



# TOWN OF WILKESBORO

*"Where the Mountains Begin"*

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Wilkesboro, North Carolina 28697

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## BUDGET MESSAGE

May 5, 2014

To the Town of Wilkesboro Mayor, Council and Citizens:

I am pleased to present the recommended budget for the fiscal year 2014-2015. The budget was prepared in accordance with NCGS 159.7, The North Carolina Local Government Budget and Fiscal Control Act. All funds within the proposed budget for the General and Utility Funds are balanced and all revenues and expenditures are identified for fiscal year 2014-2015.

The recommended budget for fiscal year 2014-2015 totals \$16,531,000 for all Town operations, capital improvements and debt service. This represents a 17% increase over the current year budget. That increase can be attributed to expenditure of \$3,489,200 of retained earnings in the Utility Fund for capital improvement projects and the budgeting of a possible grant project for work at Cub Creek Park. Total Project cost is \$385,000 with the Town being responsible for \$117,500.

In the proposed General Fund budget, I recommend a tax rate of forty four cents (.44) per \$100 of valuation, which is the same rate as the prior year. A property owner who has real property of \$150,000 will receive a tax bill of \$660. The ad valorem taxes will yield \$2,818,000 based on property tax collection rate of 98.28%. This amount has increased by \$300,000 over last year due to our increased collection percentage and organic growth.

In the Utility Fund I have proposed no rate increase to all rate classes. The Town has completed a series of calculated annual rate increases to properly fund a series of capital projects aimed at fortifying a robust utility system. Most notably, the Joint Water Intake Project allowing us to draw water from the W. Kerr Scott Reservoir.

Water and sewer fees and charges will generate \$6,300,000 or 38% of the total budget. Residential customers using an average of 5000 gallons a month will receive a combined water and sewer bill of \$23.17 per month, the same rate as last year. Water rates, sewer rates and charges for all out of town customers excluding the water associations will have a multiplier of 2.0 added to the bill. These revenues show an increase of \$500,000 over last year. This growth is all organic to the system.

## OTHER REVENUES

**Local Option Sales Tax:** Retail sales in North Carolina have stabilized, and the growth of this line item is proof. A conservative growth projection has been budgeted for fiscal year 2014-2015. The Town receives four (4) sales tax allocations: (1) Article 39 one-cent tax, which is the original local government sales and use tax dating from 1971, (2) Article 40 (1983 one-half cent) tax, (3) Article 42 (1986 one-half cent) tax and (4) Article 44 (2001 one-half cent tax). The Town's sales tax revenues are distributed on a per capita basis. It is estimated that the Town will receive \$750,000 in fiscal year 2014-2015.

**Other Taxes and Licenses:** A business is liable for a privilege license tax as a revenue measure, not as an attempt to regulate activity. Under N.C.G.S. 160A-211, a town is free to levy privilege license taxes, except as specifically restricted or prohibited by law. Estimated receipts for issuance of these licenses in fiscal year 2014-2015 are \$120,000.

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MAYOR

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TOWN MANAGER  
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James K Byrd  
TOWN CLERK

Jimmy Hayes  
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Michael Testerman  
COUNCIL MEMBERS

Russell F Ferree  
MAYOR PRO TEM

**Unrestricted Intergovernmental:** Utility Franchise Tax - Each town's share of the utility franchise tax is based on the actual receipts from electric, telephone, and natural gas service within the municipal boundaries during fiscal year 2014-2015. This last year video programming was added to the list of franchise taxes. The utility franchise tax is estimated to yield \$493,000.

**Restricted Intergovernmental:** Powell Bill Allocation - These funds, unlike other State-shared taxes, are limited in their use. N.C.G.S. 136-413 directs that the money be spent "only for the purpose of maintaining, repairing, constructing, reconstructing, or widening of any street or public thoroughfare including bridges, drainage, curb and gutter, and other necessary appurtenances within the corporate limits of a municipality or for meeting the municipality's proportionate share of assessment levied for such purposes." Three-quarters of the proceeds are distributed on a per capita basis, while the remaining quarter is distributed on the basis of the number of miles of non-state streets in the town. Estimated receipts from the Powell Bill Allocation in fiscal year 2014-2015 are \$110,000. This revenue source continues to decline and is not sufficient to maintain our roads on a year to year basis.

**Fund Balance:** The proposed budget includes a general fund balance appropriation of \$841,000 in order to get a balanced budget as required by statute. However, this amount includes the total contingency that has been built into the budget which totals \$300,000. If spent this would leave the Town approximately \$1,140,238 or 16.5% of the proposed General Fund budget in unappropriated fund balance. The Local Government Commission recommends that municipalities maintain at least 8% in fund balance reserves.

