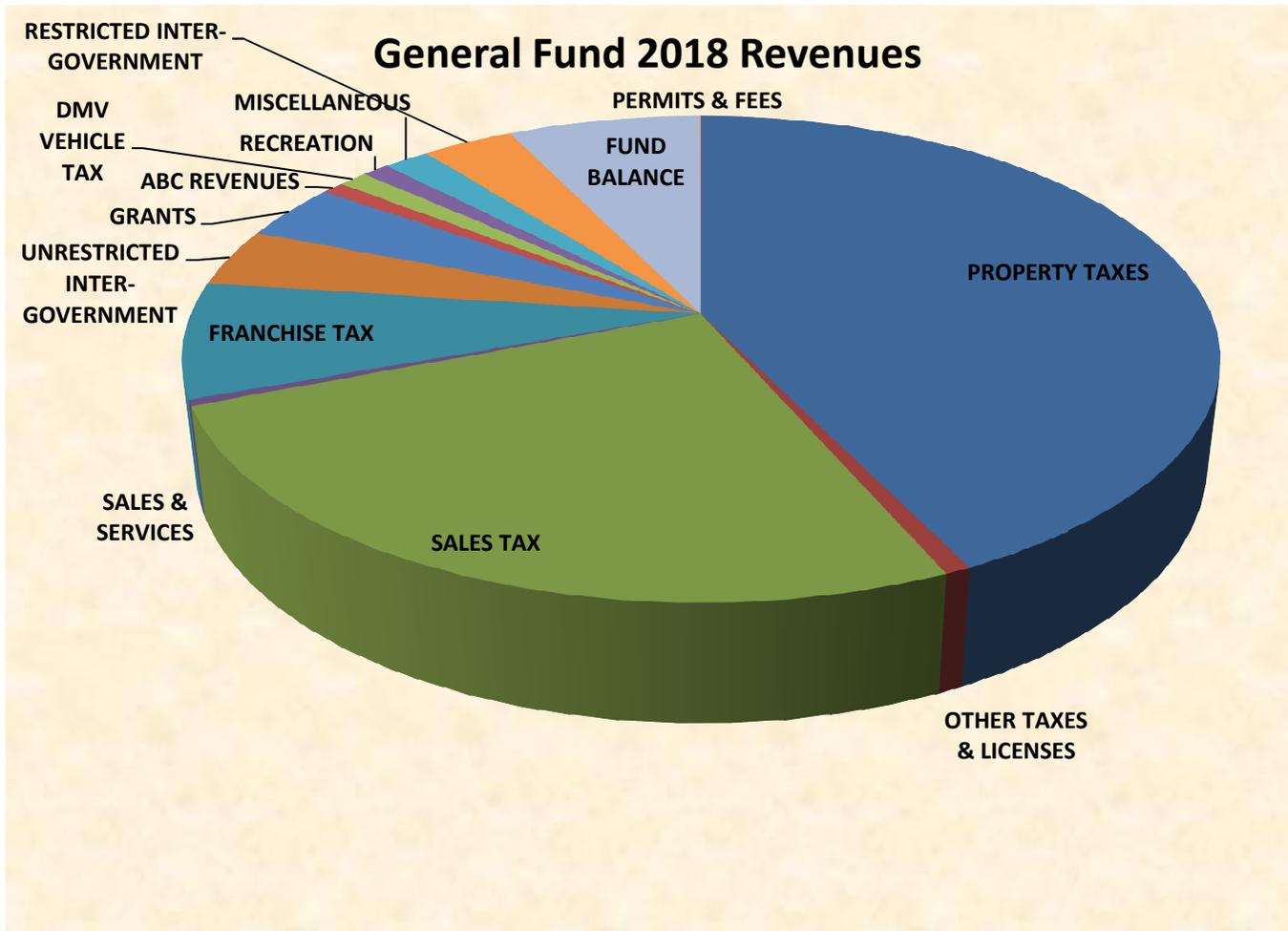


Financial Review of Fiscal Year 2017-18

For fiscal year 2017-18, the City of Lincolnton projected revenues for the General Fund totals \$11,038,040. The largest sources of revenues are Property Taxes, Sales Tax, Franchise Tax and Fund Balance. The following section provides a brief description of the city’s revenue sources by category:



<p>Property Taxes (42.8%) Taxes collected from property owners based upon an assessed valuation and tax rate. The dollar amount received is to be used to fund governmental services and debt service. The City’s tax rate is 56 cents per \$100.</p>	<p>Permits and Fees (.1%) Fees collected for issuance of permits by the city. One of the large components of this is business licenses.</p>
<p>Sales Tax (25.5%) Taxes imposed on the purchase, sale, rental, storage use or consumption of tangible personal property and related services. Specifically represents the city’s portion of the 2% sales and use tax collected.</p>	<p>Restricted Inter-Government (3.4%) Revenue from other governments in the form of operating grants, shared revenues. Must be spent as specified in the grants.</p>
<p>Franchise Tax (7.7%) Taxes imposed on corporations or business for using public property for private purposes.</p>	<p>Unrestricted Inter-Government (3.8%) Revenue from inter-fund transfers related to providing administrative and support services to enterprise operations.</p>
<p>Other Taxes & Licenses (1.8%) Taxes not classified under any other taxes.</p>	<p>Miscellaneous (1.7%) Fees collected for items not categorized above.</p>
<p>Sales and Services (.4%) Fees collected for general government services.</p>	<p>Recreation Fees (1%) Fees collected for participation in activities and facility rentals.</p>
<p>ABC Revenues (1.1%) ABC profits paid to the City.</p>	<p>Fund Balance (7.1%) Funds not included in budget that are similar to a “savings account”.</p>

Financial Review of Fiscal Year 2017-18

The financial review section is designed to provide information to give the reader an increased level of understanding of how available resources are utilized to provide services. The section below summarizes the city's largest sources of revenue and expenses.

