



TOWN OF WILKESBORO

"Where the Mountains Begin"

P.O. Box 1056 • 203 West Main Street

Wilkesboro, North Carolina 28697

www.wilkesboronc.org

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

BUDGET MESSAGE

May 4, 2015

To the Town of Wilkesboro Mayor, Council and Citizens:

I am pleased to present the recommended budget for the fiscal year 2015-2016. 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 2015-2016.

The recommended budget for fiscal year 2015-2016 totals \$17,651,000 for all Town operations, capital improvements and debt service. This represents a 6% increase over the current year budget. That increase can be attributed to expenditure of retained earnings in the Utility Fund for capital improvement projects. The budgeted funds allocated to these projects totals \$4,425,000.

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 \$2,827,500 based on property tax collection rate of 97.50%. This amount has increased by \$9,500 over last year. The modest increase can be explained by an overall increase to the tax base combined with a reduction to our tax collection percentage.

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. Other capital projects at various stages of completion are a sludge handling facility at the water plant, a centrifuge projects at the wastewater plant and a new water loop project in the Browns Ford Rd. and Hwy 421 area.

Water and sewer fees and charges will generate \$6,700,000 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 \$400,000 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

Mike Inscore
MAYOR

Kenneth D Noland
TOWN MANAGER
townmanager@wilkesboronc.org

James K Byrd
TOWN CLERK

Jimmy Hayes
Claude Andrew "Andy" Soots
Michael Testerman
COUNCIL MEMBERS

Russell F Ferree
MAYOR PRO TEM

cent tax. The Town's sales tax revenues are distributed on a per capita basis. It is estimated that the Town will receive \$825,000 in fiscal year 2014-2015.

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. The utility franchise tax is estimated to yield \$574,000. The state has made adjustments to the distribution of the electric portion of this tax resulting in a substantial increase for this year.

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 2015-2016 are \$115,000. 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 \$405,000 in order to get a balanced budget as required by statute. If spent this would leave the Town approximately \$1,350,712 or 21.2% 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 \$5,915,700 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 \$1,215,000 for group health and dental insurance for 83 employees, 5 elected officials, and 6 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 \$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 26% or \$4,498,300 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 40% or \$7,181,000 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 Commercial Mower for the Buildings and Grounds Department, a VOIP Telephone System, a Pumper Truck for the Fire Department, Various Paving Projects, Play Ground Equipment and Office Renovations for Parks and Recreation. In the Utility Fund we intend to install new Security Systems at Wastewater and Public Works, Renovate the Offices at Public Works, as well as other facility repair and renovations. We have also budgeted money towards utility maintenance projects. The majority of these funds will be the \$4,425,000 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 2015-2016 budget summary of revenues and expenditures for all funds is:

FUND	REVENUES	EXPENDITURES
General	\$ 6,789,000	\$ 6,789,000
Water & Sewer	<u>\$ 10,826,000</u>	<u>\$ 10,826,000</u>
TOTAL *	<u>\$ 17,615,000</u>	<u>\$ 17,651,000</u>

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. This budget represents a reduction to our General Fund Budget is preparation for the implementation of a downtown revitalization effort. Fund balance allocation is being kept at a low level to allow the Town flexibility should Council deem it appropriate to fund the project during the fiscal year.

Our local economy is showing signs of health growth which have become tangible in the budget by the way of Water Revenue, Sales Tax Revenue, and Ad Valorem Tax Base increases. 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.

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

*** Disclaimer:** The Budget Officer presents a proposed or estimated budget to the Town Council with an opening statement called the Budget Message (this letter) that is correct at that moment in time; however, the Town Council makes many changes to the budget after the Budget Message is presented through a series of work sessions each year. The difference in the budget dollars is Proposed Budget (Budget Message) versus Actual Budget (Adopted Budget).

GENERAL FUND REVENUES

DESCRIPTION	ACTUAL REVENUE 2013	ACTUAL BUDGET 2013	CURRENT BUDGET 2014	MANAGER RECOMM 2015	BOARD APPROVED 2015
AD VALOREM TAXES	\$ 2,787,989	\$ 2,723,859	\$ 2,993,000	\$ 3,057,500	\$ 3,057,500
TAXES AND LICENSES	893,088	807,000	872,000	827,000	827,000
UNRESTRICTED INTERGOVERNMENTAL	552,166	545,000	538,000	619,000	619,000
RESTRICTED INTERGOVERNMENTAL	758,584	713,000	602,500	647,500	647,500
PERMITS AND FEES	2,865	13,000	5,500	3,000	3,000
SALES AND SERVICES	147,679	150,600	155,500	155,500	155,500
MISCELLANEOUS	470,972	177,300	486,500	511,500	511,500
OTHER FINANCING SOURCES	80,458	631,241	970,600	563,000	563,000
TOTAL	\$ 5,693,800	\$ 5,761,000	\$ 6,623,600	\$ 6,384,000	\$ 6,384,000

