

## TOTAL BUDGET - ALL FUNDS

	<b>FY 06/07 Revised</b>	<b>FY 07/08 Adopted</b>	<b>% Change</b>
Fund #10 - General Fund	55,024,362.00	57,415,140.00	4.34%
Fund #17 - Marketing/Communications Fund	90,000.00	150,000.00	66.67%
Fund #19 - Technology Support Fund	66,312.00	34,000.00	-48.73%
Fund #21 - Community Development Fund	1,549,484.00	660,576.00	-57.37%
Fund #22 - CD - 108 Loan-Downtown Fund	1,090,130.00	23,000.00	-97.89%
Fund #23 - CD - Rehab Fund	202,139.00	4,500.00	-97.77%
Fund #24 - CD - Home Investment Trust Fund	2,294,228.00	1,108,593.00	-51.68%
Fund #25 - 108 Loan - Neighborhood Revitalization Fund	233,500.00	172,200.00	-26.25%
Fund #26 - 108 Loan - Economic Development Fund	963,511.00	25,000.00	-97.41%
Fund #27 - CD - Economic Development Fund	2,093.00	0.00	-100.00%
Fund #28 - Occupancy Tax Fund	350,000.00	450,000.00	28.57%
Fund #29 - Uptown Municipal Services District Fund	100,500.00	122,329.00	21.72%
Fund #30 - Water & Sewer Enterprise Fund	29,032,488.00	29,065,062.00	0.11%
Fund #31 - Electric Enterprise Fund	58,890,125.00	62,406,821.00	5.97%
Fund #32 - Transit System Enterprise Fund	2,004,798.00	2,385,232.00	18.98%
Fund #33 - Municipal Golf Enterprise Fund	1,248,790.00	1,296,529.00	3.82%
Fund #36 - Stormwater Utility Fund	2,556,886.00	2,165,750.00	-15.30%
Fund #37 - Power Agency Settlement Fund	1,354,500.00	1,625,395.00	20.00%
Fund #42 - Water & Sewer Capital Expansion & Development	1,100,000.00	1,100,000.00	0.00%
Fund #44 - Airport Capital Projects	600,643.00	334,000.00	-44.39%
Fund #51 - Water & Sewer Renewal & Replacement	1,404,739.00	1,453,253.00	3.45%
Fund #52 - Electric Renewal & Replacement	911,869.00	951,869.00	4.39%
Fund #62 - Water & Sewer Capital Projects Fund	12,109,530.00	1,200,000.00	-90.09%
Fund #63 - Street Capital Projects Fund	1,666,592.00	0.00	-100.00%
Fund #64 - Developer Sidewalks Fund	19,891.00	0.00	-100.00%
Fund #68 - Health Self-Insurance Fund	0.00	7,247,734.00	100.00%
Fund #69 - Insurance Capital Reserve Fund	129,500.00	134,500.00	3.86%
Fund #73 - Federal Asset Forfeiture	31,786.00	15,000.00	-52.81%
Fund #74 - State Asset Forfeiture	115,002.00	21,000.00	-81.74%
Fund #75 - Police Memorial Trust Fund	2,000.00	2,000.00	0.00%
Fund #76 - Law Enforcement Block Grant Fund	207,933.00	0.00	-100.00%
Fund #77 - Golf Course Capital Projects Fund	44,817.00	40,500.00	-9.63%
Fund #78 - Electric Capital Projects Fund	2,019,390.00	1,482,341.00	-26.59%
Fund #79 - Stormwater Capital Projects Fund	1,418,897.00	440,964.00	-68.92%
Fund #80 - Vehicle/Equipment Renewal & Replacement	6,757,291.00	5,896,942.00	-12.73%
Fund #81 - Technology Internal Services Fund	609,203.00	649,277.00	6.58%
Fund #83 - General Fund Capital Projects Fund	2,888,446.00	1,154,750.00	-60.02%
<b>TOTAL ALL FUNDS</b>	<b><u>\$189,091,375.00</u></b>	<b><u>\$181,234,257.00</u></b>	<b><u>-4.16%</u></b>

*City of Gastonia*  
**Summary of Revenues and Expenditures**  
*Fiscal Year 2008*

Title	FY 04/05 Actuals	FY 05/06 Actuals	FY 06/07 Revised Budget	FY 06/07 Year-to-Date (as of 6/30/07)	FY 07/08 Adopted Budget
<b><u>GENERAL FUND</u></b>					
Fund Balance Appropriated	0	0	2,786,415	0	1,188,750
City Fees and Charges	4,487,898	4,552,661	4,651,496	5,004,928	5,829,578
Investment Earnings	350,931	826,901	648,667	1,122,190	963,719
Non-Recurring Grants	21,084	0	0	0	0
Operating Grants	248,385	443,397	609,900	128,063	425,000
Other Revenues	15,421,054	2,163,742	2,323,619	2,055,042	2,297,708
Ad Valorem Taxes	23,855,678	24,503,836	24,772,790	24,869,962	26,960,090
Funding for Roads	2,539,866	2,397,805	2,488,227	2,290,751	2,480,416
Sales Tax	9,988,923	9,988,923	9,988,922	7,293,913	9,988,922
State Transfers	4,720,942	4,729,842	4,765,504	5,063,330	5,180,957
Transfers In	<u>2,372,000</u>	<u>2,275,238</u>	<u>2,100,000</u>	<u>2,100,000</u>	<u>2,100,000</u>
<b>TOTAL REVENUES</b>	<b><u>64,006,761</u></b>	<b><u>51,882,345</u></b>	<b><u>55,135,540</u></b>	<b><u>49,928,179</u></b>	<b><u>57,415,140</u></b>
Airport	73,587	48,634	89,014	68,005	115,788
Budget	114,334	127,803	159,312	141,552	161,751
Neighborhood & Community Resources	652,908	727,552	926,048	869,867	1,101,173
City Mgr/Assistant City Mgrs	371,795	401,053	609,739	519,931	518,718
Legal	301,527	294,530	344,336	296,896	345,096
Technology Services	654,343	743,877	1,061,801	799,114	1,021,335
Financial Services	1,631,798	1,670,419	2,691,622	2,571,608	3,297,314
Fire	8,811,213	9,695,359	10,308,141	9,992,992	10,682,440
Fleet Services	641,675	582,509	629,264	583,072	646,709
General Services	5,515,775	5,760,766	6,232,415	5,608,587	6,578,410
Human Resources	2,025,051	1,855,567	1,837,856	1,738,890	1,975,566
Mayor/Council	614,010	640,153	636,846	603,222	712,569
Museum	1,590,300	1,662,130	1,872,994	1,748,664	1,993,917
Planning	1,333,797	1,390,870	1,995,012	1,690,952	1,892,505
Police	17,358,525	12,616,480	14,875,156	14,092,382	15,641,539
Engineering	1,284,497	1,027,016	1,157,684	1,066,640	1,178,758
Recreation	2,295,726	2,319,841	3,057,990	2,753,221	2,933,331
Field Operations/Streets	<u>14,619,550</u>	<u>6,781,140</u>	<u>6,650,310</u>	<u>6,402,929</u>	<u>6,618,221</u>
<b>TOTAL EXPENDITURES</b>	<b><u>59,890,411</u></b>	<b><u>48,345,699</u></b>	<b><u>55,135,540</u></b>	<b><u>51,548,524</u></b>	<b><u>57,415,140</u></b>

*City of Gastonia*  
*Summary of Revenues and Expenditures*  
*Fiscal Year 2008*

Title	FY 04/05 Actuals	FY 05/06 Actuals	FY 06/07 Revised Budget	FY 06/07 Year-to-Date (as of 6/30/07)	FY 07/08 Adopted Budget
<b><u>MARKETING/COMMUNICATIONS FUND</u></b>					
Investment Earnings	0	0	0	-446	0
Reimbursement - Tourism Authority	<u>0</u>	<u>0</u>	<u>90,000</u>	<u>0</u>	<u>150,000</u>
TOTAL REVENUES	<u>0</u>	<u>0</u>	<u>90,000</u>	<u>-446</u>	<u>150,000</u>
Communications/Marketing	<u>0</u>	<u>0</u>	<u>90,000</u>	<u>52,319</u>	<u>150,000</u>
TOTAL EXPENDITURES	<u>0</u>	<u>0</u>	<u>90,000</u>	<u>52,319</u>	<u>150,000</u>
<b><u>TECHNOLOGY SUPPORT FUND</u></b>					
Fund Balance Appropriated	0	0	35,312	0	0
City Fees	29,586	29,358	30,000	39,917	32,500
Investment Earnings	<u>1,106</u>	<u>1,961</u>	<u>1,000</u>	<u>2,216</u>	<u>1,500</u>
TOTAL REVENUES	<u>30,692</u>	<u>31,319</u>	<u>66,312</u>	<u>42,133</u>	<u>34,000</u>
Tech Support/Inspections	<u>10,000</u>	<u>48,779</u>	<u>66,312</u>	<u>20,219</u>	<u>34,000</u>
TOTAL EXPENDITURES	<u>10,000</u>	<u>48,779</u>	<u>66,312</u>	<u>20,219</u>	<u>34,000</u>
<b><u>COMMUNITY DEVELOPMENT FUND</u></b>					
Fund Balance Appropriated	0	0	-193,184	0	0
Investment Earnings	2,646	3,192	2,580	-1,009	1,000
Operating Grants	839,494	945,542	1,729,017	303,393	654,276
Other Revenues	19,427	14,845	38,262	52,919	5,300
Transfers In	<u>0</u>	<u>1,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL REVENUES	<u>861,567</u>	<u>963,579</u>	<u>1,576,675</u>	<u>355,303</u>	<u>660,576</u>
CD Homeowners Association	0	0	50,580	0	0
Home Program	21	-21	21	0	0
Administration	277,365	264,876	352,910	278,730	340,803
Housing Rehab	516,346	706,639	1,171,447	646,279	318,191
Fair Housing & Counsel	<u>1</u>	<u>1</u>	<u>1,717</u>	<u>745</u>	<u>1,582</u>
TOTAL EXPENDITURES	<u>793,733</u>	<u>971,495</u>	<u>1,576,675</u>	<u>925,754</u>	<u>660,576</u>

*City of Gastonia*  
**Summary of Revenues and Expenditures**  
**Fiscal Year 2008**

Title	FY 04/05 Actuals	FY 05/06 Actuals	FY 06/07 Revised Budget	FY 06/07 Year-to-Date (as of 6/30/07)	FY 07/08 Adopted Budget
<b><u>COMMUNITY DEVELOPMENT 108 GUARANTEED LOAN FUND</u></b>					
Fund Balance Appropriated	0	0	-249,870	0	0
Other Revenues	<u>0</u>	<u>0</u>	<u>1,340,000</u>	<u>286,574</u>	<u>23,000</u>
TOTAL REVENUES	<u>0</u>	<u>0</u>	<u>1,090,130</u>	<u>286,574</u>	<u>23,000</u>
108 Guaranteed Loan	<u>0</u>	<u>249,870</u>	<u>1,090,130</u>	<u>2,789</u>	<u>23,000</u>
TOTAL EXPENDITURES	<u>0</u>	<u>249,870</u>	<u>1,090,130</u>	<u>2,789</u>	<u>23,000</u>
<b><u>COMMUNITY DEVELOPMENT REHAB FUND</u></b>					
Fund Balance Appropriated	0	0	112,138	0	0
Investment Earnings	1,849	3,981	4,400	5,208	4,500
Operating Grants	0	37,500	0	0	0
Other Revenues	47,500	61,772	90,001	0	0
Transfers In	<u>0</u>	<u>25,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL REVENUES	<u>49,349</u>	<u>128,253</u>	<u>206,539</u>	<u>5,208</u>	<u>4,500</u>
Housing Rehab	<u>25,829</u>	<u>98,383</u>	<u>206,539</u>	<u>54,519</u>	<u>4,500</u>
TOTAL EXPENDITURES	<u>25,829</u>	<u>98,383</u>	<u>206,539</u>	<u>54,519</u>	<u>4,500</u>
<b><u>COMMUNITY DEVELOPMENT HOME INVESTMENT TRUST FUND</u></b>					
Fund Balance Appropriated	0	0	-434,539	0	0
Investment Earnings	-5,303	-3,770	0	-13,358	0
Fees & Charges	0	0	198	198	0
Operating Grants	936,177	1,155,811	2,383,986	936,905	773,410
Other Revenues	193,202	186,532	223,251	48,078	318,000
Recurring Grant	<u>0</u>	<u>0</u>	<u>153,430</u>	<u>0</u>	<u>17,183</u>
TOTAL REVENUES	<u>1,124,076</u>	<u>1,338,573</u>	<u>2,326,326</u>	<u>971,823</u>	<u>1,108,593</u>
Home Program	<u>1,244,092</u>	<u>1,183,899</u>	<u>2,326,326</u>	<u>1,565,161</u>	<u>1,108,593</u>
TOTAL EXPENDITURES	<u>1,244,092</u>	<u>1,183,899</u>	<u>2,326,326</u>	<u>1,565,161</u>	<u>1,108,593</u>

*City of Gastonia*  
*Summary of Revenues and Expenditures*  
*Fiscal Year 2008*

Title	FY 04/05 Actuals	FY 05/06 Actuals	FY 06/07 Revised Budget	FY 06/07 Year-to-Date (as of 6/30/07)	FY 07/08 Adopted Budget
<b><u>COMMUNITY DEVELOPMENT 108 LOAN NEIGHBORHOOD REVITALIZATION FUND</u></b>					
Fund Balance Appropriated	0	0	15,923	0	150,000
Investment Earnings	-6,858	14,833	18,800	23,534	20,000
Other Revenues	72,850	2,348	217,577	80,718	2,200
<b>TOTAL REVENUES</b>	<b><u>65,992</u></b>	<b><u>17,181</u></b>	<b><u>252,300</u></b>	<b><u>104,252</u></b>	<b><u>172,200</u></b>
108 Guaranteed Loan	<u>161,042</u>	<u>0</u>	<u>252,300</u>	<u>103,493</u>	<u>172,200</u>
<b>TOTAL EXPENDITURES</b>	<b><u>161,042</u></b>	<b><u>0</u></b>	<b><u>252,300</u></b>	<b><u>103,493</u></b>	<b><u>172,200</u></b>
<b><u>COMMUNITY DEVELOPMENT 108 LOAN ECONOMIC DEVELOPMENT FUND</u></b>					
Investment Earnings	24,644	28,557	25,500	31,218	25,000
Appropriated Fund Balance	<u>0</u>	<u>0</u>	<u>963,511</u>	<u>0</u>	<u>0</u>
<b>TOTAL REVENUES</b>	<b><u>24,644</u></b>	<b><u>28,557</u></b>	<b><u>989,011</u></b>	<b><u>31,218</u></b>	<b><u>25,000</u></b>
108 Guaranteed Loan	<u>278,016</u>	<u>239,222</u>	<u>989,011</u>	<u>224,525</u>	<u>25,000</u>
<b>TOTAL EXPENDITURES</b>	<b><u>278,016</u></b>	<b><u>239,222</u></b>	<b><u>989,011</u></b>	<b><u>224,525</u></b>	<b><u>25,000</u></b>
<b><u>COMMUNITY DEVELOPMENT ECONOMIC DEVELOPMENT FUND</u></b>					
Investment Earnings	-48	334	958	966	0
Non-Recurring Grants	0	0	423	423	0
Appropriated Fund Balance	<u>0</u>	<u>0</u>	<u>1,612</u>	<u>0</u>	<u>0</u>
<b>TOTAL REVENUES</b>	<b><u>-48</u></b>	<b><u>334</u></b>	<b><u>2,993</u></b>	<b><u>1,389</u></b>	<b><u>0</u></b>
108 Guaranteed Loan	<u>0</u>	<u>0</u>	<u>2,993</u>	<u>2,046</u>	<u>0</u>
<b>TOTAL EXPENDITURES</b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>2,993</u></b>	<b><u>2,046</u></b>	<b><u>0</u></b>
<b><u>OCCUPANCY TAX FUND</u></b>					
Investment Earnings	123	0	0	0	0
Occupancy Tax	<u>311,639</u>	<u>376,567</u>	<u>350,000</u>	<u>352,739</u>	<u>450,000</u>
<b>TOTAL REVENUES</b>	<b><u>311,762</u></b>	<b><u>376,567</u></b>	<b><u>350,000</u></b>	<b><u>352,739</u></b>	<b><u>450,000</u></b>
Administration	<u>311,639</u>	<u>376,567</u>	<u>350,000</u>	<u>352,739</u>	<u>450,000</u>
<b>TOTAL EXPENDITURES</b>	<b><u>311,639</u></b>	<b><u>376,567</u></b>	<b><u>350,000</u></b>	<b><u>352,739</u></b>	<b><u>450,000</u></b>

*City of Gastonia*  
**Summary of Revenues and Expenditures**  
**Fiscal Year 2008**

Title	FY 04/05 Actuals	FY 05/06 Actuals	FY 06/07 Revised Budget	FY 06/07 Year-to-Date (as of 6/30/07)	FY 07/08 Adopted Budget
<b><u>UPTOWN MUNICIPAL SERVICES DISTRICT FUND</u></b>					
Ad Valorem Taxes	101,203	96,965	100,500	101,180	122,329
TOTAL REVENUES	<u>101,203</u>	<u>96,965</u>	<u>100,500</u>	<u>101,180</u>	<u>122,329</u>
Uptown Development	91,794	100,578	100,500	96,888	122,329
TOTAL EXPENDITURES	<u>91,794</u>	<u>100,578</u>	<u>100,500</u>	<u>96,888</u>	<u>122,329</u>
<b><u>WATER AND SEWER FUND</u></b>					
Fund Balance Appropriated	0	0	329,566	0	145,000
Assessments	185,324	93,284	104,450	49,076	56,150
Fees and Charges	971,080	1,086,478	916,612	1,375,201	1,031,512
Investment Earnings	75,666	158,744	122,000	198,436	150,000
Operating Grants	0	10,000	0	0	0
Other Revenues	1,698,603	6,713,245	59,000	57,337	58,400
Water & Sewer Sales	<u>25,924,760</u>	<u>26,799,082</u>	<u>27,500,860</u>	<u>26,606,258</u>	<u>27,624,000</u>
TOTAL REVENUES	<u>28,855,433</u>	<u>34,860,833</u>	<u>29,032,488</u>	<u>28,286,308</u>	<u>29,065,062</u>
Warehouse	10,501	7,942	95	-21,847	0
Non-Departmental	1,159,793	1,202,476	1,324,245	1,324,245	1,352,824
Administration	3,944,996	4,016,948	4,320,304	3,969,238	4,406,219
Debt Service	7,781,810	14,136,678	7,917,158	7,917,158	7,542,838
Sewer Extensions	112,597	117,037	90,000	88,280	82,294
AM/FM/GIS	15,975	10,456	22,835	12,752	10,215
Water Supply & Treatment	2,347,073	2,569,488	2,814,079	2,489,379	3,000,196
Customer Service	519,958	573,157	607,708	578,206	683,943
Facility Maintenance	787,130	833,150	1,058,589	894,230	1,276,699
Pasour Resource Recovery Farm	1,379,177	1,172,561	1,280,993	1,114,208	1,311,872
Fields Ops/Water Line Maintenance	1,372,933	1,268,639	1,466,140	1,360,389	1,564,774
Wastewater Treatment	4,454,338	4,525,520	5,144,987	4,771,387	5,157,030
Field Ops/Sewer Line Maintenance	1,121,499	1,219,639	1,815,616	1,438,971	1,706,158
Transfers Out	<u>3,073,382</u>	<u>2,876,820</u>	<u>1,169,739</u>	<u>1,169,739</u>	<u>970,000</u>
TOTAL EXPENDITURES	<u>28,081,162</u>	<u>34,530,511</u>	<u>29,032,488</u>	<u>27,106,335</u>	<u>29,065,062</u>
<b><u>ELECTRIC FUND</u></b>					

