



TOWN OF WILKESBORO

"Where the Mountains Begin"

P.O. Box 1056 • 203 West Main Street
Wilkesboro, North Carolina 28697

www.wilkesboronorthcarolina.com

Phone (336) 838 – 3951 • Fax (336) 838 - 7616

BUDGET MESSAGE

May 7, 2012

To the Town of Wilkesboro Mayor, Council and Citizens:

I am pleased to present the recommended budget for the fiscal year 2012-2013. 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 2012-2013.

The recommended budget for fiscal year 2012-2013 totals \$11,869,090 for all Town operations, capital improvements and debt service. This represents a 15% increase over the current year budget. That increase can be attributed to expenditure of the SAFER grant in the fire department, new debt service as a result of short-term financing for capital equipment and the inclusion of a 5% contingency fund.

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 \$2,398,408 based on property tax collection rate of 96.71%. 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 recently completed wastewater renovation work and the upcoming joint Water Intake Project.

Water and sewer fees and charges will generate \$5,453,000 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. Residential customers using an average of 5000 gallons a month will receive a combined water and sewer bill of \$21.56 for one month usage which is a \$1.62 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. However we are seeing signs of growth in this revenue source. But with the continuing uncertainty of the economy a 3% conservative growth projection has been budgeted for fiscal year 2012-2013. The Town receives four (4) sales tax allocations:

Mike Inscore
MAYOR

Kenneth D Noland
TOWN MANAGER
townmanager@wilkesboronc.org

James K Byrd
TOWN CLERK

Nellie Archibald
Michael Testerman
Gary Johnson
COUNCIL MEMBERS

Jimmy Hayes
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 \$680,000 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. This last year the Town chose to change its taxing methodology to a gross receipts tax that increases based on the businesses gross sales. The resulting impact has provided a significant increase in revenue. Estimated receipts for issuance of these licenses in fiscal year 2012-2013 are \$110,000.

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 \$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 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 \$228,500 in order to get a balanced budget as required by statute. However, this amount equates to the total contingency that has been built into the budget. If spent this would leave the Town approximately \$2,271,914 or 38.7% 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 \$5,440,689 or 46% 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 \$1,095,000 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 and /or merit increase of 5.0% in July.

Approximately \$60,000 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 42% or \$5,002,301 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 11% or \$1,277,750 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 three (3) Police cars, a new garbage truck, a mulch blower, an F250 truck for the Fire Department, and a commercial mower for Parks and Recreation. In the Utility Fund we intend to purchase a skid steer loader for the Wastewater Plant and a new back hoe for Water and Sewer Construction. We have also budgeted money towards utility replacement on S. Collegiate Drive, Henderson Drive, Welborn Ave. and Oakwoods Road.

BALANCED BUDGET

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

FUND	REVENUES	EXPENDITURES
General	\$ 5,899,590	\$ 5,899,590
Water & Sewer	\$ 5,999,500	\$ 5,999,500
TOTAL	\$11,869,090	\$11,869,090

CONCLUSION

The current economic conditions in Wilkes County continue to be bleak at best. Unemployment remains near 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

Kenneth D. Noland
Town Manager

**FUND 10 GENERAL FUND
FY 2012-2013 REVENUES**

DESCRIPTION	ACTUAL BUDGET 2010-2011	CURRENT BUDGET 2011-2012	MANAGER RECOMM 2012-2013	BOARD APPROVED 2012-2013
AD VALOREM TAXES	\$ 2,604,000	\$ 2,573,000	\$ 2,570,408	\$ 2,563,408
TAXES AND LICENSES	696,000	697,000	792,000	791,892
UNRESTRICTED INTERGOVERNMENTAL	565,400	557,900	611,000	611,000
RESTRICTED INTERGOVERNMENTAL	404,500	364,500	720,000	720,000
PERMITS AND FEES	27,100	43,000	11,500	11,500
SALES AND SERVICES	34,000	142,000	145,600	145,600
MISCELLANEOUS	137,000	146,000	166,800	166,800
OTHER FINANCING SOURCES	763,170	356,310	882,282	711,500
TOTAL	\$ 5,231,170	\$ 4,879,710	\$ 5,899,590	\$ 5,721,700

