



## Finance Officer's Budget Message Fiscal Year 2015-2016

To: The Honorable Russell (Rusty) Hunter, IV, Mayor and Board of Commissioners of the Town of Boonville, NC

From: Kim Wells, Finance Officer/Town Clerk

Date: May 29, 2015

In accordance with the North Carolina Budget and Fiscal Control Act, the Town of Boonville's July 1, 2015, to June 30, 2016, fiscal budget and spending plan is submitted for your review and consideration. The State of North Carolina requires that every municipality adopt a balanced budget of anticipated revenues and expenditures for each fiscal year. This proposed budget is the product of several workshops held with the Board of Commissioners and the staff's best estimate of a financial plan for the upcoming fiscal year. It is the staff's intent to provide the desired service to our citizens and to accomplish the Capital Projects that have been set forth by the Board.

### Overview of the Budget

The Town's fiscal year begins on July 1 and ends on June 30. The budget is divided into separate funds in order to account for revenue collected and services provided. The following is a list of the funds accounted for in this budget:

- General Fund – this fund is the “typical” government fund, where all the taxes and some user fees are used to provide basic governmental services, such as administration, police, planning, zoning, and street maintenance. Also in the fund is the billing and collecting of sanitation fees.
- Enterprise Funds – these funds are separate “self-sustaining” funds, commonly including all utility services where taxes are not generally used in its operations. Boonville's enterprise funds include:
  - Water Fund
  - Sewer Fund
- Grant Funds – grant funds are restricted in their use and are typically used for ongoing projects. These projects are usually funded by grants from outside agencies and are for short-term operating expenditures.

### Review of FY 2014-2015

The Town purchased a 2014 Dodge Charger for the Police Department and a 2014 Ford F150 for the Public Works Department.

The Town has made many improvements to the sewer system by upgrading the Howard Street Lift Station. This project was 70% complete in FY 2013-2014, with the remaining 30% being completed in FY 2014-2015.

The town had a well pump replacement on the Williams Street well. The cost of the project was \$10,913.

### **General Fund**

The recommended General Fund budget for FY 2015-2016 is \$794,300. This is \$11,114 or 1.38% less than the FY 2014-2015 amended budget. When compared to the original starting FY 2014-2015 budget, the FY 2015-2016 recommended budget is \$40,250 or 5.07% higher.

### **Revenues**

- The proposed tax rate of \$.46 per \$100 valuation remains unchanged from the last fiscal year. Our ad valorem revenues are based on a tax valuation of \$71,458,907 calculated at an approximate collection rate of 97.3%. Please note that this collection rate is in accordance with same sized towns across the State of North Carolina per the Town's auditor.
- The local option sales tax is projected at \$110,000. This is the same as last year's budgeted amount.
- Powell Bill funding has not been published for FY 2015-2016. For the sake of budgeting, we decided to leave the appropriated amount \$0 until confirmation of funds is sent to us. At that time, we will do a budget amendment to show the total funding received and Board approved projects.
- Tipping fees (trash) are being charged at the Town's actual cost to Waste Management. Costs not being supported by revenues are the trash services for the Town operated facilities, the Boonville Community Public Library, and the Boonville Volunteer Fire Department.
- Sales tax revenues were recorded at actual per the Town's receivable accounts.
- All other revenue accounts were booked close to the amounts from FY 2014-2015. We are not anticipating any major increases or decreases in revenue this fiscal year.

### **Expenditures**

- Salaries will be increased in this year's budget and range from 0%-5% depending on the employee's job performance. Group Insurance cost increase by 1.4%.
- The Police Department budget includes \$30,000 to be used to purchase a new police car. It was decided at a workshop that the Town would purchase a new car this fiscal year and would not budget in the \$10,000 savings during FY 2016-2017. The Town Board members agreed that it needed to stagger the age of the cars to avoid having to buy more than one car in a future fiscal year.
- The Town has budgeted in FY 2015-2016 the second portion of the Appalachian State University intern for the summer of 2015. The intern will assist with various administrative duties as well as other departments as needed.
- The Town has budgeted for a computer software upgrade from Citipak to FMS in FY 2015-2016 at a cost of \$3,700. Also budgeted was a return to Policepak, which is now called RMS at a cost of \$1,500 for set up and \$2,250 annually.
- Non-Powell sidewalk repair to be done in FY 2015-2016 will include W. Main Street from the stoplight to 120 W. Main Street. The estimated repair cost is \$10,000.