**City of Gastonia**  
**Summary of Revenues and Expenditures**  
**Fiscal Year 2008**

Title	FY 04/05 Actuals	FY 05/06 Actuals	FY 06/07 Revised Budget	FY 06/07 Year-to-Date (as of 6/30/07)	FY 07/08 Adopted Budget
Fund Balance Appropriated	582	0	1,972,707	0	0
Electric Sales	52,809,369	55,397,456	56,006,971	55,450,423	59,672,094
Fees and Charges	554,906	546,948	542,600	519,438	553,600
Investment Earnings	122,155	244,372	175,000	145,026	175,000
Transfers In	0	319	23,748	23,752	1,275,395
Other Revenues	<u>953,689</u>	<u>1,064,405</u>	<u>895,616</u>	<u>856,045</u>	<u>730,732</u>
<b>TOTAL REVENUES</b>	<u>54,440,701</u>	<u>57,253,500</u>	<u>59,616,642</u>	<u>56,994,684</u>	<u>62,406,821</u>
Warehouse	-8,665	-1,997	149,421	34,386	0
Non-Departmental	649,003	629,542	603,599	603,599	700,809
Administration	2,538,568	2,842,666	4,204,836	2,892,978	4,418,120
Purchased Power	44,240,615	47,197,628	47,203,575	47,510,249	49,380,389
ElectricCities Rebate Program	36,150	11,100	25,000	3,650	5,000
Electric Service	1,124,525	970,003	1,100,134	1,080,965	1,138,380
Electric Substations	419,109	381,576	397,592	360,693	384,170
Street Lights	303,164	427,135	452,681	442,712	463,069
Load Management Switches	4,825	2,900	3,500	2,725	1,250
Electric Line Maintenance	1,092,844	1,205,485	1,207,534	1,134,753	1,152,427
Electric Line Construction	1,542,738	1,731,050	1,754,725	1,617,067	1,882,866
Electric Svc-Generators	48,458	92,883	109,786	78,109	98,000
Transfers Out	<u>4,860,000</u>	<u>2,267,971</u>	<u>2,404,259</u>	<u>2,404,259</u>	<u>2,782,341</u>
<b>TOTAL EXPENDITURES</b>	<u>56,851,334</u>	<u>57,757,942</u>	<u>59,616,642</u>	<u>58,166,145</u>	<u>62,406,821</u>
<b><u>TRANSIT FUND</u></b>					
Fund Balance Appropriated	0	0	4,228	0	10,500
Fees and Charges	174,364	187,607	196,000	180,338	190,000
Investment Earnings	347	365	0	5,409	0
Operating Grants	931,591	834,273	1,000,000	725,058	1,235,000
Other Revenues	310,674	318,498	342,749	282,029	282,029
Transfers In	<u>720,180</u>	<u>262,144</u>	<u>461,821</u>	<u>461,821</u>	<u>667,703</u>
<b>TOTAL REVENUES</b>	<u>2,137,156</u>	<u>1,602,887</u>	<u>2,004,798</u>	<u>1,654,655</u>	<u>2,385,232</u>
Administration	408,094	580,375	733,249	691,163	892,077
Operations	727,371	805,852	887,993	799,896	944,589
Maintenance	241,100	189,406	224,059	210,824	260,770

**TRANSIT FUND - Cont'd**

*City of Gastonia*  
**Summary of Revenues and Expenditures**  
**Fiscal Year 2008**

Title	FY 04/05 Actuals	FY 05/06 Actuals	FY 06/07 Revised Budget	FY 06/07 Year-to-Date (as of 6/30/07)	FY 07/08 Adopted Budget
ADA Paratransit	126,234	154,985	159,497	142,136	287,796
TOTAL EXPENDITURES	<u>1,502,799</u>	<u>1,730,618</u>	<u>2,004,798</u>	<u>1,844,019</u>	<u>2,385,232</u>
<b><u>GOLF COURSE</u></b>					
Fund Balance Appropriated	0	0	450	0	0
Fees and Charges	828,761	823,757	858,012	866,567	858,189
Investment Earnings	952	1,689	1,200	6,470	5,000
Other Revenues	15,549	11,899	12,000	18,369	12,000
Transfers In	<u>169,126</u>	<u>255,785</u>	<u>377,128</u>	<u>377,128</u>	<u>421,340</u>
TOTAL REVENUES	<u>1,014,388</u>	<u>1,093,130</u>	<u>1,248,790</u>	<u>1,268,534</u>	<u>1,296,529</u>
Golf Course	982,725	1,035,395	1,208,790	1,072,356	1,256,529
Transfers Out	<u>45,000</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>
TOTAL EXPENDITURES	<u>1,027,725</u>	<u>1,075,395</u>	<u>1,248,790</u>	<u>1,112,356</u>	<u>1,296,529</u>
<b><u>STORMWATER FUND</u></b>					
Fund Balance Appropriated	0	0	515,486	0	0
Fees and Charges	16,742	21,863	22,600	31,199	25,750
Investment Earnings	9,038	19,417	14,000	22,585	15,000
Stormwater Sales	1,961,505	1,978,288	2,004,800	1,973,320	2,125,000
Other Revenues	<u>0</u>	<u>1,920</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL REVENUES	<u>1,987,285</u>	<u>2,021,488</u>	<u>2,556,886</u>	<u>2,027,104</u>	<u>2,165,750</u>
Financial Svcs/Billing	33,583	0	0	0	0
Operations	501,482	467,331	601,936	581,309	618,796
Administration	794,151	935,555	1,066,755	958,717	1,055,982
AM/FM/GIS	62,383	60,993	89,175	25,867	75,008
Transfers Out	<u>397,713</u>	<u>356,500</u>	<u>799,020</u>	<u>799,020</u>	<u>415,964</u>
TOTAL EXPENDITURES	<u>1,789,312</u>	<u>1,820,379</u>	<u>2,556,886</u>	<u>2,364,913</u>	<u>2,165,750</u>
<b><u>POWER AGENCY SETTLEMENT FUND</u></b>					
Fund Balance Appropriated	0	0	0	0	258,895
<b><u>POWER AGENCY SETTLEMENT FUND - Cont'd</u></b>					
Investment Earnings	0	0	0	23,967	12,000

*City of Gastonia*  
**Summary of Revenues and Expenditures**  
**Fiscal Year 2008**

Title	FY 04/05 Actuals	FY 05/06 Actuals	FY 06/07 Revised Budget	FY 06/07 Year-to-Date (as of 6/30/07)	FY 07/08 Adopted Budget
Other Revenues	0	0	1,354,500	1,354,500	1,354,500
TOTAL REVENUES	<u>0</u>	<u>0</u>	<u>1,354,500</u>	<u>1,378,467</u>	<u>1,625,395</u>
Economic Development	0	0	1,120,011	0	0
Transfers Out	0	0	234,489	234,493	1,625,395
TOTAL EXPENDITURES	<u>0</u>	<u>0</u>	<u>1,354,500</u>	<u>234,493</u>	<u>1,625,395</u>

**WATER & SEWER CAPITAL EXPANSION & DEVELOPMENT FUND**

Fund Balance Appropriated	0	0	-30,000	0	0
Investment Earnings	24,672	58,566	30,000	144,949	130,000
Transfers In	<u>3,073,382</u>	<u>2,859,394</u>	<u>1,100,000</u>	<u>1,100,000</u>	<u>970,000</u>
TOTAL REVENUES	<u>3,098,054</u>	<u>2,917,960</u>	<u>1,100,000</u>	<u>1,244,949</u>	<u>1,100,000</u>
Transfers Out	2,021,433	1,200,000	1,100,000	1,100,000	1,100,000
TOTAL EXPENDITURES	<u>2,021,433</u>	<u>1,200,000</u>	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,100,000</u>

**AIRPORT CAPITAL PROJECTS FUND**

Fund Balance Appropriated	0	0	2,973	0	0
Investment Earnings	5,433	-6,004	0	-6,129	0
Other Revenues	0	906,418	575,461	0	300,000
Transfers In	<u>5,664</u>	<u>16,700</u>	<u>22,209</u>	<u>22,209</u>	<u>34,000</u>
TOTAL REVENUES	<u>11,097</u>	<u>917,114</u>	<u>600,643</u>	<u>16,080</u>	<u>334,000</u>
Airport Projects	<u>122,720</u>	<u>1,139,561</u>	<u>600,643</u>	<u>351,587</u>	<u>334,000</u>
TOTAL EXPENDITURES	<u>122,720</u>	<u>1,139,561</u>	<u>600,643</u>	<u>351,587</u>	<u>334,000</u>

**WATER & SEWER RENEWAL & REPLACEMENT FUND**

Fund Balance Appropriated	0	0	1,310,000	0	1,411,003
Investment Earnings	23,443	36,182	25,000	52,477	42,250
Transfers In	<u>0</u>	<u>15,679</u>	<u>69,739</u>	<u>69,739</u>	<u>0</u>
TOTAL REVENUES	<u>23,443</u>	<u>51,861</u>	<u>1,404,739</u>	<u>122,216</u>	<u>1,453,253</u>

**WATER & SEWER RENEWAL & REPLACEMENT FUND - Cont'd**

Renewal & Replacement	<u>0</u>	<u>0</u>	<u>1,404,739</u>	<u>0</u>	<u>1,453,253</u>
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*City of Gastonia*  
**Summary of Revenues and Expenditures**  
**Fiscal Year 2008**

Title	FY 04/05 Actuals	FY 05/06 Actuals	FY 06/07 Revised Budget	FY 06/07 Year-to-Date (as of 6/30/07)	FY 07/08 Adopted Budget
TOTAL EXPENDITURES	<u>0</u>	<u>0</u>	<u>1,404,739</u>	<u>0</u>	<u>1,453,253</u>

**ELECTRIC RENEWAL & REPLACEMENT FUND**

Fund Balance Appropriated	0	0	831,869	0	921,869
Investment Earnings	13,876	22,937	20,000	34,444	30,000
Transfers In	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>0</u>
TOTAL REVENUES	<u>73,876</u>	<u>82,937</u>	<u>911,869</u>	<u>94,444</u>	<u>951,869</u>
Renewal & Replacement	<u>0</u>	<u>0</u>	<u>911,869</u>	<u>0</u>	<u>951,869</u>
TOTAL EXPENDITURES	<u>0</u>	<u>0</u>	<u>911,869</u>	<u>0</u>	<u>951,869</u>

**WATER & SEWER CAPITAL PROJECTS FUND**

Fund Balance Appropriated	0	0	9,234,565	0	0
Investment Earnings	94,124	471,831	98,465	457,780	100,000
Non-Recurring Grants	0	126,612	0	0	0
Operating Grants	10,000	0	421,500	55,444	0
Other Revenues	7,800	10,328,100	1,255,000	248,000	0
Transfers In	<u>2,021,433</u>	<u>1,201,747</u>	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,100,000</u>
TOTAL REVENUES	<u>2,133,357</u>	<u>12,128,290</u>	<u>12,109,530</u>	<u>1,861,224</u>	<u>1,200,000</u>

Crowders Creek WWTP Imp	330,643	422,192	496,662	440,375	0
NCDOT Sewer Utility Conflict	34,000	0	84,027	0	0
Catawba WWTP Abandonment	1,009	0	6,391	0	0
Joint Ventures - Sewer Lines	9,098	0	230,510	13,858	125,000
Sewer Imp - Revenue Bonds	6,648	2,734,032	2,296,957	2,091,456	0
Wastewater Treatment Improvements	0	0	0	0	0
Collection System Improvements	403,024	47,768	952,555	515,455	425,000
Sewer Assessments	127,675	186,671	531,414	88,275	200,000
Pumpstation/Forcemain Improvements	35,506	41,218	616,608	186,495	0
Long Creek WWTP Expansion	415,833	253,233	757,737	194,582	300,000
Water Imp - NCDOT Conflicts	13,000	0	434,316	0	0
Mountain Island Lake	1,000	13,590	0	0	0
Annexation - Water	48,321	16,069	229,404	10,353	0

**WATER & SEWER CAPITAL PROJECTS FUND - Cont'd**

Water Distribution Imp	227,885	189,029	643,529	26,467	150,000
Water Supply/Treatment Imp	0	0	0	0	0

*City of Gastonia*  
**Summary of Revenues and Expenditures**  
**Fiscal Year 2008**

Title	FY 04/05 Actuals	FY 05/06 Actuals	FY 06/07 Revised Budget	FY 06/07 Year-to-Date (as of 6/30/07)	FY 07/08 Adopted Budget
Water Assessments	97,621	13,163	203	0	0
Joint Ventures - Water Lines	60,567	1,207,915	1,498,003	248,077	0
Water Imp - Revenue Bonds	5,770	839,132	3,331,214	311,306	0
<b>TOTAL EXPENDITURES</b>	<u>1,817,600</u>	<u>5,964,012</u>	<u>12,109,530</u>	<u>4,126,699</u>	<u>1,200,000</u>

**STREET IMPROVEMENTS CAPITAL PROJECTS FUND**

Fund Balance Appropriated	0	0	1,005,792	0	0
Other Revenues	212,159	-102	11,800	169,628	0
Funding for Roads	0	49,500	649,000	18,769	0
Transfers In	0	15,169	0	0	0
Investment Earnings	<u>32,822</u>	<u>52,656</u>	<u>0</u>	<u>56,760</u>	<u>0</u>
<b>TOTAL REVENUES</b>	<u>244,981</u>	<u>117,223</u>	<u>1,666,592</u>	<u>245,157</u>	<u>0</u>

Joint Ventures	14	0	7,000	0	0
W Franklin Streetscape	1,414	784	247,908	23,239	0
Forbes Road Project	6,036	7,929	85	85	0
Union Rd Widening	310	0	0	0	0
S. Myrtle School Rd Widening	9,055	7,948	0	0	0
N Myrtle School Rd Widening	418,358	192	0	0	0
Administration	700	0	224	0	0
Gardner Park/Cox Rd	0	0	132,857	0	0
Cox Rd Sidewalks	0	0	169,200	0	0
Speed Humps	0	25,202	59,598	36,390	0
North 321 Improvements	0	135,498	229,915	221,909	0
W Davidson Bridge Replacement	210	606	549,188	0	0
Miscellaneous Sidewalks	13,381	138,488	117,617	500	0
Capital Project Reserve	0	0	0	0	0
Traffic Signal System Improvements	<u>0</u>	<u>18,211</u>	<u>153,000</u>	<u>153,000</u>	<u>0</u>
<b>TOTAL EXPENDITURES</b>	<u>449,478</u>	<u>334,858</u>	<u>1,666,592</u>	<u>435,123</u>	<u>0</u>

**DEVELOPER SIDEWALKS FUND**

Fund Balance Appropriated	0	0	19,891	0	0
Other Revenues	78,354	6,000	0	5,500	0
Investment Earnings	<u>5,402</u>	<u>8,784</u>	<u>0</u>	<u>12,519</u>	<u>0</u>

**DEVELOPER SIDEWALKS FUND - Cont'd**

<b>TOTAL REVENUES</b>	<u>83,756</u>	<u>14,784</u>	<u>19,891</u>	<u>18,019</u>	<u>0</u>
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*City of Gastonia*  
*Summary of Revenues and Expenditures*  
*Fiscal Year 2008*

Title	FY 04/05 Actuals	FY 05/06 Actuals	FY 06/07 Revised Budget	FY 06/07 Year-to-Date (as of 6/30/07)	FY 07/08 Adopted Budget
Redbud - Eckerds	0	0	5,876	0	0
Bessemer City Hwy - 1-A	<u>0</u>	<u>0</u>	<u>14,015</u>	<u>0</u>	<u>0</u>
TOTAL EXPENDITURES	<u>0</u>	<u>0</u>	<u>19,891</u>	<u>0</u>	<u>0</u>

**HEALTH SELF-INSURANCE FUND**

Investment Earnings	0	0	0	23,877	19,000
Other Revenues	<u>0</u>	<u>0</u>	<u>7,247,717</u>	<u>6,925,780</u>	<u>7,228,734</u>
TOTAL REVENUES	<u>0</u>	<u>0</u>	<u>7,247,717</u>	<u>6,949,657</u>	<u>7,247,734</u>
Administration	<u>0</u>	<u>0</u>	<u>7,247,717</u>	<u>5,727,914</u>	<u>7,247,734</u>
TOTAL EXPENDITURES	<u>0</u>	<u>0</u>	<u>7,247,717</u>	<u>5,727,914</u>	<u>7,247,734</u>

**INSURANCE CAPITAL RESERVE FUND**

Fund Balance Appropriated	0	0	127,500	0	130,000
Investment Earnings	<u>3,373</u>	<u>4,260</u>	<u>2,000</u>	<u>5,071</u>	<u>4,500</u>
TOTAL REVENUES	<u>3,373</u>	<u>4,260</u>	<u>129,500</u>	<u>5,071</u>	<u>134,500</u>
Human Resources	0	0	129,500	0	134,500
Transfers Out	<u>0</u>	<u>54,238</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL EXPENDITURES	<u>0</u>	<u>54,238</u>	<u>129,500</u>	<u>0</u>	<u>134,500</u>

**FEDERAL ASSET FORFEITURE FUND**

Fund Balance Appropriated	0	0	16,786	0	0
Investment Earnings	479	748	0	937	0
Other Revenues	<u>26,783</u>	<u>4,008</u>	<u>15,000</u>	<u>0</u>	<u>15,000</u>
TOTAL REVENUES	<u>27,262</u>	<u>4,756</u>	<u>31,786</u>	<u>937</u>	<u>15,000</u>

Asset Forfeitures	1,134	647	15,000	0	15,000
Transfers Out	<u>8,191</u>	<u>0</u>	<u>16,786</u>	<u>16,786</u>	<u>0</u>

**FEDERAL ASSET FORFEITURE FUND - Cont'd**

TOTAL EXPENDITURES	<u>9,325</u>	<u>647</u>	<u>31,786</u>	<u>16,786</u>	<u>15,000</u>
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*City of Gastonia*  
*Summary of Revenues and Expenditures*  
*Fiscal Year 2008*