WHERE THE MONEY COMES FROM.....

GENERAL FUND	FY 2018	%
PROPERTY TAXES	\$ 4,724,000	42.8%
OTHER TAXES & LICENSES	76,100	0.7%
SALES TAX	2,820,000	25.5%
SALES & SERVICES	43,000	0.4%
FRANCHISE TAX	850,000	7.7%
UNRESTRICTED INTER-GOVERNMENT	427,766	3.9%
GRANTS	414,873	3.8%
ABC REVENUES	90,000	0.8%
DMV VEHICLE TAX	120,000	1.1%
RECREATION FEES	108,800	1.0%
MISCELLANEOUS	188,200	1.7%
RESTRICTED INTER-GOVERNMENT	380,000	3.4%
FUND BALANCE	785,301	7.1%
PERMITS & FEES	10,000	0.1%
TOTAL GENERAL FUND REVENUES	11,038,040	100.0%
POWELL BILL (STREETS)	311,000	100.0%
BUSINESS TYPE REVENUES		
WATER SALES	3,140,000	20.1%
SEWER SALES	4,100,000	26.2%
OTHER WATER REVENUES	209,995	1.3%
FUND BALANCE- WATER FUND	390,000	2.5%
ELECTRICITY SALES	7,551,914	48.3%
OTHER ELECTRIC REVENUES	161,700	1.0%
FUND BALANCE- ELECTRIC	78,100	0.5%
TOTAL BUSINESS TYPE REVENUES	15,631,709	100.0%
TOTAL ALL REVENUES	26,980,749	

WHERE THE MONEY GOES.....

GENERAL FUND	FY 2018	%	Cents
POLICE	3,344,770	30.3%	17.0
FIRE	2,030,690	18.4%	10.3
STREET MAINTENANCE	1,229,141	11.1%	6.2
PARKS & RECREATION	871,670	7.9%	4.4
GENERAL EXPENSE	809,520	7.3%	4.1
SOLID WASTE	718,328	6.5%	3.6
GENERAL DEBT SERVICE	463,524	4.2%	2.4
CITY MANAGER/CLERK	333,365	3.0%	1.7
FINANCE	279,012	2.5%	1.4
PLANNING/ZONING	277,060	2.5%	1.4
HUMAN RESOURCES	235,030	2.1%	1.2
PUBLIC WORKS	181,356	1.6%	0.9
COMMUNITY DEVELOPMENT	132,454	1.2%	0.7
EQUIPMENT SERVICES	132,120	1.2%	0.7
TOTAL GENERAL FUND EXPENSES	11,038,040	100.0%	56.0
POWELL BILL (STREETS)	311,000	100.0%	
BUSINESS TYPE EXPENSES			
WATER TREATMENT	1,501,500	9.6%	
DISTRIBUTION AND COLLECTION	1,356,250	8.7%	
WASTEWATER	1,537,900	9.8%	
WATER AND SEWER INTANGIBLES	3,444,345	22.0%	
ELECTRIC	7,791,714	49.8%	
TOTAL BUSINESS TYPE EXPENSES	15,631,709	100.0%	
TOTAL ALL EXPENSES	26,980,749		

General Fund Revenue

All revenue that is not required to be reported as program revenue. All taxes, even those that are levied for specific purpose, are general revenues and should be reported by type of tax.

Business-Type Activities

One of two classes of activities reported in the government-wide financial statements. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. These activities are normally reported in enterprise funds. The city currently has two business-type funds.

Program Revenue

Revenue derived directly from the program itself or from parties outside the city's taxpayers or citizenry, as a whole. Program revenues reduce the net cost of the function to be financed from the city's general expense.

Government Activities

Activities generally financed through taxes, intergovernmental revenues and other non-exchange revenues.

FUND BALANCE QUESTIONS

- **What is fund balance?**
 - This is what governments call monies that have accumulated over the years that are set aside for future use. It is similar to a savings account that individuals have. Many people refer to this as the “Rainy Day Fund”.
- **Where did the money in fund balance come from?**
 - Budgets are done on an estimated basis. Whatever money is not spent each year automatically becomes part of fund balance.
- **Why does the City need fund balance?**
 - The Local Government Commission that monitors all governmental agencies in NC requires that at least two months of operating costs be kept in fund balance for solvency reasons related to debt service. The minimum amount that must be kept is equivalent to 16% or \$1.5 million for the City. In order to plan for unforeseen operational needs, it is necessary to keep more than the required minimum.
- **Does the City ever spend fund balance?**
 - Yes. Each year, the City spends a portion of the fund balance in the regular budget in order to meet the needs to operate and provide services. The goal is to maintain the fund balance at a constant level. However, in the past several years, the City has had to use more of the fund balance due to lack of total revenues.
- **How much is the City’s fund balance?**
 - The city’s available General Fund Balance is \$3,600,000, or 39%. This is in line with the state average. The chart below indicates a decline in the available fund balance over the past several years. The city is carefully monitoring the budget in order to stabilize revenues and expenses.

