

6/12/2018

Fiscal Year 2018-19 Budget

Town of Burgaw, North Carolina



KENNETH COWAN
MAYOR

WILFRED L. ROBBINS
MAYOR PRO TEM

WILLIAM E. GEORGE
COMMISSIONER

VERNON W. HARRELL
COMMISSIONER

JAN DAWSON
COMMISSIONER

JAMES L. MURPHY, SR.
COMMISSIONER

JOSEPH R. PIERCE
TOWN MANAGER

SYLVIA W. RAYNOR
TOWN CLERK

WENDY W. POPE
FINANCE OFFICER

Date: June 12, 2018

To: Mayor Kenneth Cowan and Members of the Board of Commissioners

From: Joseph Pierce, Town Manager

Re: Fiscal Year 2018-2019 Budget Message

INTRODUCTION

In accordance with Chapter 159-11 of the North Carolina General Statutes, I am pleased to submit the proposed Fiscal Year 2018-19 Annual Budget Ordinance for the Town of Burgaw. The proposed budget continues last year’s tax rate of \$0.46 cents per \$100 of valuation and based on current valuations, .01 cent generates approximately \$29,290.

Highlights of the FY 2018-19 budget include the following:

- No proposed increase in ad valorem tax
- No proposed increase in water or sewer fees
- No increase in residential solid waste garbage fees
- No increase in residential solid waste recycling fees
- A 2% cost of living allowance (COLA) increase for eligible town employees
- A \$10,000 merit pool for eligible full time permanent employees
- A recommended increase in one full-time employee as a Customer Service Representative. The majority of the expense of position can be funded from the water fund.
- Fund balance appropriations are made for general fund expenditures for the following purposes:
 - \$306,000 for a new Fire Department apparatus
 - \$45,500 for sanitation and drainage improvements
 - \$5,000 Depot dock board replacement
 - \$12,000 Police rifles
 - \$4,000 Planning Department computers
 - \$8,000 Depot interior painting
 - \$20,000 PA/AV system upgrade at Depot
 - \$7,500 MOJO incentive
 - \$50,000 Non-Departmental Reserve
 - \$10,510 for 25% of new CSR position
- A 4.5% increase in health insurance
- No rate increase in dental insurance
- An estimated 11% decrease in workers’ compensation insurance, which will result in a decrease of \$4,400 in annual premium
-

REVENUES AND EXPENDITURES

Estimated revenues for FY 2018-19 were based on conservative estimates in view of the modest growth in ad valorem, Powell Bill, and sales tax revenues. For the next fiscal year, the ad valorem levy is expected to increase 1%, the Powell Bill is expected to remain flat, and the sales tax revenues are expected to increase by just over 4%.

A significant portion of the revenue sources within those line items, are expected to remain relatively flat. A few that are anticipated to increase or decrease over prior year estimates are outlined below:

Revenue	% Change (FY 2017-18 to FY 2018-19)	FY 2017-18 Budgeted	FY 2018-19 Budgeted
Ad Valorem	1.1%	\$ 1,332,515	\$ 1,347,359
Local Option Sales Tax	4.2%	\$ 827,551	\$ 862,198
Hold Harmless	-1.5%	\$ 271,597	\$ 267,595
Room Occupancy Tax	-22.2%	\$ 9,000	\$ 7,000
Utility Franchise Tax	-5.0%	\$ 198,900	\$ 189,000
DOT Railway Reimbursement	0.0%	\$ 12,000	\$ 12,000
ABC Distribution	2.2%	\$ 46,000	\$ 47,000

The Town of Burgaw's employee health insurance renewal quote reflects a 4.5% increase for FY 2018-19. No changes to the coverage levels or deductibles are proposed for the health insurance based on the renewal quotes provided.

In regards to workers compensation insurance our renewal quote reflects an 11% decrease from the premium paid in FY 2017-18. The town has been successful at reducing worker compensation premiums by more than 60% in the last 3 years. The renewal decrease is a reflection of the reduced claims in the Town.

CAPITAL IMPROVEMENT PLAN

In February 2017, the Board of Commissioners held a Capital Improvement Plan (CIP) Planning Session to discuss the capital priorities for the next five years. The product of that meeting, was a CIP established to serve as a guide during the budget process for the five subsequent years. For FY 2018-19 the following capital purchases and priorities were budgeted for:

<u>Capital Item</u>	<u>Estimated Cost</u>
• Depot Dock Boards	\$5,000
• Police Tablets	\$6,768
• Police Computers Replacement Schedule	\$8,000
• Town Clerk Computer Replacement Schedule	\$1,840
• Planning Computers Replacement Schedule	\$4,000
• Aging storm water Drainage Pipe	\$10,000
• Storm water drainage pipe at Durham's House	\$10,000
• Yard site debris removal (twice)	\$25,500
• Police Rifles	\$6,000
• Fire Engine Purchase	\$306,000
• Sewer Manhole Rehab (I&I)	\$10,000
• Mini Excavator	\$37,000
• Upgrade SCADA @ Lift Stations	\$31,000
• SCBA Equipment (3 of 3)	\$40,000
• Depot Interior Paint	\$8,000
• Contract for Pretreatment Coordinator	\$4,500
• Intern/ Fellow	\$10,000
• COLA	2.0%
• Merit Pool	\$10,000

The following items were purchased with funds from FY 2017-18:

<u>Capital Item</u>	<u>Estimated Cost</u>
• New Holland Tractor with loader and blade	\$40,000
• Slope Mower	\$18,000
• RTV Kubota Utility vehicle	\$12,600
• Public Works Security Camera System	\$3,499
• F- 350 Truck	\$34,500
• Sewer Camera with push camera and locator	\$70,040
• Salt Spreader	\$3,000

FUND BALANCE

In FY 2009-10 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, 2017) by the Town's auditing firm, S. Preston Douglas & Associates, LLP, it is estimated that the water and sewer fund spendable net position is \$2,523,507 and the fund balance for the general fund is 99%.

SUMMARY

In summary, the proposed FY 2018-19 budget insures the personnel and resources are retained to sustain the high level of services the residents have come to expect of the staff for 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. 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. These measures have provided the Town with the ability to maintain the rate of ad valorem taxes with no expected increase, while maintaining the current level of service.

Respectfully submitted,

Joseph R. Pierce
Town Manager