**FUND 10 GENERAL FUND
FY 2012-2013 EXPENDITURES**

DEPARTMENT NAME	DEPT. NUMBER	ACTUAL BUDGET 2010-2011	CURRENT BUDGET 2011-2012	MANAGER RECOMM 2012-2013	BOARD APPROVED 2012-2013
GOVERNING BODY	4110	\$ 362,000	\$ 362,200	\$ 376,900	\$ 358,000
ADMINISTRATION	4200	616,350	608,575	651,050	619,550
GENERAL FUND INSURANCES	4205	732,000	812,000	914,000	872,000
PUBLIC BUILDINGS	4210	283,900	253,135	372,300	340,600
POLICE DEPARTMENT	5100	1,217,000	1,184,730	1,289,330	1,177,600
FIRE DEPARTMENT	5300	512,300	522,475	923,000	899,500
PLANNING DEPARTMENT	5400	193,800	113,905	156,660	144,500
PUBLIC WORKS DEPARTMENT-STREETS	5600	554,800	519,965	574,200	541,300
PUBLIC WORKS-SANITATION & RECYCLING	5800	345,700	263,300	290,050	263,050
PARKS AND RECREATION DEPARTMENT	6200	190,800	197,325	276,100	218,100
DEBT SERVICE & CONTINGENCY	8000	19,920	45,000	76,000	287,500
TOTAL		\$ 5,028,570	\$ 4,882,610	\$ 5,899,590	\$ 5,721,700

**FUND 30 WATER & SEWER FUND
FY 2012-2013 REVENUES**

DESCRIPTION	ACTUAL BUDGET 2010-2011	CURRENT BUDGET 2011-2012	MANAGER RECOMM 2012-2013	BOARD APPROVED 2012-2013
SALES AND SERVICES	\$ 4,515,000	\$ 5,095,000	\$ 5,483,000	\$ 5,484,951
MISCELLANEOUS	98,000	117,000	194,000	194,000
OTHE FINANCING SOURCES	90,100	134,005	322,500	290,500
TOTAL	\$ 4,703,100	\$ 5,346,005	\$ 5,999,500	\$ 5,969,451

Based on a 7.5 % increase to all classes July 1

**FUND 30 WATER & SEWER FUND
FY 2012-2013 EXPENDITURES**

DEPARTMENT NAME	DEPT. NUMBER	ACTUAL EXPEND 2010-2011	CURRENT BUDGET 2011-2012	MANAGER RECOMM 2012-2013	BOARD APPROVED 2012-2013
UTILITY FUND ADMINISTRATION	4200	\$ 149,721	\$ 184,680	\$ 182,849	\$ 171,050
UTILITY FUND INSURANCES	4205	395,205	467,000	503,000	479,500
SPECIAL APPROPRIATIONS	6900	317,532	138,500	200,000	200,000
WATER TREAT. PLANT-METER READING	8010	119,636	149,670	145,000	135,250
WATER TREATMENT PLANT	8100	850,383	1,030,480	1,188,000	1,134,950
WASTEWATER TREATMENT PLANT	8220	1,047,744	989,343	1,082,000	1,056,000
WATER AND SEWER CONSTRUCTION	8310	1,048,336	1,315,380	1,724,500	1,639,800
DEBT SERVICE & CONTINGENCY	8000	400,988	965,952	974,151	1,152,901
TOTAL		\$ 4,329,544	\$ 5,241,005	\$ 5,999,500	\$ 5,969,451

NON-PROFIT CONTRIBUTIONS FY 2012 – 2013

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
GREENWAY	-	3,000	3,000
ART GALLERY	1,000	-	-
ARTS COUNCIL	2,000	-	1,000
WILKES SENIOR CENTER	-	-	-
DOWNTOWN MERCHANTS	-	-	500
CRIMESTOPPERS	-	-	500
WILKES DEV. DAY SCHOOL	-	-	-
BRUSHY MTN FIRE DEPT	-	-	-
COMMUNITY COLLEGE CAPITAL	10,000	10,000	10,000
CHAMBER - VISION	-	-	-
CHRISTMAS PARADE	-	500	500
RESCUE SQUAD	5,000	500	500
YADKIN RIVER HERITAGE COORIDOR	5,000	500	500
TOTALS	\$ 118,000	\$ 112,500	\$ 114,500