Title	FY 04/05 Actuals	FY 05/06 Actuals	FY 06/07 Revised Budget	FY 06/07 Year-to-Date (as of 6/30/07)	FY 07/08 Adopted Budget
<b><u>STATE ASSET FORFEITURE FUND</u></b>					
Fund Balance Appropriated	0	0	27,446	0	0
Investment Earnings	1,970	3,234	1,000	5,280	1,000
Other Revenues	89,442	73,398	94,366	99,339	20,000
Transfers In	<u>4,500</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL REVENUES	<u>95,912</u>	<u>76,632</u>	<u>122,812</u>	<u>104,619</u>	<u>21,000</u>
Asset Forfeitures	<u>113,877</u>	<u>106,715</u>	<u>122,812</u>	<u>48,806</u>	<u>21,000</u>
TOTAL EXPENDITURES	<u>113,877</u>	<u>106,715</u>	<u>122,812</u>	<u>48,806</u>	<u>21,000</u>
<b><u>POLICE MEMORIAL TRUST FUND</u></b>					
Fund Balance Appropriated	0	0	1,072	0	0
Fees and Charges	458	323	3,767	4,544	2,000
Investment Earnings	273	439	500	546	0
Other Revenues	<u>450</u>	<u>799</u>	<u>0</u>	<u>1,244</u>	<u>0</u>
TOTAL REVENUES	<u>1,181</u>	<u>1,561</u>	<u>5,339</u>	<u>6,334</u>	<u>2,000</u>
Police Memorial Trust Fund	<u>0</u>	<u>1,210</u>	<u>5,339</u>	<u>6,406</u>	<u>2,000</u>
TOTAL EXPENDITURES	<u>0</u>	<u>1,210</u>	<u>5,339</u>	<u>6,406</u>	<u>2,000</u>
<b><u>LOCAL LAW ENFORCEMENT BLOCK GRANT FUND</u></b>					
Fund Balance Appropriated	0	0	43,733	0	0
Investment Earnings	1,560	995	0	2,405	0
Non-Recurring Grants	0	51,667	83,899	83,899	0
Recurring Grants	73,718	0	0	0	0
Operating Grants	0	0	31,206	0	0
Other Revenues	0	78,010	32,309	11,631	0
Transfers In	<u>8,191</u>	<u>0</u>	<u>16,786</u>	<u>16,786</u>	<u>0</u>
TOTAL REVENUES	<u>83,469</u>	<u>130,672</u>	<u>207,933</u>	<u>114,721</u>	<u>0</u>
US DOJ Block Grant 2003	85,845	11,474	0	0	0
2004 US DOJ Block Grant	49,590	30,369	3,498	3,497	0
2006 US DOJ Block Grant	0	0	83,899	32,361	0
<b><u>LOCAL LAW ENFORCEMENT BLOCK GRANT FUND - Cont'd</u></b>					
Police Dept Grants	0	8,119	43,400	27,192	0
Police/Field Services	<u>79,716</u>	<u>81,906</u>	<u>77,136</u>	<u>45,270</u>	<u>0</u>

*City of Gastonia*  
**Summary of Revenues and Expenditures**  
**Fiscal Year 2008**

Title	FY 04/05 Actuals	FY 05/06 Actuals	FY 06/07 Revised Budget	FY 06/07 Year-to-Date (as of 6/30/07)	FY 07/08 Adopted Budget
TOTAL EXPENDITURES	<u>215,151</u>	<u>131,868</u>	<u>207,933</u>	<u>108,320</u>	<u>0</u>
<b><u>GOLF COURSE CAPITAL PROJECTS FUND</u></b>					
Fund Balance Appropriated	0	0	4,817	0	0
Investment Earnings	724	21	0	1,086	500
Transfers In	<u>45,000</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>
TOTAL REVENUES	<u>45,724</u>	<u>40,021</u>	<u>44,817</u>	<u>41,086</u>	<u>40,500</u>
Golf Safety Improvements	<u>15,087</u>	<u>80,463</u>	<u>44,817</u>	<u>12,943</u>	<u>40,500</u>
TOTAL EXPENDITURES	<u>15,087</u>	<u>80,463</u>	<u>44,817</u>	<u>12,943</u>	<u>40,500</u>
<b><u>ELECTRIC CAPITAL PROJECTS FUND</u></b>					
Fund Balance Appropriated	0	0	1,280,000	0	0
Electric Sales	43,000	0	0	0	0
Investment Earnings	31,696	48,462	45,000	45,338	20,000
Other Revenues	5,449	65,655	245,000	86,896	430,000
Funding For Roads	0	261,809	0	0	0
Transfers In	<u>2,500,000</u>	<u>0</u>	<u>455,000</u>	<u>455,000</u>	<u>1,032,341</u>
TOTAL REVENUES	<u>2,580,145</u>	<u>375,926</u>	<u>2,025,000</u>	<u>587,234</u>	<u>1,482,341</u>
Financial Management System	32,949	2,496	4,767	4,675	0
Economic Development	578	0	0	0	0
SCADA Replacement	8,925	170,029	30,506	30,221	0
Freightliner Generation	425,410	60,840	0	0	0
County Fiber Optic Ext	21,693	38,966	0	0	0
Paving-Main St Improvements	0	135,867	67,748	59,519	0
Capital Project Reserve	0	0	0	0	0
Long Creek Generation Project	15,997	47	0	0	0
City Electrical Tie Lines	0	92,684	688,911	440,386	865,000
Kendrick Ext/Catawba Hills	8,388	0	0	0	0
Fiber Optic Connections	102,347	14,521	0	0	0
Electric Developments	0	67,319	183,445	157,786	250,000
Applewood Overhead Ext	17,120	0	0	0	0
<b><u>ELECTRIC CAPITAL PROJECTS FUND - Cont'd</u></b>					
Residential Dev-System Expansion	0	270,939	628,658	495,106	367,341
NCDOT City Fiber	0	63,617	420,965	151,351	0
Bessemer City Rd Line Relocate	116,427	143,841	0	0	0

*City of Gastonia*  
**Summary of Revenues and Expenditures**  
**Fiscal Year 2008**

Title	FY 04/05 Actuals	FY 05/06 Actuals	FY 06/07 Revised Budget	FY 06/07 Year-to-Date (as of 6/30/07)	FY 07/08 Adopted Budget
Main Ave Properties	3,385	2,333	0	0	0
TOTAL EXPENDITURES	<u>753,219</u>	<u>1,063,499</u>	<u>2,025,000</u>	<u>1,339,044</u>	<u>1,482,341</u>

**STORMWATER CAPITAL PROJECTS FUND**

Fund Balance Appropriated	0	0	609,877	0	0
Investment Earnings	7,639	15,936	10,000	30,188	25,000
Other Revenues	0	0	0	100	0
Transfers In	<u>397,713</u>	<u>356,500</u>	<u>799,020</u>	<u>799,020</u>	<u>415,964</u>
TOTAL REVENUES	<u>405,352</u>	<u>372,436</u>	<u>1,418,897</u>	<u>829,308</u>	<u>440,964</u>
Stormwater System Improvements	-1,753	186,941	739,151	487,842	323,105
Stormwater Non Capital	<u>171,733</u>	<u>45,775</u>	<u>679,746</u>	<u>50,445</u>	<u>117,859</u>
TOTAL EXPENDITURES	<u>169,980</u>	<u>232,716</u>	<u>1,418,897</u>	<u>538,287</u>	<u>440,964</u>

**VEHICLE/EQUIPMENT RENEWAL & REPLACEMENT FUND**

Fund Balance Appropriated	0	0	1,226,857	0	-389,798
Investment Earnings	36,953	102,036	30,000	161,087	50,000
Other Revenues	5,723,935	6,441,348	5,500,434	5,440,007	6,196,581
Transfers In	<u>0</u>	<u>18,366</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL REVENUES	<u>5,760,888</u>	<u>6,543,384</u>	<u>6,757,291</u>	<u>5,601,094</u>	<u>5,856,783</u>
Equipment Manager	1,275,186	1,558,566	3,177,660	1,265,215	2,006,628
Equipment-Debt Service	2,601,405	2,749,026	2,693,065	2,481,017	2,617,613
Computer Systems	302,109	228,359	828,016	184,229	913,542
Telephone & Radio Systems	17,488	0	0	0	85,000
MDT System/Radar Service	0	754,396	0	0	0
Fire Administration	240,038	0	0	0	0
Engineering	0	0	58,550	45,780	0
Museum	0	0	0	0	74,000
Stormwater	46,880	0	0	0	0
Wastewater	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>160,000</u>
TOTAL EXPENDITURES	<u>4,483,106</u>	<u>5,290,347</u>	<u>6,757,291</u>	<u>3,976,241</u>	<u>5,856,783</u>

**TECHNOLOGY INTERNAL SERVICES FUND**

Fund Balance Appropriated	0	0	1,187	0	0
Fees & Charges	0	85,573	85,392	81,510	110,134
Interest	0	819	0	1,690	0

*City of Gastonia*  
**Summary of Revenues and Expenditures**  
**Fiscal Year 2008**

Title	FY 04/05 Actuals	FY 05/06 Actuals	FY 06/07 Revised Budget	FY 06/07 Year-to-Date (as of 6/30/07)	FY 07/08 Adopted Budget
Other Revenues	697,785	469,371	475,624	361,945	539,143
<b>TOTAL REVENUES</b>	<u>697,785</u>	<u>555,763</u>	<u>562,203</u>	<u>445,145</u>	<u>649,277</u>
Administration	309,332	338,978	520,292	508,727	552,873
Public Safety	698,332	215,774	279,412	249,779	245,123
Computer Support	218,833	206,077	-1,030,188	-1,030,561	427,641
Mobile Data	75,651	72,815	0	82,966	89,815
City Equipment	607,281	422,158	465,389	450,884	-1,077,761
Support Administration	101,513	194,746	217,624	209,136	238,033
External Network Access	0	78,855	109,674	71,009	173,553
<b>TOTAL EXPENDITURES</b>	<u>2,010,942</u>	<u>1,529,403</u>	<u>562,203</u>	<u>541,940</u>	<u>649,277</u>

**GENERAL FUND CAPITAL PROJECTS FUND**

Investment Earnings	19,555	185	0	17,540	0
Fund Balance Appropriated	0	0	565,503	0	0
Fees and Charges	3,200	0	75,000	0	0
Non-Recurring Grants	0	0	525,000	0	0
Operating Grants	16,023	0	100,000	46,993	0
Funding for Roads	45,096	0	592,943	4,718	0
Transfers In	0	276,500	780,000	780,000	1,154,750
Other Revenues	<u>70,449</u>	<u>16,550</u>	<u>327,826</u>	<u>94,263</u>	<u>0</u>
<b>TOTAL REVENUES</b>	<u>154,323</u>	<u>293,235</u>	<u>2,966,272</u>	<u>943,514</u>	<u>1,154,750</u>

Powell Bill	0	0	200,000	200,000	0
Lineberger Park	0	0	850,000	200	0
Farmer's Market	2,010	0	0	0	0
Tulip Drive Bridge	24,945	6,597	709,638	10,671	0
Greenways	56,429	61,874	203,681	16,374	0
Misc Museum Projects	11,926	863	988	0	0
New Fire Stations	0	0	177,258	26,135	0
Misc Park Projects	0	0	150,000	137,283	0
Annexation Street Paving	0	0	75,000	0	0
Annexation	0	0	55,000	25,123	0

**GENERAL FUND CAPITAL PROJECTS FUND - Cont'd**

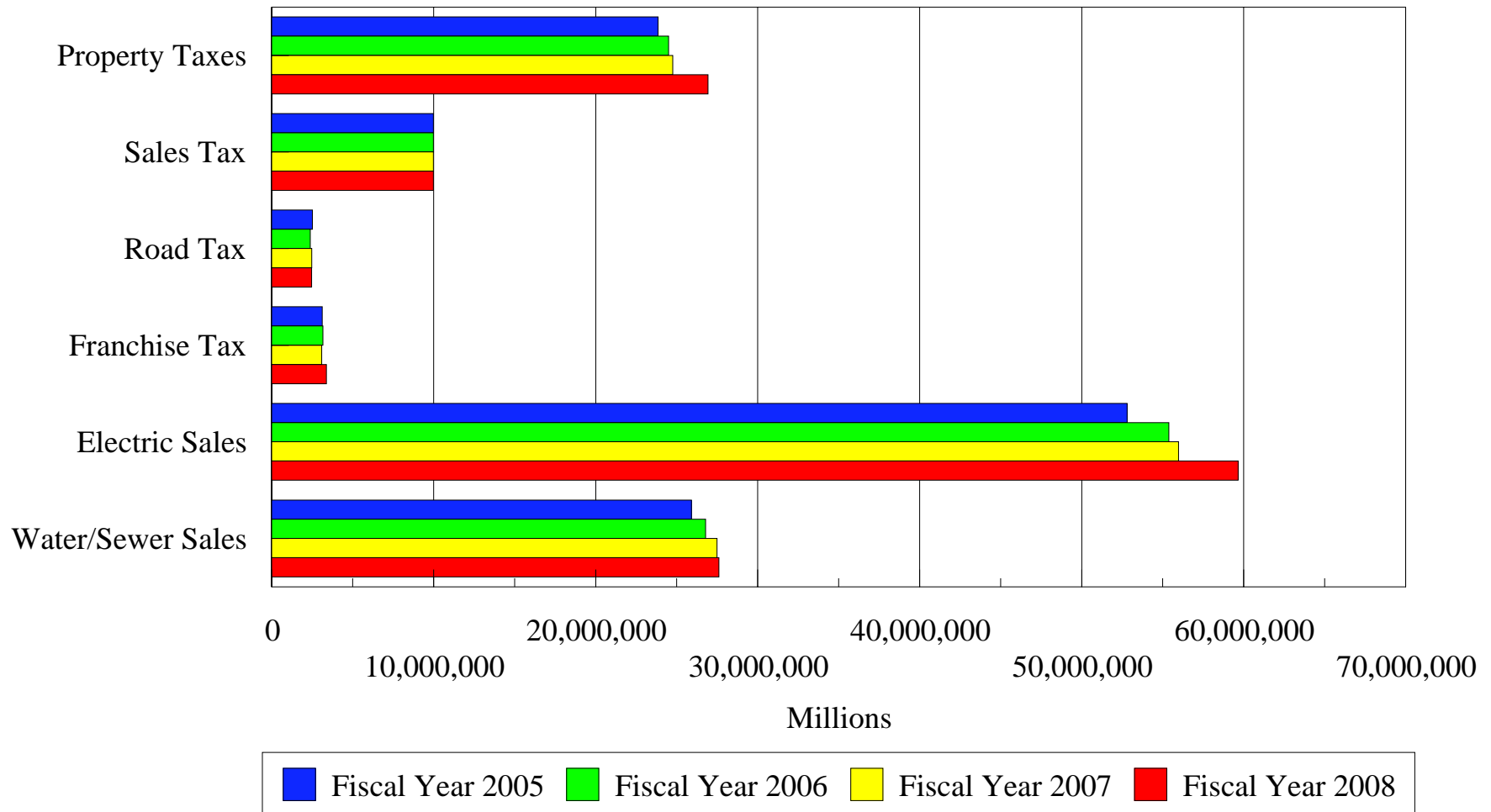
Paving-Main St Imp	0	0	50,000	0	0
Garland Center Renovations	0	0	50	49	0
Capital Project Reserve	8,170	8,618	12,212	3,267	1,154,750
Beautification Projects	478,343	8,269	5,000	4,549	0

*City of Gastonia*  
*Summary of Revenues and Expenditures*  
*Fiscal Year 2008*

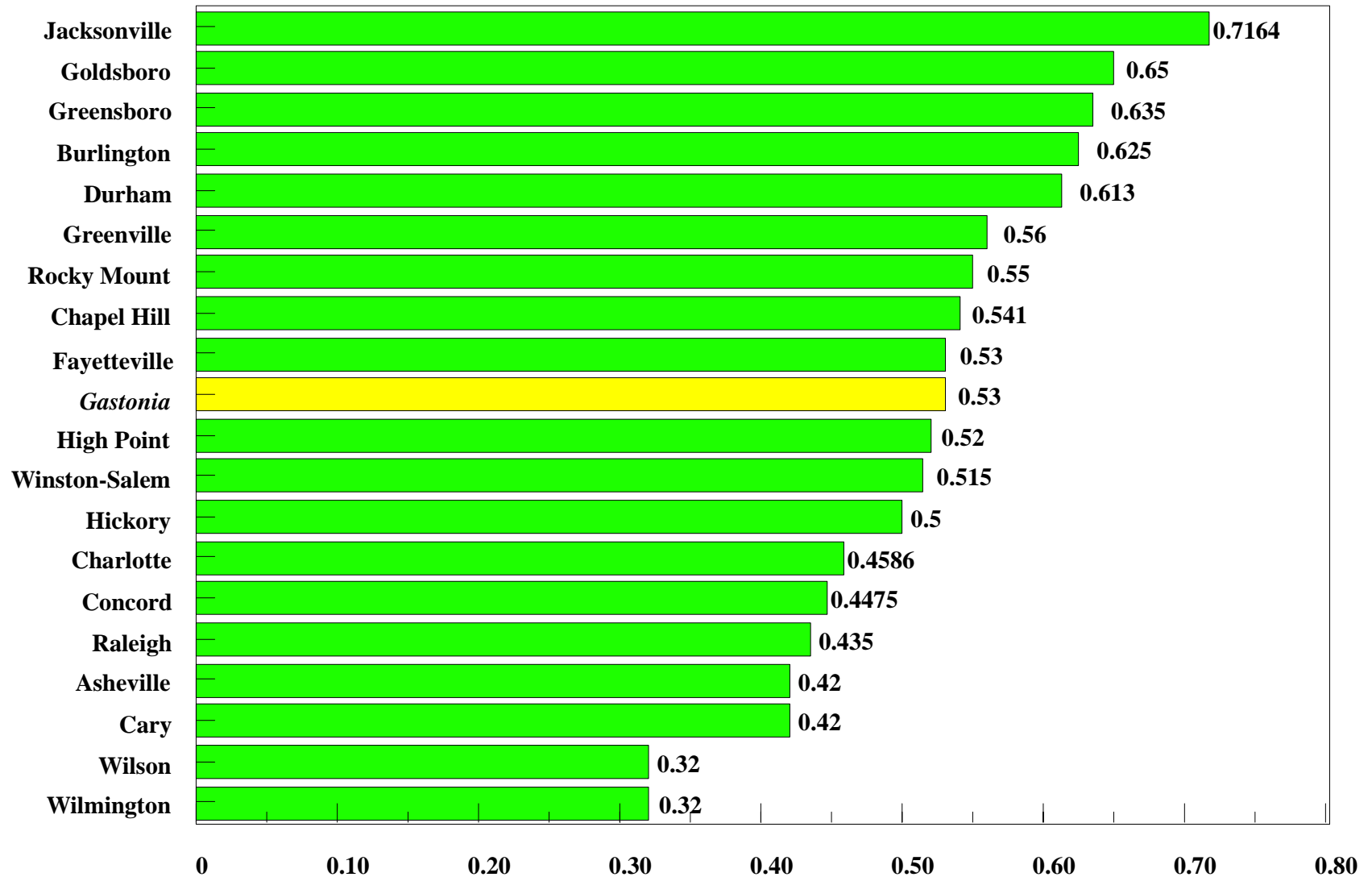
<b>Title</b>	<b>FY 04/05 Actuals</b>	<b>FY 05/06 Actuals</b>	<b>FY 06/07 Revised Budget</b>	<b>FY 06/07 Year-to-Date (as of 6/30/07)</b>	<b>FY 07/08 Adopted Budget</b>
Smyre Community Park	0	0	0	0	0
Main Ave Properties	185,660	27,787	0	0	0
Lineberger Streambank Restoration	0	0	215,000	14,385	0
City Hall Renovations	68,175	188,347	262,445	155,555	0
Rhyne School Walking Track	22,993	0	0	0	0
Transfers Out	<u>21,000</u>	<u>36,169</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL EXPENDITURES</b>	<u>879,651</u>	<u>338,524</u>	<u>2,966,272</u>	<u>593,591</u>	<u>1,154,750</u>

