

**THE FISCAL YEAR 2012-2013 BUDGET FOR THE
TOWN OF BURGAW, NORTH CAROLINA**



MAYOR KENNETH T. COWAN

MAYOR PRO TEM HOWARD WALKER
COMMISSIONER JAN DAWSON
COMMISSIONER WILFRED L. ROBBINS
COMMISSIONER CHARLES ROOKS
COMMISSIONER ELAINE TYSON

CHADWICK W. MCEWEN
TOWN MANAGER

SYLVIA W. RAYNOR
TOWN CLERK

W. BRENT MCABEE
INTERIM FINANCE OFFICER

Date: May 25, 2011

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

From: Chad McEwen, Town Manager

Re: Fiscal Year 2011-2012 Budget Message

INTRODUCTION

In accordance with Chapter 159-11 of the North Carolina General Statutes, I am pleased to submit the proposed Fiscal Year 2011-2012 Annual Budget Ordinance for the Town of Burgaw. In 2011, Pender County was scheduled for a property revaluation which had not occurred since 2003. Following the revaluation, the current year tax rate for the Town of Burgaw (0.57 cents) must be adjusted to a revenue neutral rate. According to G.S. 159-11 (e), revenue neutral is defined as the rate that is estimated to produce revenue for the next fiscal year equal to the revenue for the current fiscal year assuming no revaluation had occurred. Following the determination of a revenue neutral, the rate is then adjusted by a growth factor equal to the average annual percentage increase in the tax base (4.18%) due to improvements since the last revaluation. In FY 10-11, real and personal property within the Town of Burgaw were valued at \$189,021,778. Based on the revaluation estimate, real and personal property within the Town of Burgaw is valued at \$246,760,964 which represents an increase of \$57,739,186 over FY 10-11 values.

Based on our conservative estimates, the revenue neutral tax rate for the Town of Burgaw FY 11-12 budget is \$0.483 cents. This budget ordinance reflects no increase from the estimated revenue neutral rate of \$0.472 cents per \$100 of valuation. In fact, the budget proposal includes a modest tax decrease given the tax rate used is \$0.48 cents per \$100 of valuation. The rate of growth included within the estimated revenues for the proposed FY 11-12 budget is 4.18%.

As approved in FY 08-09 by the Board of Commissioners, this budget includes the fourth year of a scheduled five year annual increase in water and sewer rates of 3%. These scheduled rate increases were designed to incrementally raise our water and sewer reserves in order to more accurately reflect the state average and more importantly to provide the town with the necessary reserves to repair, maintain, or replace problematic portions of an aging water and sewer system.

As proposed the FY 11-12 budget includes a net decrease in the number of full-time employees currently employed by the Town of Burgaw as compared with the FY 10-11 budget. No reductions in force, layoffs, hiring freezes, or furloughs are proposed as part of this year's budget.

REVENUES AND EXPENDITURES

Estimated revenues for FY11-12 increased 4.3% percent over the last fiscal year. Several revenues sources are anticipated to remain relatively flat including sales tax distributions, room occupancy tax, beer and wine tax over the FY 10-11 budget estimates. Nearly \$44,000 in increased revenues are anticipated from hold harmless reimbursements, utility franchises, and refuse collection fees above FY 10-11 estimates. Revenue decreases of \$12,400 are collectively expected in telecommunication tax and ABC distribution for FY 11-12.

Significant changes in the general fund budget this year include the following:

- A 3% cost of living allowance (COLA) increase for town employees.
- No new additional full-time employees or part-time employees.
- 3% increase in water and sewer rates as scheduled for each year of the five year period beginning in FY 08-09.
- Reinstating the Town's contribution of 5% to town employees 401 (k) (suspended for one year in the FY 10-11 budget).
- Creation of a capital reserve in the Fire Department for C.I.P. related purchases (proposed FY 11-12 budget will include approximately \$46,530 being budgeted for the purchase of a new pumper truck in FY 15-16).

Health insurance renewal increase for FY 11-12 was budgeted at a 20% increase with a budgeted 10% increase in the liability and workers compensation insurance from last FY. The health insurance carrier we have selected has quoted only a 9.2% increase in premiums over last FY and liability and workers compensation coverage will remain flat or only experience only a nominal increase. Although the actual cost of the health insurance is significantly less than what we previously budgeted (\$15,700), the coverage and benefits offered is virtually identical to the current coverage provided to the town employees.

As directed by the Board of Commissioners, the proposed FY 11-12 budget includes \$70,000 of additional funds to address Powell Bill eligible projects within town. This amount consists of \$66,695 of appropriated fund balance and \$3,305 of overage that occurred due to a reduction in the actual cost of health insurance as compared to the budgeted estimate.

CAPITAL IMPROVEMENT PLAN

In February, the Board of Commissioners held a Strategic Planning Session to discuss the capital priorities for the next five years. During this Strategic Planning Session all requested expenditures over \$5,000 through FY 15-16 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 11-12 the following capital purchases were prioritized and budgeted for;

<u>Capital Item</u>	<u>Estimated Cost</u>
Exterior Repairs to USO Building	\$10,000
Depot Roof Repair	\$12,000
Phase 2 of Sewer Rehab Project	\$2,000,000
Public Work Maintenance Building	\$300,000
Backhoe (4x4)	\$75,000
Public Works Truck (4x4)	\$25,000
2 Police Cars	\$65,000
4 Ruggedized Computers (Police)	\$16,000
Sidewalk and Street Repairs	\$250,000
Phase 1 of NC 53 Corridor Improvement Plan	\$100,000
Osgood Canal Greenway	\$65,000
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TOTAL	\$2,918,000

Please be advised that many of these capital expenditures scheduled for funding in FY 11-12 involve grants, designated revenue sources (i.e. Powell Bill), unencumbered funds through the Wallace sewer project, and/or current fiscal year transfers. Also, many of the capital expenditures list in the CIP for funding in FY 11-12 were actually funded in the current fiscal year in order to help reduce the number of capital purchase that would require consideration in FY 11-12.

SUMMARY

In summary, the proposed FY 11-12 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. Although the current economic environment presents several challenges in meeting these expectations, it also provides us with an opportunity to refocus our priorities to those services that are truly essential of a local government entity. This budget includes several proactive cost-cutting measures that will provide the Town with greater responsiveness, efficiency, and utilization of its taxing authority.

Respectfully submitted,

Chadwick W. McEwen
Town Manager