



TOWN OF WILKESBORO

"Where the Mountains Begin"

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BUDGET MESSAGE

May 4, 2009

To the Town of Wilkesboro Mayor, Council and Citizens:

I am pleased to present the recommended budget for the fiscal year 2009-2010. 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 2009-2010.

The recommended budget for fiscal year 2009-2010 totals \$9,315,980 for all Town operations, capital improvements and debt service. This represents a 2% increase over the current year budget. That increase can be attributed to rising costs to operate our utility facilities and accounting for new grant expenditures.

In the proposed General Fund budget, I recommend a tax rate of forty cents (.40) per \$100 of valuation, which is the same rate as in the current years budget. A property owner who has real property of \$150,000 will receive a tax bill of \$600. The ad valorem taxes will yield \$2,469,500 based on property tax collection rate of 98.78%. I would caution Council to not lower the tax rate because of the need to increase fund balance as a percentage of the overall General Fund budget. Our current unreserved fund balance represents 37% of total General Fund expenditures.

In the Utility Fund I have proposed a 15% rate increase to all rate classes to balance the proposed budget. This rate increase is based on a detailed rate study commissioned by Council to help determine revenue requirements based on anticipated capital spending projects.

Water and sewer fees and charges will generate \$4,503,950 or 48% of the total budget. The proposed budget and rate increase will help the Town grow its Utility Fund cash balance. In the previously mentioned rate study we set a goal of reaching and then maintaining a cash balance \$1,000,000. These excess funds would be available for emergency situations or unforeseen projects. With the downturn in production at Tyson Foods, this last year has been a great example of why it is so important to maintain a minimum level of reserves. Residential customers using an average of 5000 gallons a month will receive a combined water and sewer bill of \$17.26 for one months usage which is a \$2.25 increase. 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.

OTHER REVENUES

Local Option Sales Tax: Retail sales in North Carolina have declined by approximately 10% this last year. With the continuing uncertainty of the economy a 10% negative growth projection should be budgeted for fiscal year 2009-2010. The Town receives four (4) sales tax allocations:

MIKE INSCORE
Mayor

KENNETH D NOLAND
Town Manager
info@wilkesboronorthcarolina.com

JOSEPHINE CASS
Town Clerk /
Finance Officer

JAMES S HARTLEY
JIMMY HAYES
GARY JOHNSON
Councilman

SAM STROUD
Councilman /
Mayor Pro Tem

(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 \$710,000 in fiscal year 2009-2010. We will also receive approximately \$30,000 in hold harmless revenue.

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 2009-2010 are \$17,000.

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 2009-2010. This last year video programming was added to the list of franchise taxes. The utility franchise tax is estimated to yield \$462,000.

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 2009-2010 are \$105,000. This is a significant decrease from prior years and is reflective of the economy as a whole.

Fund Balance: The proposed budget includes a general fund balance appropriation of \$343,530 in order to get a balanced budget as required by statute. If spent this will leave the Town approximately \$1,453,700 or 30% 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 \$4,321,360 or 47% of the total budget. These expenditures include salaries and wages, FICA, retirement, group insurance, merit pay, and other miscellaneous benefits for 73 full-time employees, 7 part-time employees, and 5 elected officials.

The budget contains \$835,000 for group health and dental insurance for 73 employees, 4 elected officials, and 4 retirees. As Health Insurance costs continues 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 raise of 2.5% in July. There are no provisions for merit increases in this years budget.

Approximately \$45,000 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 46% or \$4,306,120 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 7% or \$688,500 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. Some of the items included in the General Fund: Two new police cars and large tractor for Parks and Recreation along with the purchase of the Perkins property at Cub Creek. In the utility fund a new roof at the Water Plant has been budgeted as well as the replacement of filter media. A work truck has been proposed for the Wastewater Plant and W/S Construction has proposed to replace/rehabilitate a portion of our sanitary sewer line.

BALANCED BUDGET

The fiscal year 2009-2010 budget summary of revenues and expenditures for all funds is:

FUND	REVENUES	EXPENDITURES
General	\$4,812,030	\$4,812,030
Water & Sewer	<u>4,503,950</u>	<u>4,503,950</u>
TOTAL	\$ 9,315,980	\$ 9,315,980

CONCLUSION

Even as the economy has suffered greatly in recent months, the Town's financial position remains strong as we are an affordable community to live in, and we provide a high quality of life to our citizenry. However, we must realize that the current economic conditions will require the town to make sacrifices to protect our financial position. The proposed budget has been stripped of many capital improvements and other worthwhile service delivery improvements in order to lessen the burden placed on our citizens.