# COMPARISON OF MAJOR REVENUES

## FY05 Actual - FY06 Actual - FY07 Budget - FY08 Adopted



*Comparison of Ad Valorem Tax Rates*  
Twenty Largest Cities in North Carolina  
Fiscal Year 2008 Adopted Levies



**CITY OF GASTONIA**  
**COMPARISON OF BUDGETED TAX LEVIES**

	Estimated 2007 Value	Projected Property Tax Levies	Applied Collection Percentage	Total Projected Collections FY 2008	Budgeted Tax Collections for FY 2007	% Increase (Decrease) from FY 07
Real Property	3,910,246,438	20,724,306	97.20%	20,144,026	18,159,228	
<i>Base</i>	<i>3,463,484,556</i>	<i>18,356,468</i>	<i>97.20%</i>	<i>17,842,487</i>		
<i>Base Growth - 1.67%</i>	<i>57,840,192</i>	<i>306,553</i>	<i>97.20%</i>	<i>297,970</i>		
<i>Revaluation Growth - 8.04%</i>	<i>388,921,690</i>	<i>2,061,285</i>	<i>97.20%</i>	<i>2,003,569</i>		
Personal Property	473,307,733	2,508,531	97.20%	2,438,292	2,434,749	
Utility Certifications	107,536,740	569,945	100.00%	569,945	522,495	
Motor Vehicles	442,698,662	2,346,303	83.67%	1,963,152	1,823,978	
Grand Total Property Taxes	<b>\$4,933,789,573</b>			<b>\$25,115,414</b>	\$22,940,450	<b>9.48%</b>

**Revenue Neutral Tax Rate, calculated using Local Government Commission (LGC) guidelines = \$.4965**

**Revenue Projections Above are Based on the Following:**

- 1) Estimated 2007 Values for Real Property are based on revaluation figures received from Gaston County on April 3, 2007, with an allowance for appeals. Values for Personal Property, Utility Certifications and Motor Vehicles are based on current year amounts with estimated growth based on historical data.
- 2) Tax Rate of .53 per \$100 of valuation and Auto Tag Fee of \$15.00 per licensed motor vehicle
- 3) Tax Collection Percentages as show on Annual Audit - Analysis of Current Tax Levy, 6/30/2006

**CITY OF GASTONIA**  
**TAX VALUES, RATES, LEVIES AND COLLECTIONS**  
(Dollars in Thousands)

Fiscal Year Ended	Real Property	Personal Property	Public Service Companies	Regular Tax Levy	% Collected	Motor Vehicles	Motor Vehicle Tax Levy	% Collected	Total Tax Valuation	Tax Rate	Total Tax Levy	Total Percent Collected
1998	2,343,378	464,290	107,934	13,125	95.79%	351,365	1,863	82.59%	3,266,967	0.4700	14,489	94.37%
1999	2,401,172	485,801	113,787	14,173	97.75%	365,504	1,718	84.05%	3,366,264	0.4700	15,890	96.27%
2000	2,507,558	528,308	116,877	14,817	97.42%	396,805	1,820	82.97%	3,549,548	0.4700	16,638	95.84%
2001	2,610,259	574,244	109,196	16,314	96.46%	390,667	1,869	84.24%	3,684,366	0.4925	18,183	95.20%
2002	2,676,903	556,023	105,555	16,446	95.23%	398,821	1,959	91.48%	3,737,302	0.4925	18,406	94.83%
2003 <sup>1</sup>	2,723,971	558,030	107,648	18,368	96.52%	385,933	2,090	82.06%	3,775,582	0.5425	20,459	95.04%
2004	3,213,975	481,328	117,053	20,388	96.43%	434,471	2,119	83.57%	4,246,827	0.5300	22,507	95.22%
2005	3,296,429	392,600	99,560	20,998	96.72%	380,558	2,055	84.03%	4,169,147	0.5400	23,053	95.59%
2006	3,389,163	477,540	98,925	21,414	97.20%	420,911	2,273	83.67%	4,386,539	0.5400	23,687	95.90%
2007	3,463,484	496,793	103,924	21,950	97.50%	410,628	2,217	80.79%	4,474,829	0.5400	24,167	96.40%

1. Revaluation of Real Property became effective with the January 1, 2003 tax levy.

**CITY OF GASTONIA**  
**LEGAL DEBT MARGIN - DIRECT & OVERLAPPING DEBT**

**March 31, 2007**  
**Unaudited**

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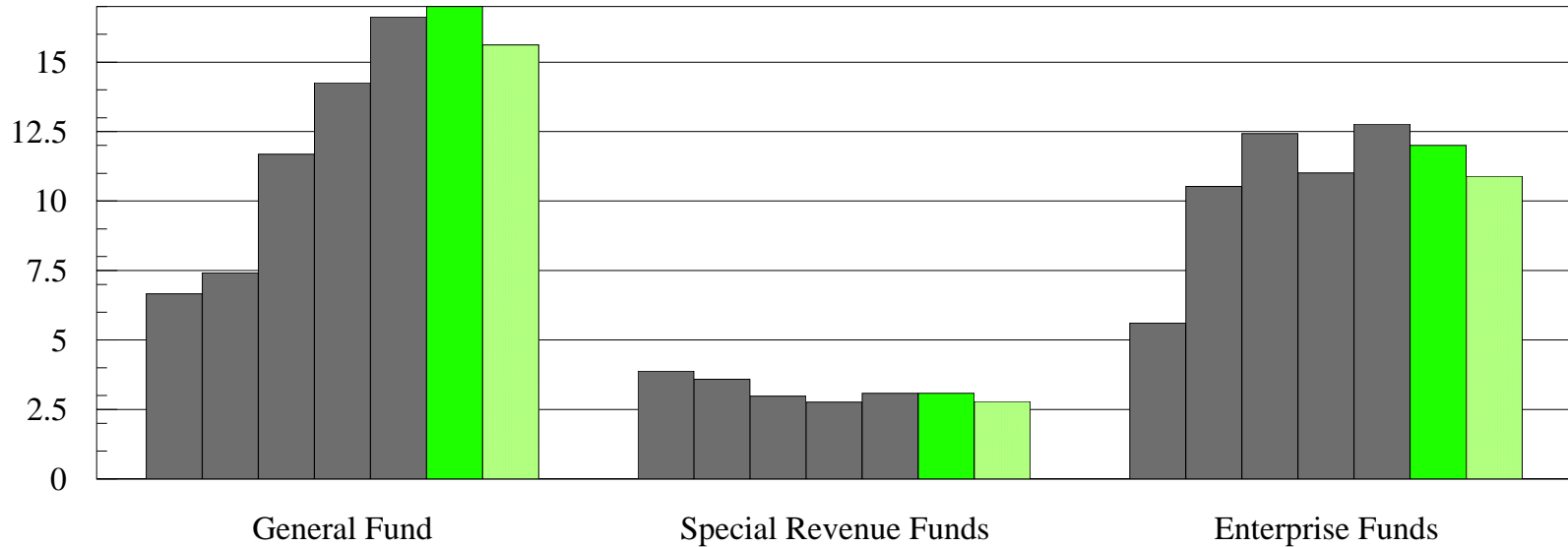
<b>Assessed valuation</b>	
Assessed value - Fiscal Year 2008	\$4,933,789,573
<b>Debt Limit</b>	
Eight percent (8%) of valuation	\$394,703,166
<b>Gross Debt</b>	
Authorized & Outstanding bonded debt	\$65,949,998
Outstanding debt not evidenced by bonds	\$27,694,646
	<u>\$93,644,644</u>
<b>Statutory Deductions</b>	
Bonds and other debt not evidenced by bonds applicable to Enterprise Funds	\$52,402,644
Amount designated for payment of gross debt other than Enterprise Fund debt	\$28,323
	<u>\$52,430,967</u>
<b>Net Debt</b>	<u><b>\$41,213,677</b></u>
<b>Legal Debt Limit</b>	<u>\$353,489,489</u>

# Year Over Year Fund Balance Comparison

## By Accounting Fund Type

### Fiscal Years 2002-2008 (estimate)

Millions



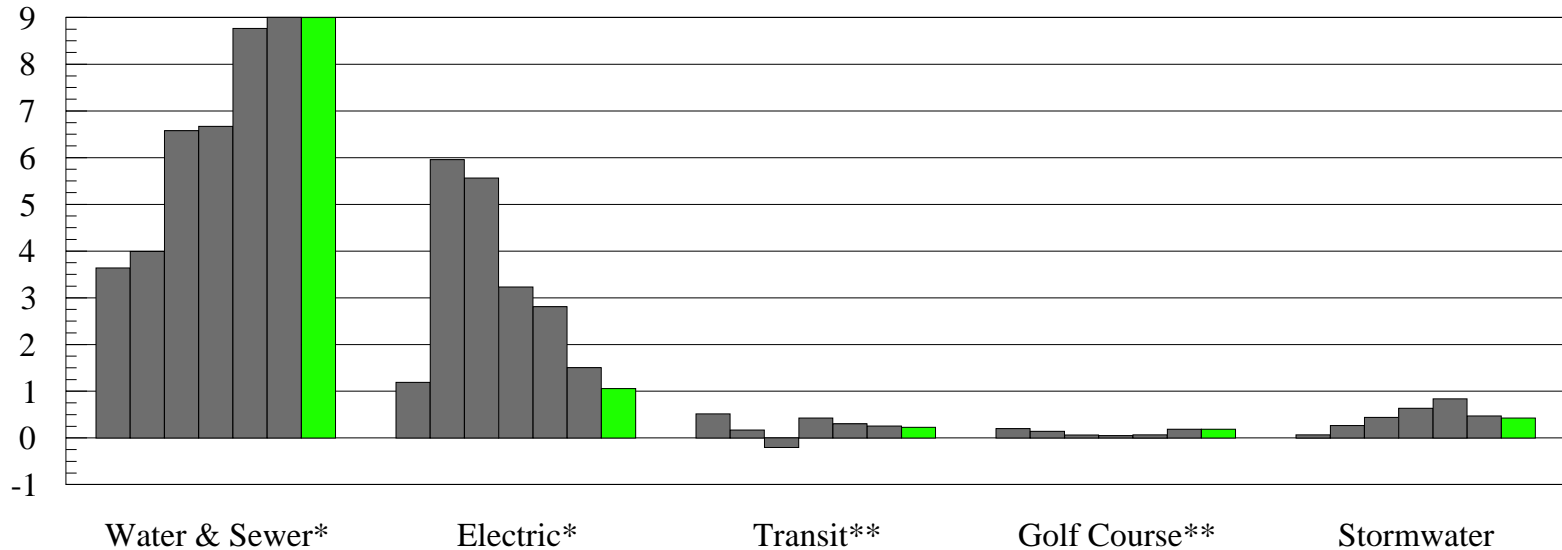
	General Fund	Special Revenue Funds	Enterprise Funds
■ 06/30/02	\$6,657,832	\$3,884,287	\$5,608,413
■ 06/30/03	\$7,415,396	\$3,589,970	\$10,529,418
■ 06/30/04	\$11,682,734	\$2,978,932	\$12,433,756
■ 06/30/05	\$14,261,413	\$2,763,020	\$11,006,791
■ 06/30/06	\$16,628,487	\$3,076,785	\$12,776,552
■ 06/30/07 est	\$17,356,000	\$3,076,000	\$12,007,000
■ 06/30/08 est	\$15,619,000	\$2,783,000	\$10,889,000

# Year Over Year Fund Balance Comparison

## Enterprise Funds

Fiscal Years 2002-2008 (estimate)

Millions

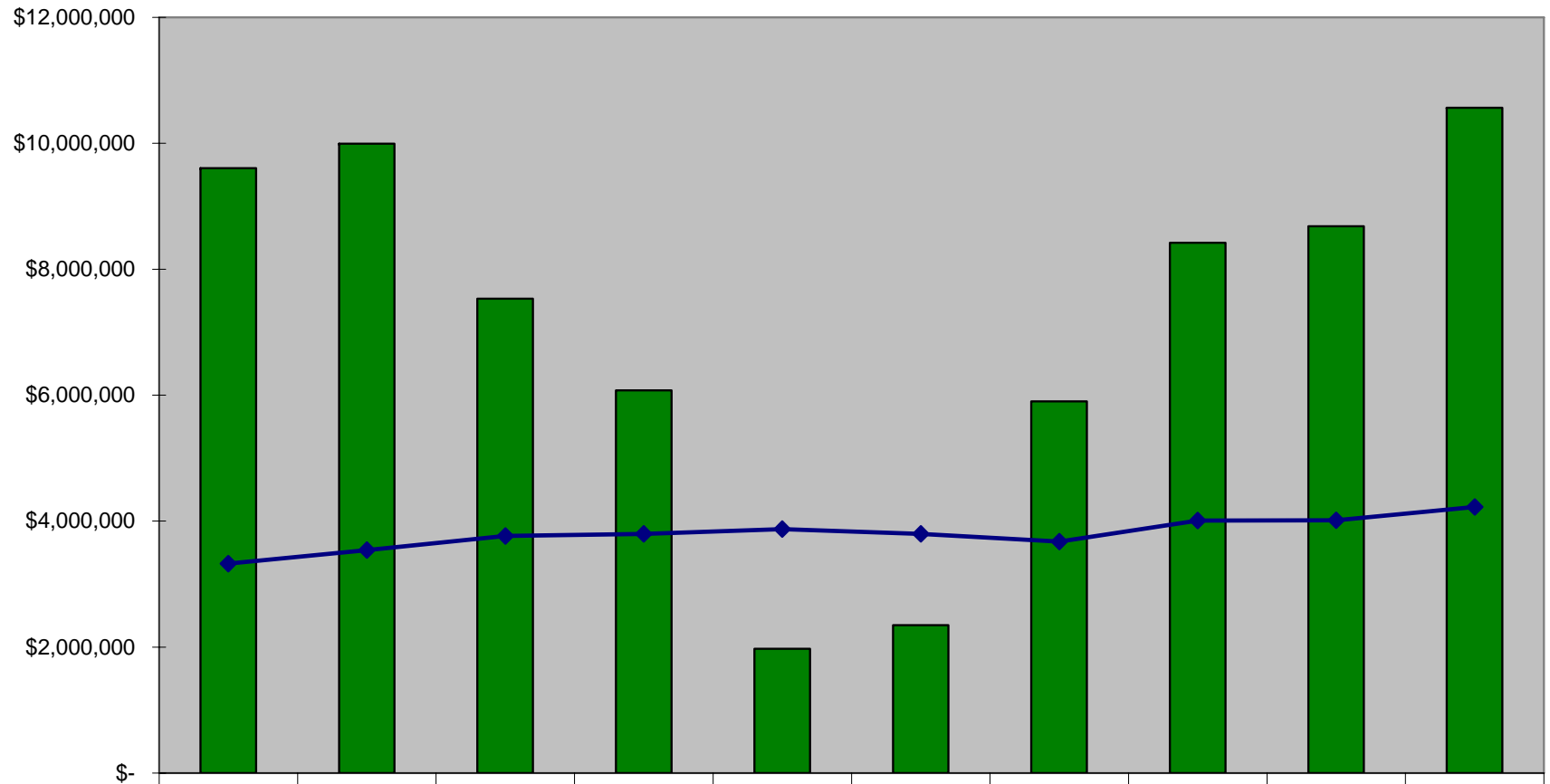


	Water & Sewer*	Electric*	Transit**	Golf Course**	Stormwater
■ 06/30/02	\$3,641,809	\$1,192,038	\$511,077	\$201,417	\$62,072
■ 06/30/03	\$3,990,969	\$5,958,980	\$171,060	\$143,368	\$265,041
■ 06/30/04	\$6,577,194	\$5,566,774	(\$206,100)	\$60,038	\$435,850
■ 06/30/05	\$6,667,983	\$3,230,020	\$428,264	\$46,699	\$633,825
■ 06/30/06	\$8,768,134	\$2,808,516	\$300,533	\$64,435	\$834,934
■ 06/30/07 est	\$9,597,000	\$1,505,000	\$253,000	\$182,000	\$470,000
■ 06/30/08est	\$8,999,000	\$1,056,000	\$225,000	\$182,000	\$427,000

\* Includes Funds 51 & 52 Water & Sewer/Electric Renewal & Replacement Funds and Fund 42 W/S Expansion Fund.

\*\* Estimated Fund Balances for Transit and Golf are 1/12 of budgeted expenditures.

