



TOWN OF WILKESBORO

"Where the Mountains Begin"

P.O. Box 1056 • 203 West Main Street

Wilkesboro, North Carolina 28697

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BUDGET MESSAGE

May 2, 2011

To the Town of Wilkesboro Mayor, Council and Citizens:

I am pleased to present the recommended budget for the fiscal year 2011-2012. 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 2011-2012.

The recommended budget for fiscal year 2011-2012 totals \$ 10,269,760 for all Town operations, capital improvements and debt service. This represents a 3% increase over the current year budget.

That increase can be attributed to rising energy costs and new debt service as a result of the Wastewater Capital Improvement Project.

In the proposed General Fund budget, I recommend a tax rate of forty cents (.40) per \$100 of valuation, which remains the same since 2006. A property owner who has real property of \$150,000 will receive a tax bill of \$600. The ad valorem taxes will yield \$2,430,000 based on property tax collection rate of 98%. Real property valuation continues to be stagnant while personal property values are in decline as consumers continue to hold off on large ticket spending.

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 an increase in debt service requirements resulting from the wastewater renovation work. This new debt service equates to 5% of the entire budget but is based on a declining payment schedule over a 20 year term.

Water and sewer fees and charges will generate \$5,095,000 or 50% 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. Residential customers using an average of 5000 gallons a month will receive a combined water and sewer bill of \$19.94 for one month usage which is a \$1.39 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 stabilized but are approximately 20% less than 3 years ago. With the continuing uncertainty of the economy a no growth projection should be budgeted for fiscal year 2011-2012. The Town receives four (4) sales tax allocations:

MIKE INSCORE
Mayor

KENNETH D NOLAND
Town Manager
info@wilkesboronorthcarolina.com

JAMES K BYRD
Town Clerk

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 \$660,000 in fiscal year 2011-2012. We will also receive approximately \$55,000 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 2011-2012 are \$35,000.

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 2011-2012. This last year video programming was added to the list of franchise taxes. The utility franchise tax is estimated to yield \$451,900.

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 2011-2012 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 \$349,590 in order to get a balanced budget as required by statute. If spent this would leave the Town approximately \$1,833,000 or 37% 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 \$4,785,240 or 47% of the total budget. These expenditures include salaries and wages, FICA, retirement, group insurance and other miscellaneous benefits for 77 full-time employees, 7 part-time employees, and 5 elected officials.

The budget contains \$1,100,000 for group health and dental insurance for 77 employees, 4 elected officials, and 7 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 year's 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 \$691,500 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. Items

included in the General Fund are one (1) Police car and one (1) commercial mower for Parks and Recreation. In the Utility Fund we have scheduled to put a new topping on the 6 year old clearwell. In Water and Sewer Construction we have budgeted money towards utility replacement on Cherry St. and S Collegiate Drive.

BALANCED BUDGET

The fiscal year 2011-2012 budget summary of revenues and expenditures for all funds is:

FUND	REVENUES	EXPENDITURES
General	\$ 5,011,490	\$ 5,011,490
Water & Sewer	\$ 5,258,270	\$ 5,258,270
TOTAL	\$10,269,760	\$10,269,760

CONCLUSION

The current economic conditions in Wilkes County continue to be bleak at best. Unemployment remains above twelve percent (12%) and those living in poverty have eclipsed twenty percent (20%). Wilkesboro citizens are feeling this pinch and can ill afford significant increases in taxes and utilities. Revenue collections continue to fall below budgeted estimates. At the same time the cost to provide services continue to increase, driven primarily by higher energy costs. Over the last few years we have cut all non-essential costs and we now face a situation where any further significant cuts will result in the loss of service delivery and employee reductions.

I am hopeful that the worst is over and our economy is beginning to recover. There have been signs of this as we have issued permits for new construction and remodel of commercial properties along our US 421 business corridor.

The Town currently has a healthy fund balance reserve and this money can be used to bridge the gap during brief down turns in the economy. However, as this downturn continues we run the risk of depleting our fund balance to an unhealthy level within the next few years. The proposed budget has been stripped of most Capital Improvements and other worthwhile service delivery improvements in order to lessen the burden placed on our citizens.

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

Town Manager

**Fund 10 General Fund
Revenues**

	ACTUAL	ORIGINAL	CURRENT	MANAGER	BOARD
	BUDGET	BUDGET	BUDGET	RECOMM	APPROVED
DESCRIPTION	2009-2010	2010-2011	2010-2011	2011-2012	2011-2012
AD VALOREM TAXES	\$ 2,634,500	\$ 2,604,000	\$ 2,604,000	\$ 2,573,000	\$ 2,573,000
LOCAL OPTION SALES TAXES	\$ 710,000	\$ 675,000	\$ 675,000	\$ 660,000	\$ 660,000
OTHER TAXES AND LICENSES	\$ 17,000	\$ 21,000	\$ 21,000	\$ 37,000	\$ 37,000
UNRESTRICTED INTERGOVERNMENT	\$ 556,500	\$ 558,400	\$ 558,400	\$ 550,900	\$ 550,900
RESTRICTED INTERGOVERNMENTAL	\$ 323,500	\$ 429,100	\$ 429,100	\$ 364,500	\$ 364,500
PERMITS AND FEES	\$ 11,000	\$ 9,500	\$ 9,500	\$ 14,000	\$ 14,000
SALES AND SERVICES	\$ 36,000	\$ 59,000	\$ 59,000	\$ 142,000	\$ 142,000
INVESTMENT EARNINGS	\$ 25,000	\$ 40,000	\$ 40,000	\$ 20,000	\$ 20,000
MISCELLANEOUS	\$ 60,000	\$ 72,000	\$ 72,000	\$ 162,000	\$ 162,000
OTHER FINANCING SOURCES	\$ 95,000	\$ 95,000	\$ 138,500	\$ 138,500	\$ 138,500
FUND BALANCE	\$ 343,530	\$ 489,670	\$ 624,670	\$ 349,590	\$ 217,810
TOTAL	\$ 4,812,030	\$ 5,052,670	\$ 5,231,170	\$ 5,011,490	\$ 4,879,710