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

Town Manager

REVENUES

FUND 10 GENERAL FUND

DESCRIPTION	ACTUAL	ACTUAL	ACTUAL	ORIGINAL	CURRENT	DEPT	MANAGER	BOARD
	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	REQUEST	RECOMM	APPROVED
	2005-2006	2006-2007	2007-2008	2008-2009	2008-2009	2009-2010	2009-2010	2009-2010
AD VALOREM TAXES	\$ 1,854,250	\$ 2,320,964	\$ 2,541,158	\$ 2,611,750	\$ 2,611,750	\$ 2,634,500	\$ 2,634,500	\$ 2,634,500
LOCAL OPTION SALES TAXES	760,000	\$ 780,000	\$ 780,000	\$ 780,000	\$ 780,000	\$ 710,000	\$ 710,000	\$ 710,000
OTHER TAXES AND LICENSES	15,000	\$ 15,000	\$ 15,000	\$ 18,000	\$ 18,000	\$ 17,000	\$ 17,000	\$ 17,000
UNRESTRICTED INTERGOVERNMENTAL	479,000	\$ 474,000	\$ 474,000	\$ 535,500	\$ 535,500	\$ 556,500	\$ 556,500	\$ 556,500
RESTRICTED INTERGOVERNMENTAL	877,194	\$ 253,500	\$ 283,800	\$ 296,500	\$ 296,500	\$ 323,500	\$ 323,500	\$ 353,500
PERMITS AND FEES	37,300	\$ 40,000	\$ 40,000	\$ 10,000	\$ 10,000	\$ 11,000	\$ 11,000	\$ 11,000
SALES AND SERVICES	46,890	\$ 44,900	\$ 44,900	\$ 43,000	\$ 43,000	\$ 36,000	\$ 36,000	\$ 36,000
INVESTMENT EARNINGS	10,000	\$ 25,000	\$ 25,000	\$ 10,000	\$ 10,000	\$ 25,000	\$ 25,000	\$ 25,000
MISCELLANEOUS	103,300	\$ 72,800	\$ 210,309	\$ 62,800	\$ 205,300	\$ 60,000	\$ 60,000	\$ 60,000
OTHER FINANCING SOURCES	312,000	\$ 95,000	\$ 95,000	\$ 95,000	\$ 95,000	\$ 95,000	\$ 95,000	\$ 95,000
FUND BALANCE	330,741	\$ 192,994	\$ 193,470	\$ 249,343	\$ 249,343	\$ 343,530	\$ 343,530	\$ 237,430
TOTAL	\$ 4,825,675	\$ 4,314,158	\$ 4,702,637	\$ 4,711,893	\$ 4,854,393	\$ 4,812,030	\$ 4,812,030	\$ 4,735,930

EXPENSES

FUND 10 GENERAL FUND

DEPARTMENT NAME	DEPT. NUMBER	ACTUAL BUDGET 2005-2006	ACTUAL BUDGET 2006-2007	ACTUAL BUDGET 2007-2008	ORIGINAL BUDGET 2008-2009	CURRENT BUDGET 2008-2009	DEPT REQUEST 2009-2010	MANAGER RECOMM 2009-2010	BOARD APPROVED 2009-2010
GOVERNING BODY	4110	271,900	291,400	331,500	352,500	352,500	381,900	381,900	381,900
ADMINISTRATION	4200	456,250	502,725	513,450	488,100	488,100	612,484	541,450	524,150
GENERAL FUND INSURANCES	4205	595,700	658,450	703,000	666,000	666,000	696,000	696,000	696,000
PUBLIC BUILDINGS	4210	193,050	261,225	291,870	343,500	343,500	385,835	334,000	262,000
POLICE DEPARTMENT	5100	1,030,955	1,071,454	1,121,100	1,137,800	1,142,300	1,153,025	1,171,100	1,179,100
FIRE DEPARTMENT	5300	280,276	215,632	235,663	263,573	263,573	275,653	246,560	298,560
PLANNING AND INSPECTION DEPARTMENT-INSPECTION DIVISION	5400	135,300	141,400	172,072	182,820	182,820	178,950	175,000	172,600
PUBLIC WORKS DEPARTMENT-STREET DIVISION	5600	473,855	520,300	535,900	582,425	585,425	553,300	515,900	520,800
PUBLIC WORKS-SANITATION AND RECYCLING DIVISION	5800	185,839	219,600	245,000	238,670	238,670	404,300	253,500	250,200
PARKS AND RECREATION DEPARTMENT	6200	176,125	187,500	216,300	260,700	395,700	272,400	364,100	318,100
DEBT SERVICE	8000	176,731	216,472	216,473	195,805	195,805	132,506	132,520	132,520
TOTAL		\$ 3,975,981	\$ 4,286,158	\$ 4,582,328	\$ 4,711,893	\$ 4,854,393	\$ 5,046,353	\$ 4,812,030	\$ 4,735,930

