

**THE FISCAL YEAR 2016-2017 BUDGET FOR THE
TOWN OF BURGAW, NORTH CAROLINA**



MAYOR EUGENE MULLIGAN

MAYOR PRO TEM WILFRED L. ROBBINS
COMMISSIONER JAN DAWSON
COMMISSIONER WILLIAM E. GEORGE
COMMISSIONER VERNON W. HARRELL
COMMISSIONER JAMES L. MURPHY, SR.

CHADWICK W. MCEWEN
TOWN MANAGER

SYLVIA W. RAYNOR
TOWN CLERK

WENDY W. POPE
FINANCE OFFICER

Date: May 17, 2016

To: Mayor Eugene Mulligan and Members of the Board of Commissioners

From: Chad McEwen, Town Manager

Re: Fiscal Year 2016-2017 Budget Message

INTRODUCTION

In accordance with Chapter 159-11 of the North Carolina General Statutes, I am pleased to submit the proposed Fiscal Year 2016-2017 Annual Budget Ordinance for the Town of Burgaw. The proposed budget establishes a tax rate of \$0.48 cents per \$100 of valuation and based on current valuations, .01 cent generates approximately \$27,525

Highlights of the FY 16-17 budget include the following:

- No ad valorem tax increase proposed
- No proposed increase in water or sewer fees
- 4.5% residential solid waste roll cart increase (\$13.89 to \$14.52 a month)
- A 1% cost of living allowance (COLA) increase for eligible town employees
- A \$20,000 merit pool for eligible full time permanent employees
- A net increase of 1 full time employee and 1 part time employee for the Town
- General fund fund balance is being appropriated for the following purposes:
 - \$49,000 of Fire Department restricted funds are being appropriated for the principal payments related to the Tanker Truck (\$24,000) and the Volunteer Fireman Incentive Program (\$25,000)
 - \$11,000 of the insurance proceeds from Joseph Harrell's insurance policy is being used for painting and dock board replacement at the Depot
 - \$53,699 of Powell Bill restricted funds are being appropriated for maintenance paving of town roads.
- \$473,056 of water and sewer enterprise fund balance is being appropriated to retire debt related to a water and sewer bond with BB&T
- No increase in the renewal of town provided health and dental insurance for town employees over FY 15-16
- 1.8% increase in property and casualty insurance over FY 15-16
- 40% decrease in workers compensation insurance over FY15-16

REVENUES AND EXPENDITURES

Estimated revenues for FY 16-17 were based on conservative estimates despite signs of positive growth in ad valorem, Powell Bill, and sales tax revenues. This expected growth is due to the recent construction of several new commercial businesses. The presence of these new commercial businesses resulted in increases in actuals received during the FY 15-16 fiscal year. From a line item perspective, most revenues sources are anticipated to remain relatively flat or incur a 5%-8% increase as compared to FY 15-16.

After experiencing an 8% increase for FY 15-16, our renewal for FY 16-17 did not include an increase. The efforts we have made of the last several years to improve our employee's utilization of their coverage continues to reflect positively in our renewal rate. This renewal is based on the same health insurance plan being provided to the Town employees for the upcoming year.

In regard to property insurance our current provider has quoted a market rate renewal of 1.8%. No changes have been made in regards to our property insurance coverage deductibles or coverage levels.

After incurring nearly a 50% increase over the last two budget years related to workers compensation insurance, the Town has been quoted a renewal which reflects a 40% decrease. After receiving these large renewal increases over the two prior years, the Town switched carriers and moved our workers compensation coverage from Key Risk to the North Carolina League of Municipalities pool in FY 15-16. The renewal decrease is attributed to a significant reduction in the Town's claims experience over the last couple years.

CAPITAL IMPROVEMENT PLAN

In February, the Board of Commissioners held a Capital Improvement Plan Planning Session to discuss the capital priorities for the next five years. During this Planning Session all requested expenditures over \$5,000 were ranked in terms of priority and anticipated funding year. The Capital Improvement Plan (CIP), which was developed as a result of this meeting, will serve as a guidepost during the budget process for the next five years. For FY 16-17 the following capital purchases were prioritized and budgeted for:

<u>Capital Item</u>	<u>Estimated Cost</u>
• PW and Impound Camera System	\$4,000
• Resurfacing Tennis Courts	\$60,000
• A/C Booster @ Community House	\$4,100
• Painting and Caulking Community House(Ext.)	\$3,000
• Arts Council Contract	\$4,500
• Depot Painting	\$8,000
• Interior caulking and touch-up	\$1,000
• Dock Board Replacement	\$3,000
• Water Rehab Project	\$1.36M
• Fremont Street Paving	\$125,000
• Street Paving	\$128,000
• Sidewalk Repairs/Construction	\$20,000
• Safety Upgrades at PS 1 and 2	\$25,000
• Sewer Manhole Rehab (I&I)	\$10,000
• Debris Grinding	\$15,000
• Mobile Data Terminals	\$5,000
• Protective Equipment for FD (4 sets)	\$11,000
• SCBA Equipment (1 of 3)	\$40,000
• Ballistic Vests for PD (3)	\$2,400
• 2 Police Cars	\$74,000

• Computer Replacement (var. depts.)	\$4,000
• Netmotion System (PD)	\$5,800
• Patrol Officer	\$42,850
• Intern/ Fellow	\$10,000
• Part-Time Community Development Position	\$30,000
• COLA (1%)	\$13,484
• Merit Pool	\$20,000

Please be advised that many of these capital expenditures scheduled for funding in FY 16-17 involve grants, designated revenue sources (i.e. Powell Bill), current year (FY15-16) expenditures, and/or fund balance appropriations.

FUND BALANCE

In FY 09-10 the Board of Commissioners established a goal of retaining a fund balance goal of 25% of the town's annual operating expenses. Based on numbers provided (as of June 30, 2015) by the Town's auditing firm, Thompson, Price, Scott, and Adams, it is estimated that the fund balance for the general and water and sewer fund are 80% and 127%, respectively.

SUMMARY

In summary, the proposed FY 16-17 budget insures the personnel and resources are retained to sustain the high level of services the residents have come to expect of the Town of Burgaw. This year the Town has continued its concerted effort of exploring innovative ways to reduce operating costs within its various departments while also expanding the services provided by the Police and Parks Department. Over the last several years the Town has undertaken several proactive cost-cutting measures that have enhanced the sound financial standing the Town has commonly been known to possess. This year, the strong financial position enjoyed by the Town has provided for the opportunity to retire debt related to a past water and sewer bond as well as the renovations of the Depot. Retiring this debt will help the Town to continue to provide greater responsiveness, efficiency, and utilization of its taxing authority.

Respectfully submitted,

Chadwick W. McEwen
Town Manager