Fund 10 General Fund Expenditures

		ACTUAL	ORIGINAL	CURRENT	DEPT	MANAGER	BOARD
	DEPT.	BUDGET	BUDGET	BUDGET	REQUEST	RECOMM	APPROVED
DEPARTMENT NAME	NUMBER	2009-2010	2010-2011	2010-2011	2011-2012	2011-2012	2011-2012
GOVERNING BODY	4110	381,900	362,000	362,000	469,000	362,200	362,200
ADMINISTRATION	4200	524,150	616,350	616,350	630,900	618,800	608,575
GENERAL FUND INSURANCES	4205	696,000	732,000	732,000	812,000	812,000	812,000
PUBLIC BUILDINGS	4210	262,000	283,900	283,900	295,700	274,500	253,135
POLICE DEPARTMENT	5100	1,183,600	1,226,000	1,217,000	1,217,510	1,217,510	1,184,730
FIRE DEPARTMENT	5300	246,560	524,300	516,300	684,025	571,600	522,475
PLANNING AND INSPECTION DEPARTMENT-INSPECTION DIVISION	5400	172,600	196,300	193,800	136,180	114,580	113,905
PUBLIC WORKS DEPARTMENT- STREET DIVISION	5600	520,800	554,800	752,800	644,450	519,200	516,965
PUBLIC WORKS- SANITATION AND RECYCLING DIVISION	5800	253,500	346,200	346,200	459,000	265,400	263,300
PARKS AND RECREATION DEPARTMENT	6200	364,100	190,900	190,900	272,100	210,700	197,425
DEBT SERVICE	8000	132,520	19,920	19,920	44,991	45,000	45,000
TOTAL		\$ 4,737,730	\$ 5,052,670	\$ 5,231,170	\$ 5,665,856	\$ 5,011,490	\$ 4,879,710

**Fund 30 Water & Sewer
Revenues**

	ACTUAL	ORIGINAL	CURRENT	MANAGER	BOARD
	BUDGET	BUDGET	BUDGET	RECOMM	APPROVED
DESCRIPTION	2009-2010	2010-2011	2010-2011	2011-2012	2011-2012
SALES AND SERVICES	4,140,000	4,515,000	4,515,000	5,095,000	5,095,000
INVESTMENT EARNINGS	10,000	10,000	10,000	10,000	10,000
MISCELLANEOUS	111,000	88,000	88,000	107,000	107,000
OTHE FINANCING SOURCES	90,000	75,000	75,000	-	-
FUND BALANCE	152,950	-	15,100	46,270	29,005
TOTAL	4,503,950	4,688,000	4,703,100	5,258,270	5,241,005
Revenues are based on a 7.5 % increase to all account classes July 1					

Fund 30 Water & Sewer Expenditures

		ACTUAL	ORIGINAL	CURRENT	DEPT.	MANAGER	BOARD
	DEPT.	BUDGET	BUDGET	APPROVED	REQUEST	RECOMM	APPROVED
DEPARTMENT NAME	NUMBER	2009-2010	2010-2011	2010-2011	2011-2012	2011-2012	2011-2012
UTILITY FUND ADMINISTRATION	4200	159,750	191,400	191,400	190,700	185,700	184,680
UTILITY FUND INSURANCES	4205	397,000	467,000	467,000	467,000	467,000	467,000
SPECIAL APPROPRIATIONS	6900	95,000	95,000	138,500	138,500	138,500	138,500
WATER TREATMENT PLANT METER READING DIVISION	8010	120,900	127,000	123,600	151,300	150,800	149,670
WATER TREATMENT PLANT	8100	940,400	1,062,500	1,037,500	1,037,000	1,035,000	1,030,480
WASTEWATER TREATMENT PLANT	8220	1,056,200	1,110,900	1,110,900	1,190,167	994,068	989,343
WATER AND SEWER CONSTRUCTION	8310	1,265,950	1,231,860	1,231,860	1,623,250	1,321,250	1,315,380
DEBT SERVICE	8000	402,350	402,340	402,340	965,952	965,952	965,952
TOTAL		\$4,437,550	\$ 4,688,000	\$ 4,703,100	\$ 5,763,869	\$ 5,258,270	\$ 5,241,005

**Proposed Contributions
Fiscal Year 2011 – 2012**

ACCOUNT NUMBER: 104200.9100	Requested	Proposed	Approved
EDC	70,000	70,000	70,000
OLD WILKES OPERATING	25,000	25,000	25,000
FIREWORKS	3,000	3,000	3,000
GREENWAY	5,000	4,000	3,000
ARTS COUNCIL	2,000	1,000	1,000
DOWNTOWN MERCHANTS	500	500	500
CRIMESTOPPERS	500	500	500
CHRISTMAS PARADE	500	500	500
RESCUE SQUAD	5,000	1,000	500
YADKIN RIVER HERITAGE COORIDOR	2,500	1,000	500
TOTALS	<u>125,700</u>	<u>106,500</u>	<u>104,500</u>