GENERAL FUND EXPENDITURES

DEPARTMENT NAME	ACTUAL BUDGET 2013	CURRENT BUDGET 2014	DEPT REQUEST 2015	MANAGER RECOMM 2015	BOARD APPROVED 2015
GOVERNING BODY	\$ 347,800	\$ 330,600	\$ 325,000	\$ 325,000	\$ 321,500
ADMINISTRATION	637,050	659,500	686,500	686,500	681,500
GENERAL FUND INSURANCES	886,000	968,000	941,000	941,000	941,000
PUBLIC BUILDINGS	289,300	472,000	417,400	292,000	283,000
POLICE DEPARTMENT	1,231,000	1,394,000	1,339,000	1,339,000	1,313,000
FIRE DEPARTMENT	866,400	890,000	1,473,000	1,473,000	1,444,000
PLANNING DEPARTMENT	162,050	252,000	258,500	258,500	253,500
PUBLIC WORKS DEPARTMENT-STREETS	532,900	576,500	563,200	497,000	495,000
PUBLIC WORKS-SANITATION & RECYCLING	415,200	307,000	497,700	417,000	308,500
PARKS AND RECREATION DEPARTMENT	285,800	317,000	499,525	374,000	287,000
DEBT SERVICE & CONTINGENCY	106,500	457,000	186,000	186,000	131,000
TOTAL	\$ 5,760,000	\$ 6,623,600	\$ 7,186,825	\$ 6,789,000	\$ 6,459,000

WATER & SEWER FUND REVENUES

DESCRIPTION	ACTUAL REVENUE 2014	ACTUAL BUDGET 2014	CURRENT BUDGET 2015	MANAGER RECOMM 2016	BOARD APPROVED 2016
SALES AND SERVICES	\$ 6,605,327	\$ 5,907,000	\$ 6,426,000	\$ 6,836,000	\$ 6,836,000
MISCELLANEOUS	148,680	385,000	167,000	295,000	295,000
OTHER FINANCING SOURCES	-	2,795,000	3,000,500	3,700,000	3,700,000
TOTAL	\$ 6,754,008	\$ 9,087,000	\$ 9,593,500	\$ 10,831,000	\$ 10,831,000

WATER & SEWER FUND EXPENDITURES

DEPARTMENT NAME	ACTUAL EXPEND 2013	CURRENT BUDGET 2015	DEPT. REQUEST 2016	MANAGER RECOMM 2016	BOARD APPROVED 2016
UTILITY FUND ADMINISTRATION	\$ 142,614	\$ 409,500	\$ 404,000	\$ 404,000	\$ 148,000
UTILITY FUND INSURANCES	472,013	465,000	480,000	480,000	480,000
SPECIAL APPROPRIATIONS	693,475	3,519,200	4,425,000	4,425,000	4,720,500
WATER TREATMENT PLANT	1,129,444	1,295,000	1,314,500	1,314,500	1,304,500
WASTEWATER TREATMENT PLANT	1,052,532	1,195,000	1,286,500	1,286,500	1,277,000
WATER AND SEWER CONSTRUCTION	1,182,941	1,424,800	1,876,000	1,646,000	1,626,000
DEBT SERVICE & CONTINGENCY	943,964	1,285,000	1,275,000	1,275,000	1,275,000
TOTAL	\$5,616,984	\$9,593,500	\$11,061,000	\$10,831,000	\$10,831,000

NON-PROFIT CONTRIBUTIONS FY 2015 – 2016

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	5,000	10,000	5,000	5,000
LIBRARY	-	1,000	-	-
FIREWORKS	3,000	3,000	3,000	3,000
GREENWAY	3,000	10,000	3,000	3,000
ARTS COUNCIL	1,000	7,500	1,000	1,000
ART GALLERY	-	10,000	-	1,000
DOWNTOWN MERCHANTS	1,000	2,000	1,000	1,000
CRIMESTOPPERS	500	500	500	500
WILKES COMM. COLLEGE (Automotive Program/Health Sciences)	10,000	10,000	10,000	10,000
CHRISTMAS PARADE	500	500	500	500
RESCUE SQUAD	500	500	500	500
YADKIN RIVER HERITAGE COORIDOR	500	500	500	500
TOTAL	\$ 125,000	\$ 155,500	\$ 125,000	\$ 126,000