues after fund balance is deducted to the General Fund.			
Transfer from Sewer Fund	70,180	83,070	12,890
Comment: We transfer a portion of the sewer revenues after fund balance is deducted to the General Fund.			
Transfer from Electric Fund	875,000	887,000	12,000
Comment: In the past, the Electric Fund has contributed as much as \$1,227,000 to the General Fund, but we have chopped away at that. This year, under a new accounting procedure, Town buildings are charged for the utilities used, and the increase shown here is repaying a portion of the electric cost paid by the General Fund back to the General Fund.			
Fund Balance Appropriated-Powell Bill	145,310	160,140	14,830
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	131,340	540,640	409,300
Comment: In 2008-2009, we proposed using \$800,000 from fund balance but when we took back 3% of all department budgets, the number dropped to \$418,154. We will spend \$131,340. In 2009-2010, the appropriation from fund balance is smaller than normal.			
TOTAL GENERAL FUND REVENUES	12,532,350	13,034,800	502,450

PART 2 - 2009 - 2010
PROPOSED GENERAL FUND BUDGET

B. EXPENDITURES	EST. ACTUAL	PROPOSED	DIFFERENCE
Governing Body	111,300	109,850	(1,450)
Comment: Hospitalization expense is down \$9,700, Travel and Training are up \$1,500 and Other Insurance is up \$5,720.			
Administration	832,160	837,690	5,530
Comment: Part time help up \$2,000, Hospitalization up \$2,510, Workers' Compensation Insurance up \$3,230, Professional Services down \$14,000, Materials & Supplies up \$2,000, Postage up \$1,000, Capital Outlay up \$3,000.			
Finance Department	786,580	798,730	12,150
Comment: Accounting costs up \$4,000, Professional Services up \$3,500, Capital for Equipment up \$4,000.			
Public Buildings	842,810	951,550	108,740
Comment: Expense for electricity up \$24,400, Cost to rent Owen Clinic down \$22,000, Capital Improvements up \$34,250, Loan Payments up \$88,040 due to first payment due on fire station loan from Rural Development.			
Horticulturist	36,830	40,050	3,220
Comment: Materials and supplies are up \$3,000.			
Police Department	3,076,880	3,012,160	(64,720)
Comment: Wages and fringe benefit costs are up by \$61,770, Gas and Tires down \$19,550, Capital Outlay down \$96,200 due to financing of vehicles.			
Miscellaneous Police Grants	40,000	80,000	40,000
Comment: Grant funds were not as easy to secure this past year but we are hopeful that grants will be more readily available in 2009-2010.			
Fire Department	784,080	838,160	54,080
Comment: Wages & Fringe Benefits up by \$31,670, Professional Medical Services up \$10,000, Electricity up \$4,700, Capital for Equipment up \$8,000.			
A. Emergency Responders	12,300	12,500	200
Streets and Sanitation	2,269,970	2,408,430	138,460
Comment: Professional Services down \$27,000, Dumpsters for Resale down \$82,630, Gas and Tires up \$56,690, Vehicle Repair up \$37,000, Material and Supplies up \$10,000, Electricity up \$28,600, Equipment Repair up \$6,000, Tipping Fees up \$20,000, Capital Outlay up \$94,000.			
Powell Bill	738,750	850,000	111,250
Comment: Hendrix Street Bridge construction was planned in 2006-2007 budget but was delayed by State. With rights-of-way now secure, we hope to see construction begin in 2009-2010.			

PART 2 - 2009 - 2010
PROPOSED GENERAL FUND BUDGET

B. EXPENDITURES	EST. ACTUAL	PROPOSED	DIFFERENCE
Cemetery	104,570	116,430	11,860
Comment: Wages up \$3,000 for part time help and mower needed for \$8,000.			
Planning and Code Enforcement	256,880	296,950	40,070
Comment: Capital up \$31,820 to pay costs of various studies underway.			
Capital outlay up \$6,000 for computer equipment for two employees.			
A. Building Inspectors/Code Enforcement Officer	226,250	222,490	(3,760)
Comment: Costs for gas, tires and vehicle repairs is down \$3,170.			
Special Appropriations	268,000	240,490	(27,510)
Comment: The commitment to Folkmoot ended in 2008-2009, so the funds for donations to non-profits dropped. Other reductions were made due to economy.			
Parks and Recreation	2,063,820	2,160,320	96,500
Comment: Wages and fringe benefit costs are up \$34,600, Materials & Supplies up \$20,000, Electricity up \$11,000, Equipment Repair up \$30,690, Other Advertising up \$16,000.			
Recreation - Special Projects	81,170	59,000	(22,170)
Comment: This decline simply reflects that there were major grants from the State in the 2008-2009 budget for Greenway work. That will not reoccur.			
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	12,532,350	13,034,800	502,450
C. GENERAL FUND SUMMARY	EST. ACTUAL	PROPOSED	DIFFERENCE
REVENUES	12,532,350	13,034,800	502,450
EXPENDITURES	12,532,350	13,034,800	(502,450)
DIFFERENCE	0	0	0