# HISTORICAL TREND OF GENERAL FUND AVAILABLE FUND BALANCE

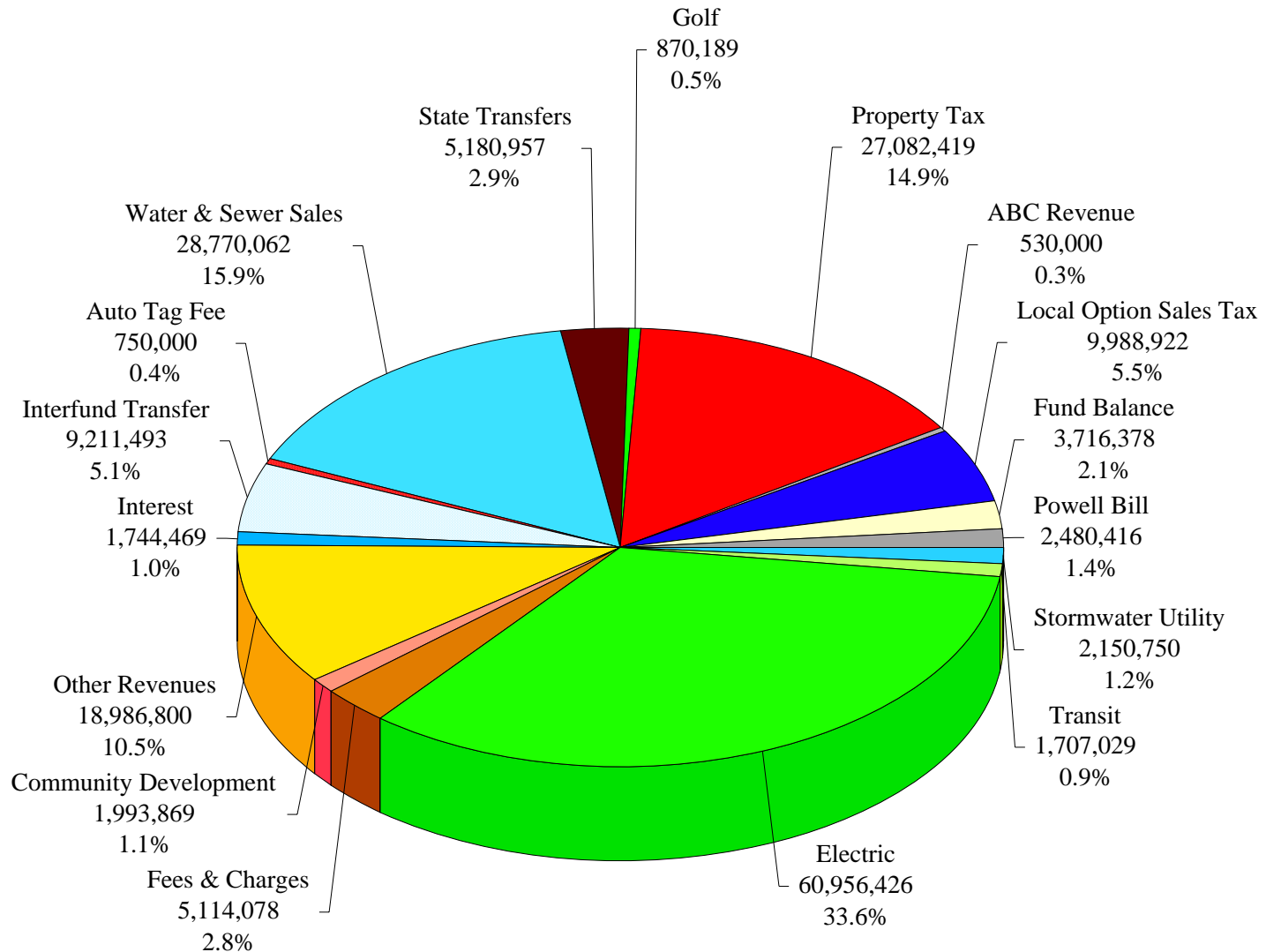


	June 30, 1998	June 30, 1999	June 30, 2000	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007
Available Fund Balance	\$9,602,830	\$9,991,296	\$7,531,945	\$6,077,480	\$1,973,423	\$2,349,843	\$5,903,182	\$8,419,913	\$8,683,807	\$10,565,006
State Recommended 8%	\$3,326,104	\$3,540,943	\$3,766,797	\$3,796,909	\$3,873,549	\$3,798,557	\$3,675,108	\$4,011,723	\$4,015,600	\$4,225,000

# Annual Budget Revenues

## Fiscal Year 2008

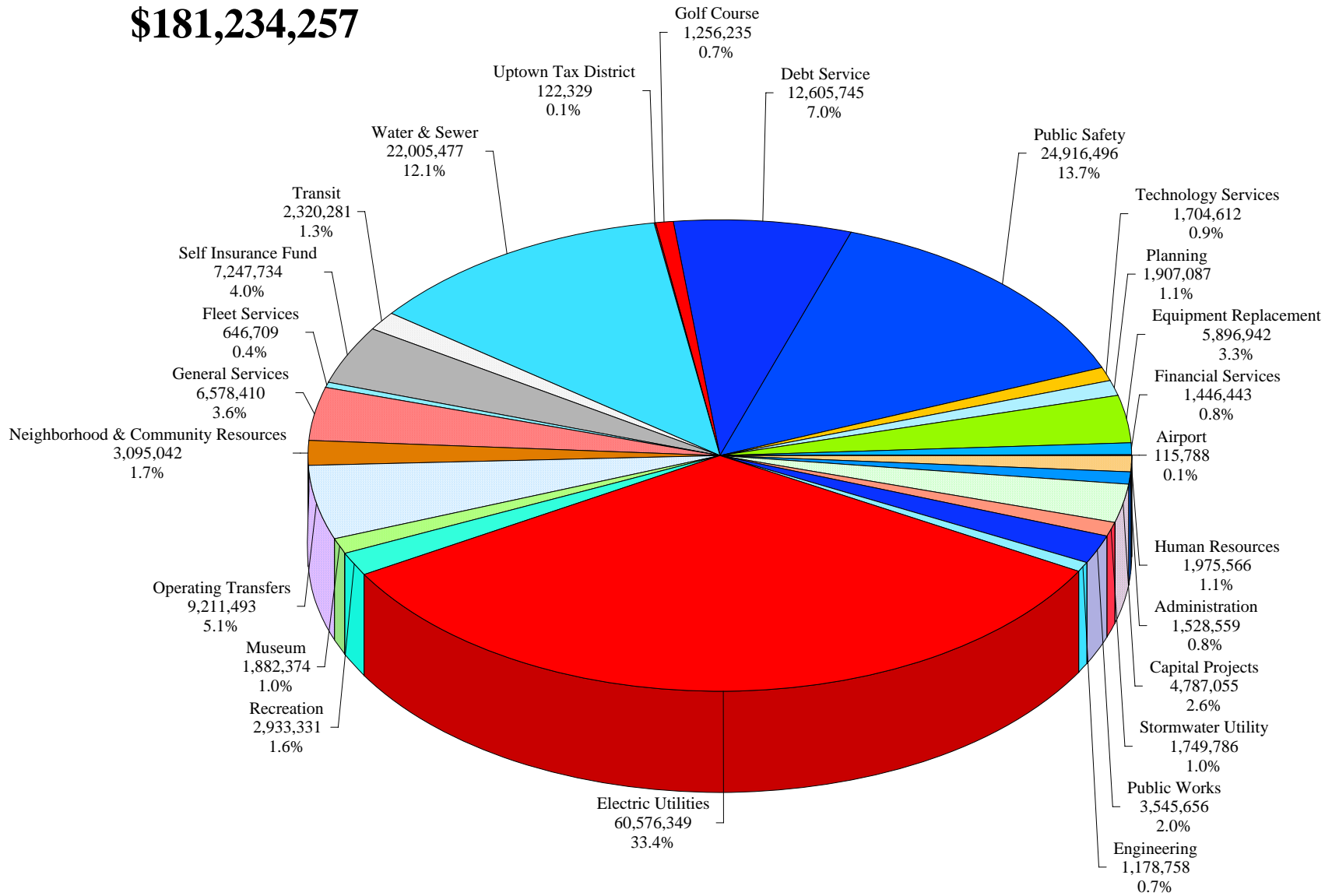
### \$181,234,257



# Annual Budget Expenditures

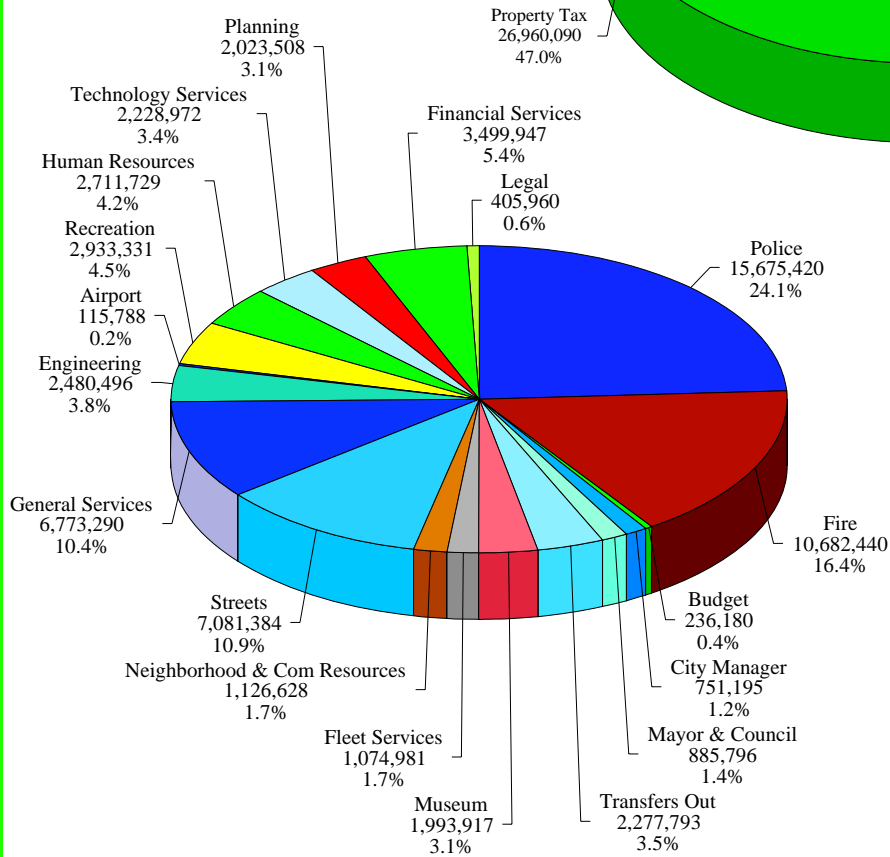
## Fiscal Year 2008

### \$181,234,257

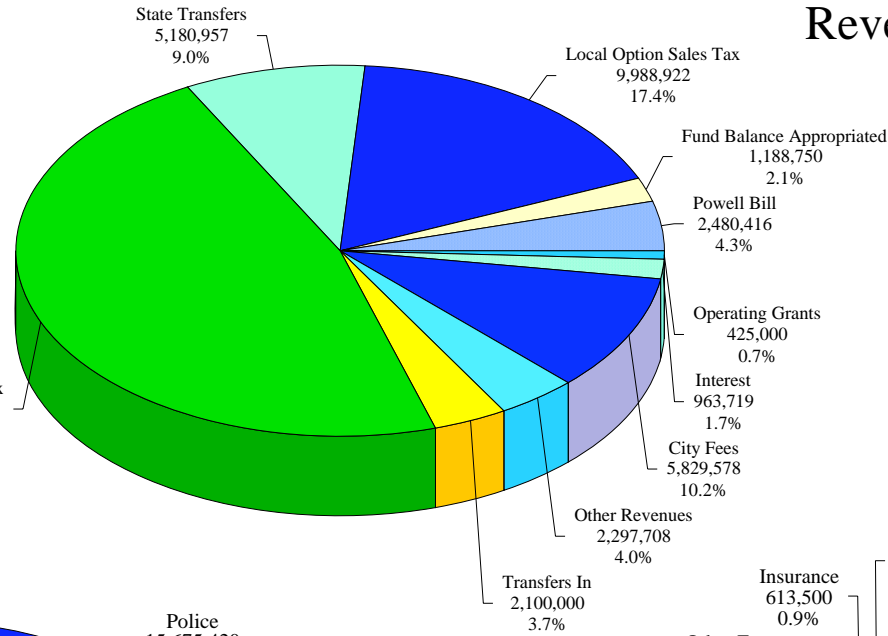


# General Fund Fiscal Year 2008

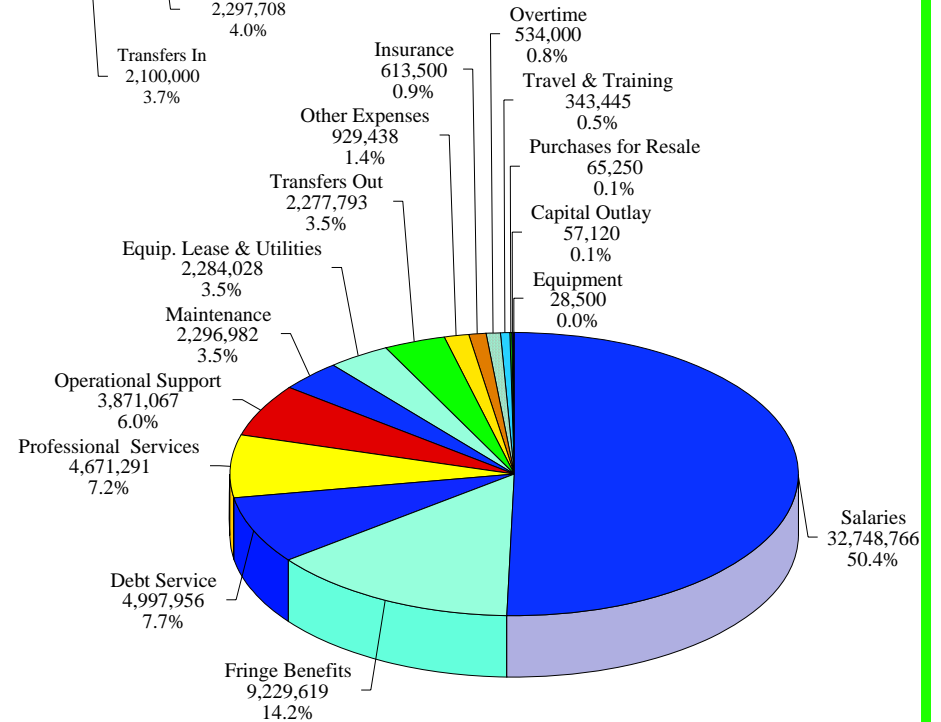
## Expenditures by Function



## Revenues

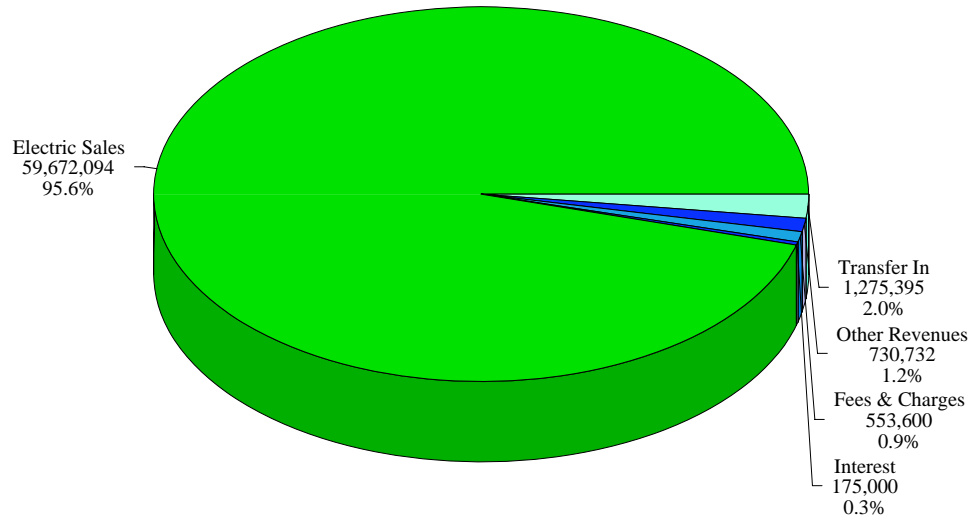


## Expenditures by Category

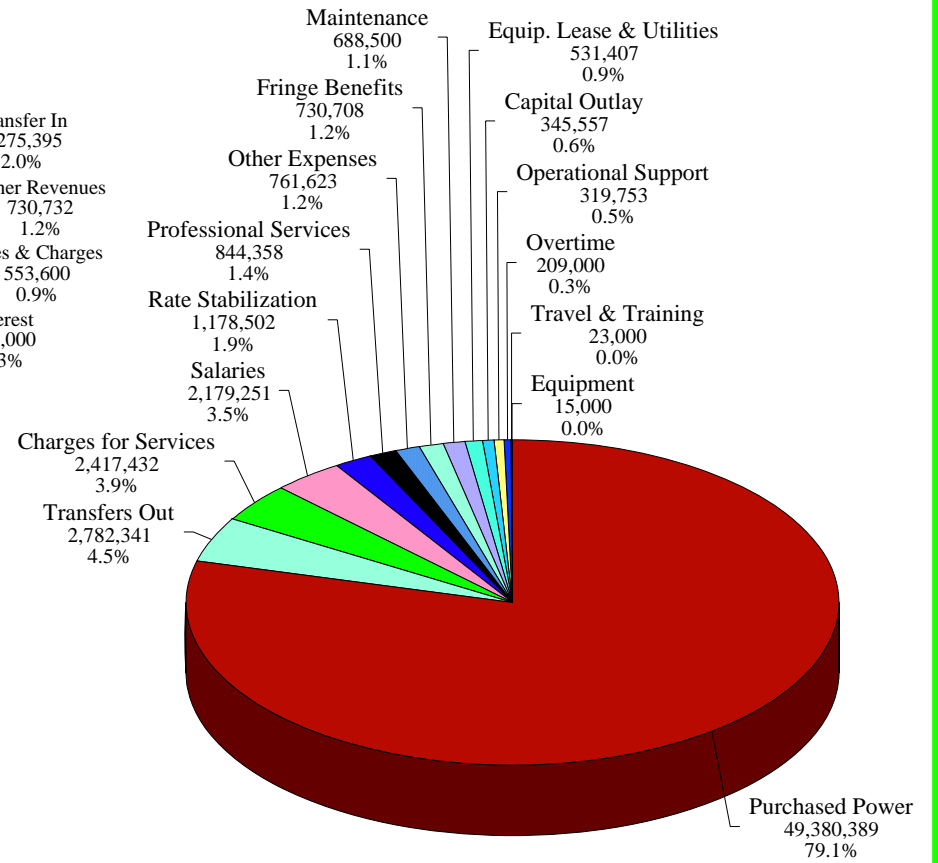


# Electric Fund Fiscal Year 2008

## Revenues

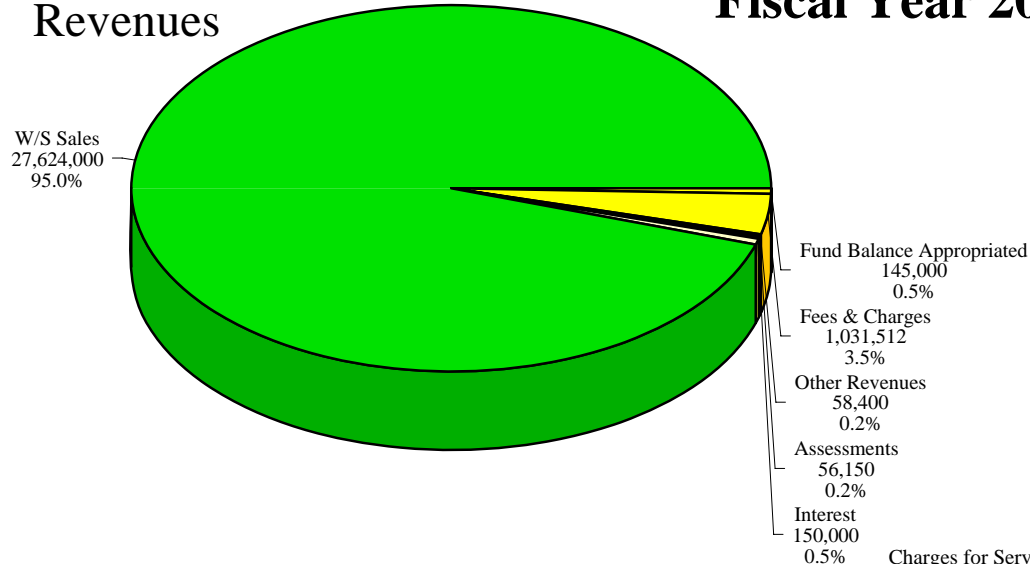


## Expenditures

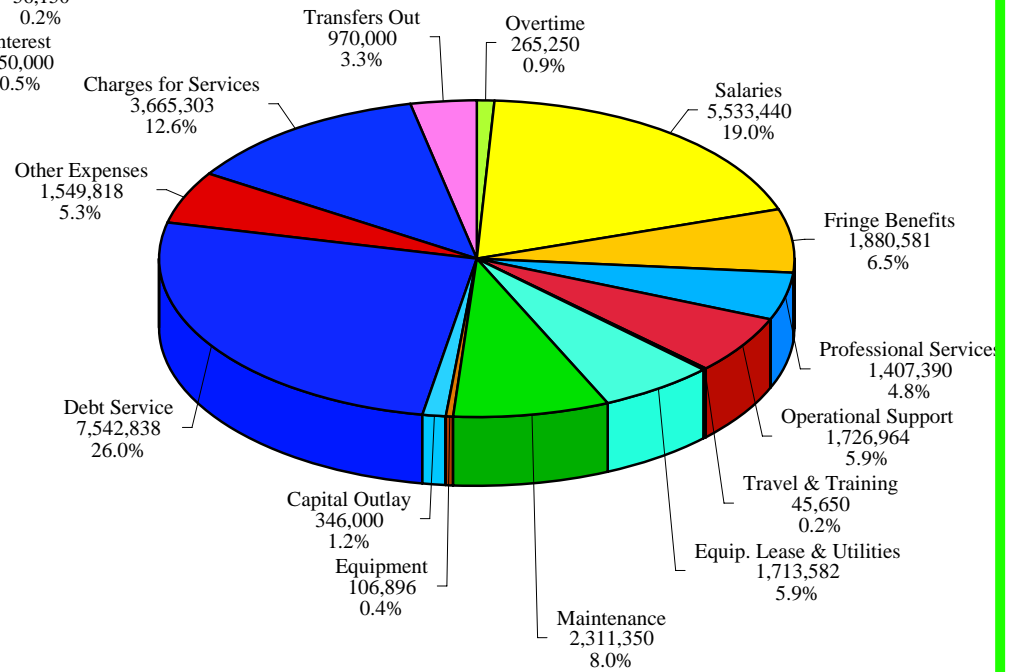


# Water & Sewer Fund Fiscal Year 2008

## Revenues



## Expenditures



## MAJOR REVENUE SOURCE ANALYSIS

The following analysis includes a breakdown of major revenue sources for the various operating funds. Actual revenue figures are used for Fiscal Years 1999 through 2006. The Fiscal Year 2007 numbers are budgeted amounts. The Fiscal Year 2008 estimates are determined by the operating departments' best estimates on receipts for the upcoming fiscal year.