- For Powell Bill, the town is planning to repair a bridge at the end of Holly Street. This project is estimated at \$10,000.
- The Town continues to maintain a Capital Improve Plan (CIP) for the purpose of purchasing new equipment. In sanitation, the budget shows the first of three budget years of savings for a new chipper. Updated CIPs are being attached to the budget package.

### Enterprise Fund

The combined Enterprise Fund budgets for FY 2015-2016 are \$615,925. This is \$96,084 or 13.49% less than FY 2014-2015 amended budget. When compared to the original starting FY 2014-2015 budget, the FY 2015-2016 recommended budget is \$84,575 or 13.73% higher than FY 2014-2015.

The reason for the variation of the budgets is the Howard Street Lift Station project. It was not budgeted in the original budget for FY2014-2015. The project was approved after the budget passed, and a budget amendment was done to approve the project. The total project came in under budget at \$227,705.

### Revenues

- Staff has requested an increase to both water and sewer rates beginning in FY 2015-2016. It is anticipated that the rates will slowly increase for the next three fiscal years so the debt service of the loan does not impact residents all at one time. Projected rate increases are as follows:

	<u>FY 15-16</u>	<u>FY16-17</u>	<u>FY17-18</u>
Water Inside Base	\$17.25	\$18.40	\$20.00
Water Outside Base	\$29.93	\$31.92	\$34.70
Sewer Inside Base	\$17.25	\$18.40	\$20.00
Sewer Outside Base	\$29.93	\$31.92	\$34.70
Inside Water Cost/1000	\$ 2.60	\$ 2.80	\$ 3.00
Outside Water Cost/1000	\$ 5.20	\$ 5.60	\$ 6.00
Inside Sewer Cost/1000	\$ 7.70	\$ 7.85	\$ 8.00
Outside Sewer Cost/1000	\$15.40	\$15.70	\$16.00

Once these rates are set at the FY 2017-2018 levels, it is recommended that the rates be adjusted annually based on the annual cost-of-living (COL) index.

### Expenditures

- Salaries will be increased in this year's budget and range from 0%-5% depending on the employee's job performance. Group Insurance cost go up by 1.4%.
- Water system upgrades for FY 2015-2016 include replacement of 45 water services and a rehabilitation of the water line on the end of Coram Ave. to the blow off located on Walnut Street.
- Hurt Creek Outfall will be rehabilitated in FY 2015-2016. The estimated cost of the project is \$50,000.
- The Town continues to maintain a CIP for the purpose of purchasing new equipment. For backhoe savings, the budget includes year three of four budget years of savings in Powell and Water, and year four of four in Sewer. Updated CIPs are attached to the budget package.

## Upcoming FY 2016-2017

- After multiple attempts to gain grant funding, the Town will enter in to a 20-year loan at 0% interest with NCDENR to fund well needed projects throughout town. The total project amount is set at \$1,798,442 and will equate to a monthly increase of approximately \$12.25 per household. The project start date would be during 2017, with the projected first loan payment being in FY 2017-2018.

Projects included are as follows:

- \$250,889 – Sunset Outfall Line - includes replacement of 3,361 linear feet of 8-inch line with 25 manholes.
  - \$376,411 – Waste Water Improvements – includes headwork improvement to the current plant that will include installation of a mechanical screen and replacement of the aeration tank blowers and enclosures, and resurfacing of the in-ground steel aeration tanks.
  - \$1,171,142- Water Improvements – includes (1) replacement of approximately 1,040 linear foot of undersized water line along Kerr/Depot Street. The existing line is 1 ½" and occasionally requires repairs for leaks. Line will be replaced with 6" PVC. Upgrade will allow fire hydrants to be provided for added fire protection for that area; (2) connection of two dead lines on Oakland Blvd and Academy Drive by installing approximately 1,200 feet of 6" water line. This loop will provide better water quality by eliminating dead end lines; (3) installation of a filter system on the current wells to reduce iron and manganese; (4) installation of a new well, increasing the Town's well system to 4.
- In FY 2016-2017, the Town will make the last payment on the Yadkin County loan to extend the waterline down Hwy 601.
  - There will be a request to increase to both water and sewer rates by the amounts listed under the Enterprise Revenue section of this Budget Message.