## **EXPENDITURES BY CATEGORY**

**Personnel:** This category of expenditures accounts for \$5,605,800 or 34% of the total budget. These expenditures include salaries and wages, FICA, retirement, group insurance and other miscellaneous benefits for 77 full-time employees and 5 elected officials.

The budget contains \$1,190,000 for group health and dental insurance for 83 employees, 4 elected officials, and 7 retirees. As Health Insurance costs continue to rise faster than general inflation the Town will have to look at charging for dependent coverage as well as reducing benefit levels.

The budget contains provisions to allow for a cost of living and /or merit increase of 5.0% in July.

Approximately \$55,000 has been budgeted for training/travel this year. This funding will be used to improve job skills, gain knowledge of the latest equipment and technology, and to remain up to date on a variety of issues that impact the Town. Internal training will focus on safety and the use of technology.

**Operating Expenditures:** This category of expenditures accounts for 36% or \$5,980,200 of the total budget. These expenditures include costs other than personnel and capital outlay that are required for the operations of the Town. Debt service requirements, inflationary trends, increased service demands, and enforcement of government regulations directly affect operational expenditures.

**Capital Outlay:** This category of expenditures accounts for 30% or \$4,945,000 of the total budget. These expenditures are for the purchase of machinery, equipment, and other items that are too permanent in nature to be considered expendable at the time of purchase and have a value greater than \$5000. Items included in the General Fund are a Pickup Truck for the Streets Department, four (4) Police cars, extensive Building Maintenance to Town Hall, a new Press Box/Concession Stand at Cub Creek Park and a commercial mower for Parks and Recreation. In the Utility Fund we intend to purchase a Skid Steer and a new pickup truck for the Water/Sewer Construction Department as well as continued projects to maintain our facilities. We have also budgeted money towards utility maintenance projects. The majority of these funds will be the \$3,489,200 of retained earnings being spent on continuing the sludge handling facility at the Water Plant and fortifying a line loop serving our business district with utilities.

## BALANCED BUDGET

The fiscal year 2014-2015 budget summary of revenues and expenditures for all funds is:

<u>FUND</u>	<u>REVENUES</u>	<u>EXPENDITURES</u>
General	\$ 6,967,500	\$ 6,967,500
Water & Sewer	<u>\$ 9,563,500</u>	<u>\$ 9,563,500</u>
<b>TOTAL</b>	<b><u>\$16,531,000</u></b>	<b><u>\$16,531,000</u></b>
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## CONCLUSION

The local Wilkes County economy has strong signs of life with a 2% reduction to the unemployment over the last year to 7.9%, unfortunately those living in poverty is still around twenty percent (20%). We do not anticipate any service reductions but departmental operating budgets have been squeezed to the point where any unforeseen cost increases will require use of contingency funds. Additionally, capital and building repair needs that have been tabled due to costs are now becoming harder to continue to postpone.

Our local economy is showing signs of recovery which have become tangible in the budget by the way of Water Revenue growth, Sales Tax Revenue growth, and Ad Valorem Tax growth. Anecdotally, new business activity continues within our 421 Business corridor which will help create employment opportunities as well as additional sales tax revenue. We are also seeing signs of growth with new hiring within our industrial base.

Wilkesboro will weather this storm and staff will continue to find ways to do more with less.

This budget is proposed by the Town Manager. At this time, it is neither final nor is it necessarily a reflection of what will be approved by the Town Council. The Town Council will undertake a thorough study of this proposal to arrive at what it considers the proper program of revenues and expenditures for the Town government for the coming year.

Respectfully submitted,

*Kenneth D. Noland*

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Town Manager

## GENERAL FUND EXPENDITURES

DEPARTMENT NAME	ACTUAL BUDGET 2013	CURRENT BUDGET 2014	DEPT REQUEST 2015	MANAGER RECOMM 2015	BOARD APPROVED 2015
GOVERNING BODY	\$ 358,000	\$ 347,800	\$ 352,000	\$ 332,000	\$ 330,600
ADMINISTRATION	619,550	637,050	658,900	659,500	659,500
GENERAL FUND INSURANCES	872,000	886,000	968,000	968,000	968,000
PUBLIC BUILDINGS	340,600	264,300	479,800	472,000	472,000
POLICE DEPARTMENT	1,221,600	1,231,000	1,421,000	1,394,000	1,394,000
FIRE DEPARTMENT	899,500	866,400	1,363,500	865,000	890,000
PLANNING DEPARTMENT	154,500	163,050	352,000	252,000	252,000
PUBLIC WORKS DEPT-STREETS	645,060	532,900	681,700	576,500	576,500
PW-SANITATION & RECYCLING	430,050	269,200	309,200	307,000	307,000
PARKS & RECREATION DEPT.	265,530	255,800	842,000	702,000	317,000
DEBT SERVICE & CONTINGENCY	287,500	307,500	98,000	457,000	457,000
<b>TOTAL</b>	<b>\$ 6,093,890</b>	<b>\$ 5,761,000</b>	<b>\$ 7,526,100</b>	<b>\$ 6,985,000</b>	<b>\$ 6,623,600</b>