### GENERAL FUND

#### TAX BASE

Property tax valuations have shown an increase from Fiscal Year 1999 to the present. After 1988, the State Legislature removed property and business inventories from the taxable base but with revaluation and economic development, we have maintained growth each year.

1998-99	3,320,072,058
1999-00	3,511,814,231
2000-01	3,694,045,122
2001-02	3,835,495,088
2002-03	3,882,218,587
2003-04	4,224,687,492
2004-05	4,247,117,700
2005-06	4,327,334,116
2006-07	4,430,646,140
2007-08	4,933,789,576

#### AD VALOREM TAX

Budgeted net property tax estimates of \$25,115,414 for Fiscal Year 2008 are based on \$4.934 billion estimated valuation, 53¢ per \$100 valuation tax rate and a 97.20% collection rate.

**Major Revenue Sources - General Fund – Utilities Franchise Tax, continued**

**UTILITIES FRANCHISE TAX**

In North Carolina, a 6% franchise tax is levied on utility gross sales. After collection, the State keeps 50% and distributes the remaining 50% to the governmental units located in the area producing the utility sales. Growth is fairly stable but, during recession years, growth can stagnant. The estimate for Fiscal Year 2008 is \$3,400,000.

1998-99	2,907,528
1999-00	2,943,097
2000-01	3,139,885
2001-02	1,540,045
2002-03	3,056,579
2003-04	3,171,334
2004-05	3,138,787
2005-06	3,173,463
2006-07	3,100,000

**BEER & WINE TAX**

The state levies a number of taxes on alcoholic beverages. A city or county is eligible to share in the beer and wine excise tax revenues if beer or wine may be legally sold within its boundaries. Distribution of the beer and wine tax revenue is based on the population of eligible cities and counties. Growth has been slow and, as in all state allocated revenues, the distribution of these funds is subject to the state's discretion. Our estimate for Gastonia for Fiscal Year 2008 is \$341,000.

1998-99	262,780
1999-00	266,460
2000-01	277,497
2001-02	0
2002-03	288,948

**Major Revenue Sources - General Fund - Beer & Wine Tax, continued**

2003-04	293,098
2004-05	303,281
2005-06	303,925
2006-07	340,000

**ABC NET REVENUES**

The ABC revenues are determined by the amount requested from the ABC Board by the City Council. This revenue is usually based on net sales received above the working capital required to operate in that fiscal year. In Fiscal Year 1992-93, the City Council requested all funds set aside for a new ABC store plus the normal request above the working capital amount. In Fiscal Year 1996-97 City Council requested \$650,000 for the Martha Rivers Park Youth Sports Complex. In Fiscal Year 2008, the City is expecting \$530,000.

1998-99	400,000
1999-00	525,000
2000-01	525,000
2001-02	525,000
2002-03	525,000
2003-04	605,000
2004-05	480,000
2005-06	508,000
2006-07	450,000

**LOCAL OPTION SALES TAX**

The one cent share from the State of the Local Option Sales Tax in Gaston County is distributed on the basis of population as determined by the Gaston County Commissioners. In 1983, 1986 and 2001, Gaston County opted to levy an additional 1/2 cent sales tax as allowed by law. Each are collected by the State and distributed based on the population method statewide. After Fiscal Year 2004, Gaston County opted to use the Ad Valorem Tax formula for distribution; but will insure that the municipalities in the County will receive the same amount as Fiscal Year 2004.

**Major Revenue Sources - General Fund – Local Option Sales Tax, continued**

This will not allow any growth of sales tax to the municipalities but would go to the County. Our General Fund estimate for Fiscal Year 2008 is \$9,988,922.

1998-99	7,451,271
1999-00	7,754,802
2000-01	7,889,743
2001-02	7,996,447
2002-03	8,640,145
2003-04	9,988,923
2004-05	9,988,923
2005-06	9,988,923
2006-07	9,988,922

**POWELL BILL**

One quarter of the Powell Bill revenue distribution is based on mileage of nonstate system streets within the City and three quarters of the distribution is based on the City's population. The revenue is derived from the \$.0175/per gallon portion of state gasoline tax and a 6.5% allocation from the Highway Trust Fund revenues which stems from vehicle registration, title fees and highway use taxes. We forecast a revenue of approximately \$2,265,416 for the fiscal year. As with local option sales tax revenues, the Powell Bill funding should increase due to our current annexations which will enhance our population figures and local street care mileage.

1998-99	2,041,039
1999-00	2,043,126
2000-01	2,169,282
2001-02	2,248,002
2002-03	2,136,615
2003-04	1,942,927
2004-05	2,152,473
2005-06	2,144,639
2006-07	2,175,227

## Major Revenue Sources - General Fund – Transfers

### TRANSFER FROM ELECTRIC FUND

With the implementation of the City Manager's Transfer Policy in February of 1994, we established a set policy on the allowable transfer from the Electric Fund to supplement the General Fund. In prior years, all profits remaining after operating costs were transferred to the General Fund at year end. The rationale behind this was that this enabled the City to keep the tax rate as low as possible. However, due to a request by the bond rating agencies, and the Local Government Commission, beginning in Fiscal Year 1994-95, the City began to reduce its reliance on electric transfers. The transfer from the Electric Fund to the General Fund should be reduced each Fiscal Year until a level equating to 3% of gross fixed assets is attained. This mark is reflective of Council's April 1997 change to the Electric Transfer Policy from a target of 8% to a maximum of 3%. The total transfer budgeted for Fiscal Year 2008 is \$2,100,000, this should again meet the 3% goal.

1998-99	4,478,366
1999-00	3,424,210
2000-01	2,925,000
2001-02	2,425,000
2002-03	2,500,000
2003-04	2,400,000
2004-05	2,300,000
2005-06	2,200,000
2006-07	2,100,000

### APPROPRIATED FUND BALANCE

In past years we have relied heavily on appropriations from the General Fund Balance to balance the budget. The ability to do this was based on the fact that at year end, the General Fund swept all monies remaining in the Electric Fund. It also previously swept large amounts of Water and Sewer Fund Balance for its needs. These practices were discontinued in 1994 and the Enterprise Funds retain their Fund Balance. The Fiscal Year 2008 budget uses \$1,188,750 of Fund Balance for General Fund and Airport Capital Projects.

**Major Revenue Sources - General Fund – Appropriated Fund Balance, continued**

1998-99	0
1999-00	284
2000-01	400,000
2001-02	1,107,387
2002-03	333,874
2003-04	0
2004-05	0
2005-06	0
2006-07	2,786,415

**WATER AND SEWER FUND**

The Water and Sewer Fund is operated as a self-sustaining enterprise fund. After all miscellaneous revenue is recognized, the water and sewer rates are set to balance the revenues to expenses. The growth in this fund would be affected by the economy and, of course, the number of customers coming on the system as a result of economic development. The water and sewer sales estimate for Fiscal Year 2008 is \$27,624,000.

1998-99	22,563,462
1999-00	22,245,912
2000-01	23,658,952
2001-02	22,641,290
2002-03	22,918,123
2003-04	23,792,447
2004-05	25,924,760
2005-06	26,787,643
2006-07	27,500,860

**ELECTRIC FUND**

**CUSTOMER SALES**

The Electric Fund is operated as an enterprise fund with a portion of its profits passed to the General Fund each year. Our sales forecast takes into consideration customer growth, business activity and peak requirements due to weather conditions. The rates are set by the City Council taking into account the total expenditures necessary to operate, pay debt service, make capital improvements and cover the cost of wholesale power purchases. The sales estimate for Fiscal Year 2008 is \$59,672,094. The wholesale power cost increase from North Carolina Power Agency 1 is the lowest in six years (1.4%). If Gastonia's sales growth is below the Power Agency 1 average, the effective increase could be approximately 1.8% for Fiscal Year 2007-2008.

1998-99	51,536,865
1999-00	51,888,244
2000-01	51,230,706
2001-02	50,193,769
2002-03	52,665,101
2003-04	52,090,034
2004-05	52,809,369
2005-06	55,397,456
2006-07	56,006,971

**MUNICIPAL GOLF COURSE FUND**

**FEES & RENTALS AND GOLF SHOP SALES**

The Golf Course is also operated as an enterprise fund. However, for Fiscal Year 2008, a transfer from the General Fund of \$421,340 will be necessary to balance this fund. This is a continuing concern. Fiscal Year 2008 revenues for the Golf Course are estimated at \$875,189.

1998-99	699,976
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**Major Revenue Sources – Golf Course Fund, continued**

1999-00	827,095
2000-01	835,267
2001-02	776,764
2002-03	730,664
2003-04	779,509
2004-05	845,262
2005-06	837,345
2006-07	871,662

**TRANSIT SYSTEM FUND**

**USER FEES, FEDERAL AND STATE GRANTS**

The City operates a mass transit system. While this fund does raise revenues through user fees and advertising, most of the revenue is received through Federal and State Grants and from Transfers from the General Fund. The Transit System operates at a loss to the City, but continues to provide a vital service to the citizens of Gastonia. Our estimate for Fiscal Year 2008 for user fees is \$186,000 and for grant funds is \$1,517,029.

	<u>User Fees</u>	<u>Federal/State Grants</u>
1998-99	184,127	717,021
1999-00	205,957	793,401
2000-01	225,067	1,028,813
2001-02	212,168	1,037,163
2002-03	200,103	1,000,594
2003-04	193,847	2,796,067
2004-05	174,364	1,242,265
2005-06	183,848	1,143,028
2006-07	197,000	1,342,749

## **BONDED DEBT OBLIGATIONS**

The City of Gastonia's primary focus in debt management is to keep the amount of indebtedness at a level whereby available resources can carry the debt and to keep the debt within the legal debt limitations established by the State of North Carolina Department of State Treasurer while maintaining a minimum cost to the taxpayer.

The Fiscal Year 2008 Budget provides \$12,605,745 for debt service as follows:

Water and Sewer Fund	\$7,542,838
General Fund	\$3,072,565 (Streets)
General Fund	\$ 111,543 (Museum)
General Fund	\$ 682,476 (Police)
General Fund	\$ 763,008 (Fire)
General Fund	\$ 368,365 (Garland Center)
Transit Fund	\$ 64,951

## **LEGAL DEBT LIMIT**

In accordance with the provisions of the State Constitution and The Local Government Bond Act, as amended, the City had the statutory capacity to incur additional net debt, excluding debt for water, electric and gas purposes, in the approximate amount of \$353,489,489 as of the end of June, 2007. For purposes of continued review, the distinction should be made about the three types of bonded debt the City carries. First, we have General Obligation (GO) Bonds which are backed by the "full faith and credit" of the City. The General Assembly has pledged the power and obligation of the City to levy taxes and raise other revenues for the prompt payment of installments of principal and interest or for the maintenance of sinking funds. This authority is unrestricted as to rate and/or amount. In North Carolina, no bonds may be issued without the approval of the Department of State Treasurer, Local Government Commission. A sworn statement of debt must also be filed attesting that net debt will not exceed 8% of the appraised value of the property subject to taxation by the governing unit. The exceptions to this limitation are the refunding of existing bonds, the continued funding of existing authorized debt, bonds issued for water, gas or electric power purposes, or two or more of such purposes, certain sanitary sewer, sewage disposal or sewage purification plant bonds, or bonds issued for erosion control purposes or bonds issued for the purposes of erecting jetties or other protective works to prevent encroachment by certain bodies of water.

The following charts will summarize the City's outstanding General Obligation debt as well as the outstanding debt ratios.

### Outstanding General Obligation Debt

General Obligation Bonds	June 30, 2005	June 30, 2006	June 30, 2007
Water Bonds	-	-	-
Sanitary Sewer Bonds	-	-	-
Street Bonds	3,570,000	2,950,000	2,300,000
Other Bonds	-	-	-
Refunding	27,430,000	23,265,000	19,435,000

### Debt Ratios

At June 30	Total GO Debt	Assessed Valuation	Debt to Assessed Value	Population	Debt Per Capita
1997	\$60,600,000	\$3,248,978,976	1.87%	61,674	\$982.59
1998	\$56,710,000	\$3,320,072,058	1.71%	61,902	\$916.13
1999	\$53,160,000	\$3,511,814,231	1.51%	62,204	\$854.61
2000	\$49,195,000	\$3,616,680,753	1.36%	62,077	\$792.48
2001	\$45,145,000	\$3,694,044,000	1.22%	66,277	\$681.16
2002	\$43,690,000	\$3,737,301,685	1.17%	66,277	\$659.20
2003	\$39,640,000	\$3,780,192,914	1.05%	68,255	\$580.76
2004	\$35,120,000	\$4,246,567,151	0.83%	68,246	\$514.61
2005	\$31,000,000	\$4,269,147,783	0.73%	68,518	\$452.44
2006	\$26,215,000	\$4,386,539,796	0.59%	68,809	\$380.98
2007	\$21,735,000	\$4,933,789,573	0.44%	70,278	\$309.27

The second type of bonded debt carried by the City are Revenue Bond Issues. These are Combined Utility Water and Sewer Revenue Issues in the original issue amounts of \$25,795,000, \$9,400,000, \$9,745,000 and \$14,565,000 (new money \$8,945,000 & 1999 refunding \$5,620,000) with projected June 30, 2007 outstanding balances of \$20,590,000, \$1,355,000, and \$8,370,000, and \$13,900,000 (new money \$8,385,000 & 1999 refunding \$5,515,000) respectively. The major difference between the Revenue issues and General Obligation issues is that the “full faith and credit” of the City is not pledged for the repayment of the bonds. This debt is payable solely through revenues raised by the City’s water and sewer utility systems. The revenues of the enterprise are required by statute to be applied with the following priority: (1) to pay the operating, maintenance and capital expenses of the utility, (2) to pay when due the interest on and principal of outstanding bonds issued for capital projects that are or were part of the utility, and (3) for any other lawful purpose. As with General Obligation bonds, the issue of revenue bonds requires the approval of the North Carolina Department of State Treasurer, Local Government Commission.

On the City’s existing revenue issue, a minimum parity debt coverage ratio of 1.2 must be maintained. This means the net utility operating revenues must exceed 120 percent of the maximum annual parity debt service cost. Each year, any excess after paying current operating, debt service and capital projects is placed in a Capital Expansion and System Development Fund for future use. These cumulative funds will help offset the cost of future system needs and the cost of future expansion to the base structure needed in the instance of annexation.

Lastly, the City incurred a final type of debt during fiscal years 1996, 2002, 2003 and 2005. These Certificates of Participation (COPS) were issued to build a new police facility for 1996, to build four Fire Stations and purchase equipment for 2002, to renovate the old Gaston County Courthouse to be used as City municipal offices for 2003 and to partially refund the 1996 COPS for 2005. The major distinction which needs to be made is that this type of debt does not pledge the “full faith and credit” of the City either, but rather offers the investors the property as security for the certificates and the repayment is subject to annual appropriation. These issues operate similar to a conventional home mortgage whereby the property collateralizes the loan. Debt service on these issues are funded through property tax revenues and monthly chargebacks to operating departments for use of the equipment.

The following charts are the debt payment schedules for the City’s bonded debt. They are presented with the distinctions made between the various types of debt: General Obligation bonded debt, Revenue Issue debt and outstanding Certificates of Participation.