REVENUES

FUND 30 WATER AND SEWER FUND

DESCRIPTION	ACTUAL	ACTUAL	ACTUAL	ORIGINAL	CURRENT	DEPT	MANAGER	BOARD
	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	REQUEST	RECOMM	APPROVED
	2005-2006	2006-2007	2007-2008	2008-2009	2008-2009	2009-2010	2009-2010	2009-2010
INVESTMENT EARNINGS	15,000	\$ 25,000	\$ 25,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
MISCELLANEOUS	30,000	40,000	49,000	40,000	40,000	40,000	40,000	40,000
APPALACHIAN REG COMM GRANT	-	-	-	-	-	-	-	-
RURAL CENTER GRANT	-	-	-	-	-	90,000	90,000	90,000
OWNER CONTRIBUTION	-	-	-	-	-	-	-	-
WATER CHARGES	1,450,000	1,588,850	1,725,000	1,950,000	1,950,000	2,010,000	2,010,000	2,010,000
SEWER CHARGES	1,790,000	1,924,250	2,450,000	2,237,858	2,237,858	2,050,000	2,050,000	2,050,000
WATER ASSOC. DEBT PAYMENT	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
ELECTRIC REIMBURSE (MC)	-	8,000	8,000	8,000	8,000	8,000	8,000	8,000
SEWER - SURCHARGE	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
WATER/SEWER TAPS	25,000	25,000	15,000	20,000	20,000	20,000	20,000	20,000
RECONNECTION FEE	-	-	-	-	-	-	-	-
WASTEWATER BULK DISPOSAL	25,000	15,000	15,000	15,000	15,000	20,000	20,000	20,000
FUND BALANCE	336,868	30,035	29,903			152,950	152,950	86,550
PENALTY & INTEREST	-	-	-	-	-	3,000	3,000	3,000
421 SEWER TAP	60,000	40,000	40,000	25,000	25,000	25,000	25,000	25,000
DEBT PROCEEDS	-	-	-	-	156,000	-	-	-
TOTAL	\$ 3,806,868	\$ 3,771,135	\$ 4,431,903	\$ 4,380,858	\$ 4,536,858	\$ 4,503,950	\$ 4,503,950	\$ 4,437,550

Revenues are based on a 7.5 % increase to all account classes July 1, a 7.5% increase for all classes October 1 and a 20% additional increase to the Water Association class effective July 1.
 The October 1 increase could be reduced depending on actual revenue received during 1st quarter of new budget

EXPENSES

FUND 30 WATER AND SEWER FUND

DEPARTMENT NAME	DEPT. NUMBER	ACTUAL BUDGET 2005-2006	ACTUAL BUDGET 2006-2007	ACTUAL BUDGET 2007-2008	ORIGINAL BUDGET 2008-2009	CURRENT APPROVED 2008-2009	DEPT. REQUEST 2009-2010	MANAGER RECOMM 2009-2010	BOARD APPROVED 2009-2010
UTILITY FUND ADMINISTRATION	4200	\$ 81,400	\$ 82,600	\$ 128,700	157,000	157,000	157,663	161,250	159,750
UTILITY FUND INSURANCES	4205	\$ 257,000	\$ 297,800	\$ 409,500	480,000	480,000	397,000	397,000	397,000
SPECIAL APPROPRIATIONS	6900	132,000	\$ 90,000	-	95,000	95,000	95,000	95,000	95,000
WATER TREATMENT PLANT METER READING DIVISION	8010	89,950	\$ 80,600	\$ 89,300	116,900	116,900	125,500	122,500	120,900
WATER TREATMENT PLANT	8100	855,300	\$ 812,176	\$ 1,076,993	883,500	883,500	1,085,500	946,900	940,400
WASTEWATER TREATMENT PLANT	8220	1,016,220	\$ 975,404	\$ 1,041,376	1,097,248	1,097,248	1,156,636	1,104,200	1,056,200
WATER AND SEWER CONSTRUCTION	8310	963,840	\$ 1,010,500	\$ 1,263,980	1,138,700	1,294,700	1,589,050	1,274,750	1,265,950
DEBT SERVICE	8000	411,158	\$ 422,055	\$ 422,054	412,500	412,510	402,339	402,350	402,350
TOTAL		\$ 3,806,868	\$ 3,771,135	\$ 4,431,903	4,380,848	4,536,858	5,008,688	4,503,950	4,437,550

Nonprofit Contributions 2009-2010

ACCOUNT NUMBER: 104200.9100	Current Year	Requested	Proposed	Approved
EDC	20,000	30,000	25,000	20,000
OLD WILKES CAPITAL CAMPAIGN				
OLD WILKES OPERATING	20,000	25,000	25,000	20,000
FIREWORKS	1,000	1,000	3,000	3,000
GREENWAY	4,500	5,000	4,500	4,500
ART GALLERY	1,000	1,000	1,000	1,000
BROC				
ARTS COUNCIL	1,000	1,000	1,000	1,000
COMMUNITY IN SCHOOLS	250	250	250	250
WILKES SENIOR CENTER				
DOWNTOWN MERCHANTS	500		500	750
CRIMESTOPPERS	500	500	500	500
TIFFANY'S PLACE	1,000	2,000	1,000	1,000
WILKES DEV. DAY SCHOOL	1,000	2,500	1,000	1,000
HERITAGE MUSEUM CAPITAL			-	
COMMUNITY COLLEGE CAPITAL	10,000	2,000		
CHAMBER OF COMMERCE				
CHAMBER - VISION	1,000	1,000	1,000	1,000
LIBRARY				
CHARISTMAS PARADE		1,000	1,000	1,000
TOTALS	\$61,750	\$72,250	\$64,750	\$55,000