## GENERAL FUND REVENUES

DESCRIPTION	ACTUAL REVENUE 2013	ACTUAL BUDGET 2013	CURRENT BUDGET 2014	MANAGER RECOMM 2015	BOARD APPROVED 2015
AD VALOREM TAXES	\$ 2,567,801	\$ 2,563,408	\$ 2,723,859	\$ 2,993,000	\$ 2,993,000
TAXES AND LICENSES	918,355	791,892	807,000	872,000	872,000
UNRESTRICTED INTERGOVERNMENTAL	554,936	611,000	545,000	538,000	538,000
RESTRICTED INTERGOVERNMENTAL	362,160	720,000	713,000	870,000	602,500
PERMITS AND FEES	9,306	11,500	13,000	5,500	5,500
SALES AND SERVICES	137,941	145,600	150,600	155,500	155,500
MISCELLANEOUS	907,320	166,800	177,300	486,500	486,500
OTHER FINANCING SOURCES	177,130	711,500	631,241	506,000	970,600
<b>TOTAL</b>	<b>\$ 5,634,948</b>	<b>\$ 5,721,700</b>	<b>\$ 5,761,000</b>	<b>\$ 6,426,500</b>	<b>\$ 6,623,600</b>

## WATER & SEWER FUND EXPENDITURES

DEPARTMENT NAME	ORIGINAL BUDGET 2013	CURRENT BUDGET 2014	DEPT. REQUEST 2015	MANAGER RECOMM 2015	BOARD APPROVED 2015
UTILITY FUND ADMINISTRATION	\$ 171,050	\$ 174,500	\$ 409,500	\$ 409,500	\$ 409,500
UTILITY FUND INSURANCES	449,500	465,000	465,000	465,000	465,000
SPECIAL APPROPRIATIONS	700,000	3,392,665	3,454,200	3,519,200	3,519,200
METER READING	145,250	144,000	-	-	-
WATER TREATMENT PLANT	1,134,950	1,225,000	1,295,000	1,295,000	1,295,000
WASTEWATER TREATMENT PLANT	1,056,000	1,139,500	1,195,000	1,195,000	1,195,000
WATER AND SEWER CONSTRUCTION	1,313,800	1,291,500	1,524,800	1,424,800	1,424,800
DEBT SERVICE & CONTINGENCY	1,077,901	1,104,835	1,250,000	1,285,000	1,285,000
<b>TOTAL</b>	<b>\$6,048,451</b>	<b>\$8,937,000</b>	<b>\$9,593,500</b>	<b>\$9,593,500</b>	<b>\$9,593,500</b>

## WATER & SEWER FUND REVENUES

<b>DESCRIPTION</b>	<b>ACTUAL REVENUE 2013</b>	<b>ACTUAL BUDGET 2013</b>	<b>CURRENT BUDGET 2014</b>	<b>MANAGER RECOMM 2015</b>	<b>BOARD APPROVED 2015</b>
SALES AND SERVICES	\$ 5,173,988	\$ 5,454,951	\$ 5,907,000	\$ 6,426,000	\$ 6,426,000
MISCELLANEOUS	170,536	194,000	235,000	167,000	167,000
OTHER FINANCING SOURCES	75,000	290,500	2,795,000	3,000,500	3,000,500
<b>TOTAL</b>	<b>\$ 5,419,524</b>	<b>\$ 5,939,451</b>	<b>\$ 8,937,000</b>	<b>\$ 9,593,500</b>	<b>\$ 9,593,500</b>

## NONPROFIT CONTRIBUTIONS FY 2014-15

ACCOUNT NUMBER: 10.4200.9100	Current Year	Requested	Proposed	Approved
EDC	75,000	\$ 75,000	\$ 75,000	\$ 75,000
OLD WILKES OPERATING	25,000	25,000	25,000	25,000
YMCA	N/A	10,000	5,000	5,000
LIBRARY	-	1,000	-	-
FIREWORKS	3,000	3,000	3,000	3,000
GREENWAY	3,000	5,000	3,000	3,000
ARTS COUNCIL	1,000	7,500	1,000	1,000
DOWNTOWN MERCHANTS	500	2,000	500	1,000
CRIMESTOPPERS	500	500	500	500
WILKES COMMUNITY COLLEGE (Automotive Program)	10,000	10,000	10,000	10,000
CHRISTMAS PARADE	500	500	500	500
RESCUE SQUAD	500	500	500	500
YADKIN VALLEY HERITAGE COORIDOR	500	500	500	500
<b>TOTALS</b>	<b>\$ 119,500</b>	<b>\$ 140,500</b>	<b>\$ 124,500</b>	<b>\$ 125,000</b>