



TOWN OF WILKESBORO

"Where the Mountains Begin"

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BUDGET MESSAGE

May 17, 2010

To the Town of Wilkesboro Mayor, Council and Citizens:

I am pleased to present the recommended budget for the fiscal year 2010-2011. 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 2010-2011 totals \$9,740,670 for all Town operations, capital improvements and debt service. This represents a 4.6% increase over the current year budget. That increase can be attributed to rising costs to operate our utility facilities and the addition of four (4) full time Fire Department employees.

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 \$2,461,000 based on property tax collection rate of 98%. 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 40% of total General Fund expenditures.

In the Utility Fund I have proposed a 7.5% 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 \$4,515,000 or 46% 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. Last year we saw how important it is to maintain this cash balance as Tyson Foods experienced a sharp decline in production. Residential customers using an average of 5000 gallons a month will receive a combined water and sewer bill of \$18.55 for one months usage which is a \$1.29 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 continued to decline by 10% this past year for a total loss of 22% over the last two years. With the continuing uncertainty of the economy a no growth projection should be budgeted for fiscal year 2010-2011. 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

SAM STROUD
JIMMY HAYES
GARY JOHNSON
Councilmen

NELLIE ARCHIBALD
Councilwoman /
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 \$675,000 in fiscal year 2010-2011. We will also receive approximately \$48,000 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 2010-2011 are \$21,000.

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 2010-2011. This last year video programming was added to the list of franchise taxes. The utility franchise tax is estimated to yield \$444,000.

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 2010-2011 are \$102,000. 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 \$489,670 in order to get a balanced budget as required by statute. If spent this will leave the Town approximately \$1,683,500 or 33% 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 \$4,535,000 or 47% of the total budget. These expenditures include salaries and wages, FICA, retirement, group insurance, merit pay, and other miscellaneous benefits for 77 full-time employees, 7 part-time employees, and 5 elected officials.

The budget contains \$925,000 for group health and dental insurance for 77 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 3.0% in July. There are no provisions for merit increases in this years budget.

Approximately \$50,000 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 \$4,532,510 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 \$673,160 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: Recycling truck replacement and 2- police cars. In the utility fund we have scheduled to paint 2 water tanks, purchase a tractor for the water plant, one service truck for wastewater and one for water/sewer construction; along with various water and sewer line rehabilitation work.

BALANCED BUDGET

The fiscal year 2010-2011 budget summary of revenues and expenditures for all funds is:

FUND	REVENUES	EXPENDITURES
General	\$ 5,052,670	\$ 5,052,670
Water & Sewer	4,688,000	4,688,000
TOTAL	\$ 9,740,670	\$ 9,740,670

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 worth while 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. Holand

Town Manager

**REVENUES
FUND 10 GENERAL FUND**

DESCRIPTION	CURRENT BUDGET 2009-2010	MANAGER RECOMM 2010-2011	BOARD APPROVED 2010-2011
AD VALOREM TAXES	2,634,500	2,604,000	2,604,000
LOCAL OPTION SALES TAXES	710,000	675,000	675,000
OTHER TAXES AND LICENSES	17,000	21,000	21,000
UNRESTRICTED INTERGOVERNMENTAL	556,500	558,400	558,400
RESTRICTED INTERGOVERNMENTAL	323,500	429,100	429,100
PERMITS AND FEES	11,000	9,500	9,500
SALES AND SERVICES	36,000	59,000	59,000
INVESTMENT EARNINGS	25,000	40,000	40,000
MISCELLANEOUS	60,000	72,000	72,000
OTHER FINANCING SOURCES	95,000	95,000	138,500
FUND BALANCE	343,530	489,670	624,670
TOTAL	\$4,812,030	\$5,052,670	\$5,231,170

**EXPENSES
FUND 10 GENERAL FUND**

DEPARTMENT NAME	DEPT. NUMBER	CURRENT BUDGET 2009-2010	MANAGER RECOMM 2010-2011	BOARD APPROVED 2010-2011
GOVERNING BODY	4110	381,900	362,000	362,000
ADMINISTRATION	4200	524,150	616,350	616,350
GENERAL FUND INSURANCES	4205	696,000	732,000	732,000
PUBLIC BUILDINGS	4210	262,000	283,900	283,900
POLICE DEPARTMENT	5100	1,183,600	1,226,000	1,217,000
FIRE DEPARTMENT	5300	246,560	524,300	516,300
PLANNING AND INSPECTION - INSPECTION DIVISION	5400	172,600	196,300	193,800
PUBLIC WORKS DEPARTMENT - STREET DIVISION	5600	520,800	554,800	752,800
PUBLIC WORKS - SANITATION AND RECYCLING	5800	253,500	346,200	346,200
PARKS AND RECREATION DEPARTMENT	6200	364,100	190,900	190,900
DEBT SERVICE	8000	132,520	19,920	19,920
TOTAL		\$4,737,730	\$5,052,670	\$5,231,170

**REVENUES
FUND 30 WATER AND SEWER FUND**

DESCRIPTION	CURRENT BUDGET 2009-2010	MANAGER RECOMM 2010-2011	BOARD APPROVED 2010-2011
SALES AND SERVICES	4,140,000	4,515,000	4,515,000
INVESTMENT EARNINGS	10,000	10,000	10,000
MISCELLANEOUS	111,000	88,000	88,000
OTHE FINANCING SOURCES	90,000	75,000	75,000
FUND BALANCE	152,950	-	15,100
TOTAL	\$4,503,950	\$4,688,000	\$4,703,100

Revenues are based on a 7.5 % increase to all account classes July 1

EXPENSES
FUND 30 WATER AND SEWER FUND

DEPARTMENT NAME	DEPT. NUMBER	CURRENT APPROVED 2009-2010	MANAGER RECOMM 2010-2011	BOARD APPROVED 2010-2011
UTILITY FUND ADMINISTRATION	4200	159,750	191,400	191,400
UTILITY FUND INSURANCES	4205	397,000	467,000	467,000
SPECIAL APPROPRIATIONS	6900	95,000	95,000	138,500
METER READING DIVISION	8010	120,900	127,000	123,600
WATER TREATMENT PLANT	8100	940,400	1,062,500	1,037,500
WASTEWATER TREATMENT PLANT	8220	1,056,200	1,110,900	1,110,900
WATER AND SEWER CONSTRUCTION	8310	1,265,950	1,231,860	1,231,860
DEBT SERVICE	8000	402,350	402,340	402,340
TOTAL		\$4,437,550	\$4,688,000	\$4,703,100

Nonprofit Contributions 2010-2011

ACCOUNT NUMBER: 104200.9100	Current Year	Requested	Proposed	Approved
EDC	20,000	70,000	70,000	70,000
OLD WILKES OPERATING	20,000	27,500	27,000	27,000
FIREWORKS	3,000	3,000	3,000	3,000
GREENWAY	4,500	5,000	4,500	4,000
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	~	~	~
DOWNTOWN MERCHANTS	750	~	500	500
CRIMESTOPPERS	500	1,000	500	500
TIFFANY'S PLACE	1,000	~	~	~
WILKES DEV. DAY SCHOOL	1,000	2,500	1,000	1,000
CHAMBER - VISION	1,000	1,000	500	500
CHRISTMAS PARADE	1,000	1,000	1,000	1,000
RESCUE SQUAD	~	1,000	~	
YADKIN RIVER HERITAGE COORIDOR	~	2,500	~	500
TOTALS	\$55,000	\$116,500	\$110,000	\$110,000