***General Obligation Bonds Outstanding***

<u>Fiscal Year</u>	<u>Bonds Payable</u>	<u>Interest Payable</u>	<u>Total</u>
2008	\$4,320,000.00	\$754,263.00	\$5,074,263.00
2009	\$3,130,000.00	\$606,538.00	\$3,736,538.00
2010	\$3,195,000.00	\$503,063.00	\$3,698,063.00
2011	\$2,920,000.00	\$402,543.00	\$3,322,543.00
2012	\$1,640,000.00	\$305,604.00	\$1,945,604.00
2013	\$1,500,000.00	\$244,550.00	\$1,744,550.00
2014	\$1,295,000.00	\$188,588.00	\$1,483,588.00
2015	\$1,145,000.00	\$138,975.00	\$1,283,975.00
2016	\$1,180,000.00	\$96,650.00	\$1,276,650.00
2017	\$1,210,000.00	\$53,100.00	\$1,263,100.00
2018	<u>\$200,000.00</u>	<u>\$8,500.00</u>	<u>\$208,500.00</u>
	<u>\$21,735,000.00</u>	<u>\$3,302,374.00</u>	<u>\$25,037,374.00</u>

	<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
This Year's Requirement	2008	\$5,074,263.00	\$4,320,000.00	\$754,263.00
Maximum Requirement	2008	\$5,074,263.00	\$4,320,000.00	\$754,263.00

## *Combined Water and Sewer Revenue Bonds Outstanding*

	<u>Fiscal Year</u>	<u>Bonds Payable</u>	<u>Interest Payable</u>	<u>Total</u>
	2008	\$2,435,000.00	\$2,060,123.00	\$4,495,123.00
	2009	\$2,490,000.00	\$1,948,573.00	\$4,438,573.00
	2010	\$2,605,000.00	\$1,830,603.00	\$4,435,603.00
	2011	\$2,730,000.00	\$1,706,160.00	\$4,436,160.00
	2012	\$2,850,000.00	\$1,584,323.00	\$4,434,323.00
	2013	\$2,975,000.00	\$1,461,173.00	\$4,436,173.00
	2014	\$3,100,000.00	\$1,332,180.00	\$4,432,180.00
	2015	\$3,250,000.00	\$1,192,368.00	\$4,442,368.00
	2016	\$3,395,000.00	\$1,035,248.00	\$4,430,248.00
	2017	\$3,565,000.00	\$870,791.00	\$4,435,791.00
	2018	\$3,740,000.00	\$697,529.00	\$4,437,529.00
	2019	\$3,925,000.00	\$515,754.00	\$4,440,754.00
	2020	\$1,065,000.00	\$324,474.00	\$1,389,474.00
	2021	\$1,115,000.00	\$276,044.00	\$1,391,044.00
	2022	\$1,160,000.00	\$225,844.00	\$1,385,844.00
	2023	\$1,215,000.00	\$173,594.00	\$1,388,594.00
	2024	\$1,270,000.00	\$118,844.00	\$1,388,844.00
	2025	\$1,330,000.00	\$60,813.00	\$1,390,813.00
		<u>\$44,215,000.00</u>	<u>\$17,414,438.00</u>	<u>\$61,629,438.00</u>
	<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
This Year's Requirement	2008	\$4,495,123.00	\$2,435,000.00	\$2,060,123.00
Maximum Requirement	2008	\$4,495,123.00	\$2,435,000.00	\$2,060,123.00

### *Certificates of Participation Outstanding*

<u>Fiscal Year</u>	<u>Bonds Payable</u>	<u>Interest Payable</u>	<u>Total</u>
2008	\$1,361,667.00	\$587,411.00	\$1,949,078.00
2009	\$1,351,667.00	\$538,404.00	\$1,890,071.00
2010	\$1,236,667.00	\$491,738.00	\$1,728,405.00
2011	\$1,256,667.00	\$445,420.00	\$1,702,087.00
2012	\$1,271,667.00	\$396,909.00	\$1,668,576.00
2013	\$1,291,667.00	\$346,293.00	\$1,637,960.00
2014	\$1,311,667.00	\$293,833.00	\$1,605,500.00
2015	\$1,336,667.00	\$239,307.00	\$1,575,974.00
2016	\$1,361,667.00	\$182,755.00	\$1,544,422.00
2017	\$721,667.00	\$137,940.00	\$859,607.00
2018	\$588,333.00	\$105,524.00	\$693,857.00
2019	\$455,000.00	\$80,280.00	\$535,280.00
2020	\$455,000.00	\$57,530.00	\$512,530.00
2021	\$455,000.00	\$34,553.00	\$489,553.00
2022	<u>\$450,000.00</u>	<u>\$11,475.00</u>	<u>\$461,475.00</u>
	<u>\$14,905,003.00</u>	<u>\$3,949,372.00</u>	<u>\$18,854,375.00</u>

	<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
This Year's Requirement	2008	\$1,949,078.00	\$1,361,667.00	\$587,411.00
Maximum Requirement	2008	\$1,949,078.00	\$1,361,667.00	\$587,411.00

## **BUDGET AMENDMENT PROCESS**

The budget ordinance as adopted by the City Council may be amended in several ways: (1) line item transfers within a budget appropriation, or transfers between appropriations, (2) transfers between funds and (3) increases or decreases in revenues and/or expenditures. Procedure (1) can be approved by the Budget Administrator if it does not involve salary or travel and is less than \$10,000. The City Manager or his designee will approve transfers more than \$10,000 and using salary or travel sub accounts. A monthly report of Budget Transfers approved by the Budget Administrator shall be submitted to the City Manager. Procedures (2 & 3) can be approved only through City Council action.

***Transfers Between Budget Appropriations*** (Procedure 1) To transfer funds within an appropriation, the requesting department completes a Budget Transfer form showing the account description, account number to be transferred to and from, the amount to be transferred and a reason for the transfer. The department head or their designee can email the form to the Budget Office. The transfer is then reviewed by the Budget Office for compliance with the current policies. A budget transfer number is assigned and then forwarded to the Budget Administrator for approval. After approval, the request is entered into the general ledger system and the requesting department is emailed a notification that the transfer has been processed. If the transfer is more than \$10,000 and/or utilizes salary or travel line items, it will be forwarded to the City Manager or his designee for approval.

***Transfers Between Funds and Fund Appropriation Increases and/or Decreases*** (Procedures 2 & 3) A budget ordinance amendment which results in either an increase or decrease in a fund's total budget or transfers monies between funds require City Council approval. For example, if revenue is received during the fiscal year that was not included in the original adopted budget, the City Council may appropriate this revenue and budget a corresponding expenditure for a stated purpose. Additionally, the City Council may elect to transfer, contribute to or reimburse one fund from another fund for a stated purpose. In any of these instances an increase in the fund's budget is the result. To process these amendments, the same process is followed as outlined above with the additional step of presentation to the City Council after the City Manager's approval. After Council deliberation, if approved, the Budget Amendment is filed with the City Clerk and returned to the Budget Office to complete the process of updating the general ledger.

## **ACCOUNTING SYSTEM and BUDGETARY CONTROL**

All City funds are accounted for on the modified accrual basis in accordance with North Carolina General Statutes. Under the modified accrual basis, revenues are recognized in the accounting period in which they become measurable and available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which a liability is incurred, if measurable, except for unmatured principal and interest on long-term debt which is recognized when due.

The proprietary funds (enterprise) are presented in the financial statements on the full accrual basis. Under this basis, revenues are recognized in the accounting period when earned and expenses are recognized in the period when incurred.

The accounts of the City are organized on the basis of funds and account groups. Each fund is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts comprised of assets, liabilities, fund equity, revenues and expenditures or expenses as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The City operates its various funds under three broad categories and six generic fund types. The two account groups are not funds but are used to establish accountability over the City's general fixed assets and general long-term debt.

### **Fund Accounting**

#### **Governmental Funds**

This group of funds are accounting segregations of financial resources. Expendable assets are assigned to various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are to be paid; and the differences between governmental fund assets and liabilities (the fund equity) is referred to as "Fund Balance". The primary measurement focus is "flow of current financial resources". Put in other words, are there more or less resources that can be spent in the near future as a result of transactions of the period. Increases in spendable resources are reported in the operating statement as revenues or other financing sources, and decreases are reported as expenditures or other financing uses.

**General Fund** The General Fund is the general operating fund of the City. The primary revenue sources are ad valorem taxes, state-shared revenues and transfers from the Enterprise Funds. The primary expenditures are for public safety, streets and highways, sanitation, parks and recreation, museum and general government services.

## **Accounting System, continued**

**Special Revenue Funds** The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. The City has six Special Revenue Funds - the Community Development Block Grant Fund, the CD/Affordable Housing Revolving Loan Fund, the CD/Rehabilitation Revolving Loan Fund, the CD/Section 108 Guaranteed Loan Fund, the CD/Community Housing Development Organization Fund, and the Uptown Municipal Services District Tax Fund.

**Capital Project Funds** The Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The City has two Capital Projects Funds within the Governmental Fund types.

### **Proprietary Funds**

These funds are sometimes referred to as “income determination,” “nonexpendable,” or “commercial type” funds and are used to account for a government’s on-going organizations and activities which are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government’s business and quasi-business activities, where net income and capital maintenance are measured, are accounted for through proprietary funds. The generally accepted accounting principles here are those applicable to similar businesses in the private sector, and the measurement focus is the economic condition of the fund as a result of the events and transactions of the period. Events and transactions that improve the economic position of a proprietary fund are reported as revenues or gains in the operating statement. Those that diminish the economic position are reported as expenses or losses.

**Enterprise Funds** Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City of Gastonia has six Enterprise Funds: the Water and Sewer Fund (with accompanying Renewal and Replacement Fund and Capital Expansion and Development Fund), the Electric Fund (with accompanying Renewal and Replacement Fund), the Stormwater Utility Fund, the Transit System Fund and the Golf Fund.

## **Accounting System, continued**

**Internal Service Funds** Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis. An Internal Service Fund for Vehicle/Equipment Renewal & Replacement was instituted in Fiscal Year 1995. In 2005, a Technology Services Internal Service Fund was created and departments are being charged for hardware and internet access and over time will be charged for applications. During 2007 a Self-Insurance Internal Service Fund was created.

### **Fiduciary Funds**

These funds account for assets held by the City in a trustee capacity or as an agent for other governmental units and for other funds. Each trust fund is accounted for as either a governmental or a proprietary fund.

**Trust and Agency Funds** (Expendable) This type of trust fund is one in which the principal and its earnings may be expended in the course of their designated operations. The City created a trust fund for Cemetery Perpetual Maintenance, and for Police Federal and State Asset Forfeiture in Fiscal Year 1995. During Fiscal Year 1998, the City created a trust fund for a Police Memorial.

### **Account Groups**

These represent another accounting entity used to establish accounting control and accountability for the City's general fixed assets and the outstanding principal of its general long-term debt (General Fixed Assets and General Long-Term Debt Account Groups). These records are accounted for in a self-balancing group of accounts because the City's general fixed assets -- all fixed assets except those accounted for in Proprietary Funds or Trust Funds -- are not financial resources available for expenditures, and because the outstanding principal of the general long term debt-long term liabilities not accounted for in the Proprietary Funds or Trust Fund does not require an appropriation or expenditure during the account year.

**General Fixed Assets Account Group** This group of accounts is established to account for all fixed assets for the City. General fixed assets acquired are recorded as expenditures in the various funds at the time of purchase. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings; such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems, are excluded. No depreciation has been provided on general fixed assets.

**General Long-Term Debt Account Group** This group of accounts is established to account for all long-term obligations of the City except those which are accounted for in the proprietary funds

**Accounting System, continued**

**Deposits and Investments**

**Deposits**

All deposits of the City are made in board designated official depositories and collateralized as required by General Statute 159-31. The City may designate as an official depository any bank or savings and loan association whose principal office is located in North Carolina. Also, the City may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

All of the City's deposits are either insured or collateralized by using one of two options. Under Option 1, all deposits over the federal depository insurance coverage are collateralized with securities held by the City's agent in the City's name. Under Option 2, a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name to the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, these deposits are considered to be held by the City's agent in the City's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using Option 2 report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the City under Option 2, the potential exists for undercollateralization, and the risk may increase in periods of high cash flow. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each Option 2 depository. The City utilizes one official depository which collateralizes public deposits in excess of the allowable federal insurance coverage by the Option 2 method.

**Investments**

G.S. 159-30 (c) authorizes the City to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and banker's acceptances; and the North Carolina Cash Management Trust, an SEC registered mutual fund. [Investments are stated at market value.] The City pools monies from several funds to facilitate disbursement and investment and maximize investment income.

**Accounting System, continued**

Therefore, all enterprise fund cash and investments are essentially demand deposits and are considered cash and equivalents.

### **Budgetary Data**

**Budgetary Control** The City's Financial Management System provides for excellent fiscal management. Through utilization of budgetary accounting methods, effective budgetary control and accountability can be maintained. The annual budget is adopted as required by state statute. An annual budget ordinance, which is adopted at the fund level, authorizes and provides the basis for the City's financial management plan. The adopted appropriations constitute the maximum expenditure authorization during the fiscal year and can only be amended by action of the City Council. Project ordinances are adopted for capital project funds and are appropriated for the life of the project. The basis for budgeting is a cash basis.

Expenditures may not legally exceed appropriations at the function level for all annually budgeted funds and at the project level for the capital project funds. However, accounting control is exercised at the line item level by encumbering purchase amounts prior to the release of purchase orders to vendors. Purchase orders which would result in an overrun of line item balances are not released until additional appropriations are made available. Open encumbrances are reviewed at year-end, and, if deemed appropriate to carry forward, are treated as commitments, rather than expenditures, and such encumbered funds are appropriated for expenditure in the subsequent fiscal year.

**Basis of Budgeting and Budget Structure** The City's budget is developed on a cash basis, as required by North Carolina General Statute 159-8(a). The budget ordinance is required to be balanced. Appropriations are exclusively limited to cash and cash equivalents less current claims against that cash. The statutory formula is cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts.

## **RELATIONSHIP BETWEEN OPERATING AND CAPITAL BUDGETS**

The Total Fiscal Year 2007 budget for the City of Gastonia is \$181,175,334. This incorporates both operating costs as well as funding for capital needs. The operating budget is \$176,388,279. These funds cover departmental operating expenses and human resources costs throughout the City. The Capital budget amounts to \$4,787,055 for both previously appropriated capital monies as well as new money for Fiscal Year 2008.

The City of Gastonia has several elements of capital expenditures incorporated in its annual budget which are distinguishable from its operating budget. Operating capital items which cost more than \$5,000 (office equipment, furniture, etc.) are included in the individual operating budgets where they were originally requested. All vehicles and large pieces of equipment are being "bought" through the Vehicle/Equipment Renewal & Replacement Fund and "leased" to the operating departments. The major capital expenditures (construction projects) are reported in the Capital Improvements section.

Each year as part of the budget preparation process, the City Manager's office, along with the Budget Office and affected departments, propose a five-year capital improvement program for each major capital fund. These projects usually represent expenditures that result in the acquisition, addition, or improvement to physical assets with an extended life greater than 5 years.

The program, which emerges after a series of coordination and planning sessions with the City Manager, is basically a planning tool for management and the City Council. The first year of the plan is the only year considered for budget adoption purposes since needs and priorities change from year to year. The projects listed in the following four years are to give management and the City Council an idea of future needs and to help facilitate future budget planning.

The capital projects listed in the Capital Improvement section are segregated by a cover summary page followed by a more detailed listing of the project. To date, five-year plans have been developed for all major capital project funds.

The Capital Project plan is adopted in the form of a Capital Projects Ordinance. This allows for long-range planning and multi-year appropriations for multi-year capital projects. The long range planning process incorporates operating costs associated with the project once the construction project is complete. An example of this planning is the Garland Business Center project.

During the budget process, we projected that once this project was complete, the City projected a minimum of one-half (1/2) staff members to maintain the facility. By planning ahead, the funding for these staff members and other day-to-day operating costs are included in the operating budget.

Please note that with each capital project funded, there are related operating costs. These costs are funded in the departmental operating budgets and usually lead to bottom line increases in expenditures although on occasion, a new capital project can actually reduce operating expenditures. This year's Capital Projects budget has appropriations budgeted of \$4,787,055. Within this amount, \$4,652,555 is established for actual projects while \$134,500 is in reserve accounts for insurance claims.

It is the City's policy to substitute capital expenditures for operating expenditures whenever possible. Technology has been the principle method used to implement this policy. For example, the City's change from 3-man rear load garbage trucks to 1-man automated trucks, was responsible for a net savings of \$400,000 in operating costs. Computer technology has also been responsible for significant reductions in personnel. Each City function is evaluated periodically to determine if a capital expenditure can have a positive impact on an operation.

## Major Projects for Fiscal Year 2008 and 2009

<u>Project</u>		<u>Capital Cost</u>	<u>Project Start Date</u>	<u>Estimated Completion Date</u>	<u>Estimated New Operating Personnel</u>	<u>Total New Estimated Operating Costs/(Savings)</u>	<u>Notes</u>
<b>Water &amp; Sewer</b>	1) Disinfection System Modifications (under design)	\$1,250,000	7/1/05	June 2007	0 FTE	\$0	Improves safety at Water Treatment Plant by replacing the current chlorination system with sodium hypochlorite on-site generation.
	2) Digester Complex Rehabilitation (under construction)	\$4,925,500	7/1/04	January 2007	0 FTE	\$0	Addresses structural deficiencies of overall digester facilities to insure on-going compliance with regulatory requirements and safe operations.
	3) Armstrong Branch Sanitary Sewer Line Improvements (under construction)	\$650,000	7/1/04	June 2007	0 FTE	(\$75,000 per year)	Reduces infiltration/inflow to the wastewater system, thereby reducing treatment operating costs and reduces risks associated with sewage spills.
	4) Water Treatment Plant Structural and Electrical Improvements	\$2,484,500	7/1/04	(on-going)	0 FTE	\$0	Provides critical structural, process, and switchgear/electrical improvements to the Water Treatment Plant to insure reliability in overall operations.
	5) Water and Sewer Extensions by Petition	\$265,000	On-going	June 2007	0 FTE	\$0	Continues annual capital funding for extending water and sewer lines through the adopted petition policies.
	6) Costner/Applewood Water Line Extension (Phase 1 complete)	(Funding primarily through Gaston County)	1/1/06	December 2007	0 FTE	\$0	Establishes the main feeder main to NC 275 at Costner School for future expansion of the water system into the northwest growth corridor, as well as, service to the school itself.

	<u>Project</u>	<u>Capital Cost</u>	<u>Project Start Date</u>	<u>Estimated Completion Date</u>	<u>Estimated New Operating Personnel</u>	<u>Total New Estimated Operating Costs/(Savings)</u>	<u>Notes</u>
<b>Electric</b>	1) Economic Development	\$1,425,000	On-going	On-going	0 FTE	\$0	System expansion for new developments to ensure new customers.
	2) Base Fiber Optic Ring (under construction)	\$700,000	7/1/05	July 2007	0 FTE	\$0	Establish a dedicated fiber optic ring to utilize as the backbone of communications between various municipal facilities. It will also provide the opportunity for other potential projects such as of dark fiber utilization and Wi-Fi/Wi-Max ventures.
<b>General</b>	1) Tulip Drive Bridge (right-of-way acquisition in progress)	\$900,000	9/1/00	December 2007	0 FTE	\$0	NCDOT Bridge Replacement Project, with 20% City participation to replace the primary vehicular access to businesses and industries along Tulip Drive.
	2) South Street Parking Lot Improvements (complete except for final paving)	\$325,000	7/1/04	July 2006	0 FTE	\$0	Joint venture with adjoining property owner to improve center city parking availability and aesthetics.
<b>Streets</b>	1) North 321 Enhance Improvements (under construction)	\$390,000	7/1/04	December 2006	0 FTE	\$0	US 321 beautification project; adds landscaped medians and decorative pavement modifications to a primary entrance corridor into Gastonia.
	2) Street Resurfacing	\$250,000	On-going	Ongoing	0 FTE	\$0	Continues the City's street resurfacing program to provide needed maintenance to existing roads, as well as, continue to address the paving of graveled (public) streets in prior annexed areas.
	3) Signal System Upgrade/Replacement (under construction)	\$5,100,000	1/1/04	December 2007	0 FTE	\$0	NCDOT project with approximately 9% City (funding) share to replace the outdated citywide computerized signal system.

## **BUDGET POLICIES**

In recent years, changing conditions along with the demand for increased services, have forced a reevaluation of the role of local governments. As public officials, we are charged with the responsibility of ensuring that all local governmental services are provided in the most efficient and effective manner possible in order to maximize available resources. The budgetary process allows for the accumulation of financial and performance information relative to these services and provides the tools necessary to analyze the merits and cost implications of each.

### **Financial Policies**

The City of Gastonia's financial policies set forth basic guidelines for the overall fiscal management of the City. Operating independently of changing circumstances and conditions, these policies provide a framework to assist in the decision-making process of the City Council and City Administration and guidelines for evaluating both current activities and proposed future programs.

1. City Council provides general guidance through the adoption of the annual budget while the City Manager is given the maximum flexibility to implement the budget throughout the fiscal year. To this end, City Council has adopted a series of policies designed to give the Manager authority to, among other things, transfer of funds within appropriations to meet changing operational needs and to move personnel positions during the year throughout the budget so long as total authorized head-count is not exceeded.
2. The budget process places emphasis on those personnel and management issues of critical importance to the City's fiscal health: Employee relations, office automation, implementation of new technologies, long-term work force planning and management incentives. In doing so, it provides for adequate levels of funding for all retirement systems and maintains the principle of avoiding layoffs to balance the budget by planning personnel reductions to come from attrition whenever possible.

3. Generally, expansion of existing service and programs, or the addition of a new service or program is considered in the proposed budget only when a new revenue source can support the ongoing costs or when the requesting department can identify an existing service or program which can be reduced or eliminated.
4. The City shall monitor departmental expenditures on a monthly basis to ensure conformity to adopted budgets and prepare monthly financial reports on all funds comparing actual revenues and expenditures to budgeted amounts. This report shall be presented to City Council at public session.
5. Where possible, the City shall combine performance measurement and productivity indicators with the budget to enable the ongoing analysis of operating effectiveness and efficiency.
6. The City shall avoid budgetary practices or procedures that balance current period expenditures at the expense of future years' revenues or that utilize one-time revenues for on-going expenditures and it shall be general policy not to use prior year Fund Balance for operating and other on-going expenditures.
7. The budget shall provide for the satisfactory maintenance of capital facilities and equipment, and for their orderly replacement.
8. The Operating and Capital Budgets shall fully describe the major goals to be achieved by department and the services and programs to be delivered based upon the levels of funding anticipated or provided. They shall also provide brief descriptions of prior year accomplishments and mission statements for each department and division.
9. The City shall finance essential City services which have a City-wide benefit in the budget from revenue sources which are generated from a broad base, i.e., property taxes, sales taxes and other State shared revenues.
10. Minimize the impact in use of property tax financing by seeking alternative financing for City services, which focus on user fees for responsive services and upgrading and/or enhancement of the property tax base.

11. The City shall refine assessment financing formulas and user fee rate structures on a yearly basis to continually and accurately charge the cost of service provided to the benefiting user or customers served, while being sensitive to the needs of low-income citizens.
12. The City shall actively oppose any legislation which forces local service mandates without concurrent Federal, State or Regional funding or providing additional locally controlled funding sources.
13. Each operating fund shall budget a working capital reserve to ensure the timely meeting of unforeseen events and provide operational flexibility throughout the year.

#### **Revenue Policies**

1. The City shall make every attempt to maintain a diverse and stable revenue base to shelter it from short and long-term fluctuations in any one-revenue source.
2. The City shall project its annual revenues through an analytical process using historical data and conservative approaches for estimating future revenues.
3. The City shall establish user charges and set fees for services for its enterprise funds at a level that fully supports the total direct and indirect costs of the activities. The City should review these, and all other fees/charges annually and modify them as necessary. Special care should be taken to include those costs associated with capital outlay and bond retirement and allow user charges to grow at a rate that keeps pace with the cost of providing the service.
4. The City shall follow aggressive policies to ensure the highest collection percentage for delinquent City revenues.

### **Reserve Policies**

1. The City shall strive to maintain a minimum undesignated General Fund Balance at 8.33% or in an amount equal to at least 1 month of General Fund operations, and shall work towards the goal of matching the undesignated General Fund Balance at 12% to 15%.
2. The City shall respect the integrity of fund balances and allow each enterprise fund to retain all excess earnings as fund balance.

### **Accounting, Auditing and Financial Reporting Policies**

1. An independent audit shall be performed annually.
2. The City shall produce a comprehensive annual financial report in accordance with Generally Accepted Accounting Practices (GAAP) as outlined by Governmental Auditing, Accounting and Financial Reporting (GAAFR).
3. The City shall maintain accounting control systems to ensure the safety of all assets held in the public trust and staff shall perform periodic unscheduled audits of all City departments that handle cash and negotiable instruments in the course of daily activities.

### **Investment Policies**

1. The City shall make a cash flow analysis of all funds on a regular basis. Disbursement, collection and deposit of all funds will be scheduled such that investment capabilities are maximized and guidelines set forth under North Carolina General Statutes.

2. The City shall invest funds by using a specific, but flexible, investment strategy to secure high returns of income on cash flows that are in excess of current needs and, when permitted by law, will pool cash from several different funds to maximize its potential earnings. Investments will be structured according to the City's overall financial condition in anticipation of financial opportunities and obligations.
3. The City's accounting system will provide regular information concerning cash position and investment performance and will allow earnings to be reflected monthly on financial reports.

#### **Debt Policies**

1. The City shall confine long-term borrowing to capital improvements or projects that cannot be financed from current revenues and where the issuance of long-term debt is required, it will repay the bonds within a period not to exceed the expected useful life of the project.
2. The City shall attempt to keep average maturity of general obligation bonds at or below 20 years.
3. When possible, the City shall use special assessment, revenue, or other self-supporting bonds.
4. When approving bonds for capital projects, Council shall increase the needed revenue for debt service at the time the project is approved.
5. The City shall not incur long-term debt to support current operations.
6. General obligation debt shall not be used for enterprise activities.

7. The City shall maintain a sound relationship with all bond-rating agencies and will keep them informed about current capital projects and other important fiscal events. Appropriate City staff shall endeavor to visit each agency and/or arrange for a local visit by agency officials once per year.

### **Capital Improvement Budget Policies**

1. The City shall maintain the fiscal integrity of the City's operating, debt service and capital improvement budgets in order to provide services, construct and maintain public facilities, street and utilities.
2. The City shall make all capital improvements in accordance with an adopted capital acquisition program.
3. The City shall develop a five-year plan for capital improvements, with proposed funding sources identified for each project. The plan should be updated and extended annually.
4. The City shall coordinate decision making for the capital improvement budget with the operating budget to make effective use of the City's limited resources for operating and maintaining existing services and facilities as well as planning for future needs.
5. The City shall use intergovernmental assistance to finance only those capital improvements that are consistent with the adopted capital improvement plan, City priorities, and for which operating and maintenance costs have been included in the operating budget.
6. The City shall attempt to maintain all its assets at a level adequate to protect the City's capital investment, to minimize future maintenance and replacement costs, and to maximize operating efficiency.
7. The City shall maintain a responsible and prudent fiscal condition to minimize long-term interest expense when financing capital improvements with an ongoing systematic bonding program, which spreads the costs of the improvements to benefiting citizens, present and future.

### **Intergovernmental Policies**

1. The City shall continuously review its programs and procedures in light of savings or other efficiencies to be gained through cooperation and consolidation opportunities with the County and the surrounding municipalities.
2. The City shall take advantage of public and private grant opportunities that support approved programs and projects.
3. The City shall maintain and enhance, where appropriate, incentives for surrounding municipalities to abandon their water/sewer systems and become long-term utility customers of the City.

## LONG RANGE PLANNING

Gastonia has become a model for long-range and strategic planning in all areas of City Government. The City's long-range planning process is citizen driven. The City has a long tradition of acknowledging the importance of citizen input on major capital improvement decisions. During the past two decades, the City Council has appointed a number of citizen committees to study and recommend major capital improvements to the City Council and voters.

These major committees include: Capital Projects Study Committee, Committee on Surface Transportation, Citizens' Committee for Economic Progress, the Water and Sewer Capital Needs Study Committee, and the Citizens Stormwater Advisory Committee. Every priority identified by these committees has been subsequently approved by City Council and/or the voters. These projects include: Mountain Island Lake Water Supply (\$12 million - voter approved), Road Bond Improvement Program (\$35 million - voter approved), Long Creek Wastewater Treatment Plant Upgrade/Expansion (\$22 million - Revenue Bond), Police Headquarters (\$8 million - Council approved and dedicated a 2-cent tax increase to cover debt service), four Fire Stations, including a new Headquarters (\$8.2 million and raised taxes to cover debt service), Martha Rivers Youth Complex (\$4.5 million - Council approved and funded through existing 3-cent Capital Improvement Program), and the completion of renovations at the old Gaston County Courthouse. These renovations have resulted in the opening of the Garland Municipal Business Center, a customer friendly, one-stop development center that coordinates all development initiatives throughout Gastonia's jurisdictional area.

There are currently four (4) citizen committees studying future plans for the City. They are as follows: The 2020 Comprehensive Plan Update Committee, Long Range Recreation Planning Committee, the Citizens Stormwater Committee and the Schiele Museum Board of Trustees. The Long Range Recreation Planning Committee has completed its work.

### ***2020 Comprehensive Plan***

City Council adopted Gastonia's first Comprehensive Plan, *CityVision 2010*, in July 1995. Since the adoption of the award-winning plan, the City has successfully implemented many of the goals and objectives, such as the sphere of influence agreement with Dallas, the new Avon and Catawba Creeks Greenway, and the Gateway Corridor Overlay. In January 2001, the City began the process to update the plan. The new plan, *Gastonia 2020: Our Place in the Future*, has two phases. The first phase was the formulation of 11 "key guiding principles" that have become the plan's foundation as it is being written. The second stage is writing the actual plan, which includes goals and objectives to achieve the key guiding principles and land use analysis by sector. A steering committee of 25 people from throughout the community has led the process, receiving technical support from the Planning Department. The final topic was reviewed summer 2005 with sector analysis starting immediately thereafter. The completed plan should be submitted to City Council early fiscal year 2008.

### ***Corridor Plans***

In 1999, the City Council adopted its third of a series of local “corridor” development plans. These comprehensive staff studies address problem areas around the City in an effort to spur development and stabilize neighborhoods. The most recently adopted plans include - the North US 321 Corridor Study, addressing long standing neglect to this major entrance to the City and the North New Hope Road Corridor Plan, identifying appropriate future land uses along the new five lane facility. Landscaped medians, decorative crosswalks and other improvements to this important US 321 gateway into the City have just recently been completed. The City will complete a major corridor study of Franklin Boulevard by July 2007 using consulting services.

### ***Parks and Recreation Facility Master Plan***

In April 1996, the City’s Parks and Recreation Department, in conjunction with the Citizen’s Advisory Committee on Parks and Recreation, completed a first ever Parks and Recreation Facility Master Plan. This plan was a comprehensive analysis of current Parks and Recreation facilities and programs, current trends and issues in recreation demand, and goals and objectives for future recreational decision-making. It concluded with a facility-by-facility needs analysis for development of a coordinated budgetary approach to meeting these needs. In late 2002, the City Council formed a committee to undertake the task of preparing a Long Range Plan for Parks, Recreation, and Open Spaces, with the assistance of city staff. The committee consisted of the Recreation Advisory Commission (RAC), plus additional members appointed by the City Council. Councilman and RAC Chair, Dave Kirlin chaired the planning group. The City’s Parks and Recreation and Planning Departments worked together to support the Committee. A completed plan was approved by the committee in the Spring of 2005 and was adopted by Council on November 15, 2005. It was given the title *GASTONIA- VISION FOR A HEALTHY COMMUNITY – A Plan for Parks, Recreation and Open Spaces, 2005-2020*. The implementation of the Facility Master Plan will begin with the Lineberger Park Renovation and Revitalization Project. The Council unanimously approved revisions to Phase I of the Lineberger Park Master Plan and a \$500,000 matching grant application to the North Carolina Parks and Recreation Trust Fund in January 2006. The PARTF Grant Awards was announced in June 2006 and the City is a grant recipient. Project planning and utility site work began in early 2007 and the Skate Park was relocated to a permanent home at Phillips Center. Construction of the \$1.3 million project should begin in the late summer of 2007.

### ***Fire Department Facility Master Plan***

In February 2000, the Fire Department became one of only 28 departments nationwide to receive departmental accreditation by the International Commission on Fire Accreditation. A key component of this process was their development of a five-year operational and capital development plan. This was completed as part of the department’s successful national certification program. The centerpiece of the capital portion of the plan was the construction and relocation of four stations, including a new headquarters facility. In 2005, the City of Gastonia Fire Department was reaccredited.

### ***Sidewalks, Bikeways and Greenways Plan***

In late 1996, City Council approved a Citizens Study Committee on Sidewalks, Bikeways and Greenways. This Citizen's Committee effort culminated in April 1998, with a completed Strategic Plan presented to City Council for their acceptance. As a result of the planning process, the City has subsequently been awarded a 1998 North Carolina Clean Water Trust Fund Grant of \$347,000 to establish the City's first greenway, a 1999 DOT Grant of \$548,320 for construction of the greenway and a 2000 Community Foundation of Gaston County grant of \$130,000 for development of access points for the greenways. The 2-½ mile Greenway was dedicated in 2002. Using funds from a small NCDENR grant, the City paved an additional 625' of trail in 2004. This summer, using some additional grant money and assistance from city crews, the City will bring the trail through the Union Road culvert. A greenway system is a never-ending project with trails weaving together all parts of the city. The 2005 Recreation and Open Space Plan included a citywide master Greenway Plan component.

### ***Economic Development***

In 1997, The Partnership for Economic Growth, a Council Citizens Committee proposed that the City purchase and develop a new 300+ acre industrial park to ensure sufficient industrial growth for the City into the 21st century and the City is identifying suitable parcels for purchase. The Council secured three-year options on almost 400 acres of land surrounding Gaston College for the site. Early in 1998, the City transferred their options to Gaston County for development of the Park through their Economic Development Office. The City and County jointly funded the entrance road to the Park. The first major tenant, Pass and Seymour LeGrand, opened a \$30 million facility in July 1999. A new electric substation to serve the park was completed in fiscal year 2002. Today the economic development plans for the City are coordinated with the Gaston County Economic Development Commission, the Gaston County Chamber of Commerce and all Gaston County Municipals through the Gaston 2012 Economic Development Plan.

### ***Utility Strategies***

In addition to the traditional budgetary planning tools used by the City's Water/Sewer and Electric utilities, both systems have implemented forward looking programs to address long term issues.

#### **Water and Sewer Combined Utility**

First, staff has embarked on five-year operating and capital planning budgets to better foresee and plan its utility system. A second key strategic goal was to reduce the system's dependence on large industrial customers. Staff implemented this strategy beginning in 1998 and pursued initiatives and programs which encouraged residential expansion of the system through extraterritorial assessments, tap incentives and annexation. Secondly, in 2002, staff successfully negotiated with the City of Bessemer City, North Carolina, to abandon their sewer system and become Gastonia customers. Unlike commercial customers, these entities cannot pack-up and leave, but will be long-term guaranteed customers. The City had previously entered into contracts with the cities of Ranlo, Lowell, Cramerton, and McAdenville for water service and the City of Kings Mountain for sewer service. Gastonia also serves the Town of Clover, South Carolina with both water and sewer services. Within the past two years, new 25-year municipal utility service agreements have been executed between Gastonia and the

towns of Lowell and McAdenville, respectively. The City continues to pursue additional municipal customers to better stabilize its customer base and revenue sources.

In 2004, the City retained the services of a private consultant to evaluate the water supply, treatment and storage facilities currently in use, and make recommendations for meeting system needs through the year 2025. Facilities evaluated included the Gastonia Water Treatment Plant, Rankin Lake and the pumping facilities at the Samuel L. Wilkins Raw Water Facility at Mountain Island Lake, the South Fork Station, and four distribution system storage tanks. Similarly in 2004, the City completed a Wastewater Master Plan providing long-range planning of the wastewater system to manage the growth and changes in the service area, and to evaluate the treatment facilities for process needs and requirements through the 2020 planning year. These collection system, pumping and treatment plant evaluations served as the basis for identifying major capital improvement programs to meet the current and long-range growth and development for wastewater services. As a result of these water and wastewater master plans, the City continues to pursue a five-year, \$15 million water/sewer capital improvement program to address critical system needs. Of this amount, \$9 million is funded through a revenue bond, with the remaining \$6 Million through the annual rate structure. At present, the City is working on the *next* 5-year plan to continue this long-range planning process.

#### Electric Utility

The electric system faces some of the same challenges as the water and sewer utility. Additionally, it also faces unique problems particular to the electric business. In 1993, the City Council adopted a series of fiscal measures to strengthen the electric utility: The first was decreasing transfers to the General Fund by \$500,000 per year. The City has continued this goal annually through transfer reductions each fiscal year. Over the past several years, transfers from the Electric Fund have been reduced so that the City is at the established (3% of gross fixed assets) rate of transfer recommended by the State Treasurer's office. Thus, far, we have been able to reduce this revenue through a combination of tax increases, natural revenue growth and through a number of efficiencies in the way we do business.

The next measure established a Fund Balance in the electric utility system. Prior to the Fiscal Year 1994 budget, all monies remaining in the Electric Fund at year-end were "swept" to the General Fund. As of June 30, 2005, the electric fund balance exceeded \$4. million. The third measure taken established a rate stabilization reserve. Each year, the City budgets a new 2% rate stabilization reserve to meet any mid-year rate increases or unforeseen operational emergencies at year-end, remaining funds are transferred to the system's Fund Balance Reserve. Finally, the City established and budgets a yearly working capital reserve to meet smaller unanticipated expenses as they arise each year.

However, most recently, the Electrical Fund has experienced its own financial challenges. Adequate growth rates to offset wholesale cost increases have not kept pace with actual purchased power costs. In January of 2007, City Council adopted a 2% rate increase to both address the most recent estimated wholesale increase (using 0.8% of the overall 2% increase), as well as

established a long-term capital funding source (using 1.2% of the 2% increase) to further stimulate economic growth and to better minimize the wholesale rate impacts. This effort, while helping, has not corrected the underlying issues. An additional increase is recommended for fiscal year 2008. The overall fund must continue to be monitored regularly to reverse the trend and re-stabilize the Electric Fund. As additional measures to stabilize said Fund, the City continues to reduce Municipal Book expenditures by reallocating (City) facility usage to the more applicable fund(s). ***The transition of reallocation of City usage should continue over the upcoming fiscal years.***

Gastonia is fortunate in that it is essentially a residential-based system. Of its 25,300 customers, only 82 are industrial. Of the top ten users, only 4 are industrial class customers totaling only 5.6% of the total system revenue. The City has adopted various innovative economic and industrial rate schedules developed by Electricities to better serve industrial customers. In 2006, the City adopted two new (rate) riders for economic development and redevelopment projects as further incentives for system load growth. Concurrently, the City modified its billing structure for on-peak and coincident peak rates, as well as, established minimum demand charges for new (large) customers to better reflect market conditions. Also in 2006, the City discontinued the outdated and obsolete Silent Saver Program, as well as established a dedicated fiber optic network to provide various forms of communication between municipal facilities. Excess fiber capacity is anticipated that may be leased to other commercial and industrial entities. Any excess fiber asset can also be an aid in economic development by offering other alternatives for both voice and data connectivity.