

**THE FISCAL YEAR 2014-2015 BUDGET FOR THE
TOWN OF BURGAW, NORTH CAROLINA**



MAYOR EUGENE MULLIGAN

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

ASHLEY LOFTIS
FINANCE OFFICER

Date: June 2, 2014

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

From: Chad McEwen, Town Manager

Re: Fiscal Year 2014-2015 Budget Message

INTRODUCTION

In accordance with Chapter 159-11 of the North Carolina General Statutes, I am pleased to submit the proposed Fiscal Year 2014-2015 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 \$25,137.

Highlights of the FY 14-15 budget include the following:

- No tax increase proposed
- No proposed increase in water, sewer, or solid waste fees
- A 2% cost of living allowance (COLA) increase for town employees
- A 1% merit pool for all full time permanent employees
- Net increase of one full time employee
- General fund fund balance appropriation of \$55,010 is included in the FY 14-15 budget
- No water and sewer fund balance appropriation is included in the FY 14-15 budget
- 4.6% increase in health insurance cost over FY 13-14
- 5% increase in property and casualty insurance over FY 13-14
- 20% increase in workers compensation insurance over FY13-14 due to recent claims

REVENUES AND EXPENDITURES

Estimated revenues for FY 14-15 increased approximately \$61,759 over last fiscal year. From a line item perspective, most revenues sources are anticipated to remain relatively flat as compared to FY 13-14. However, ad valorem and sales tax distribution increased \$9,424 and \$29,390 respectively over FY 13-14 revenues. The Town of Burgaw experienced a significant financial boost in FY 13-14 related to the filming industry with anticipated revenues by years end reaching nearly \$120,000. However, due to the uncertainty regarding the future of the film incentives offered by the State of North Carolina only \$40,000 in film revenues is budgeted for FY14-15.

Health insurance renewals continue to experience below market increases. This year our renewal is only 4.6% higher than the current year's premium. The efforts we have made of the last several years to improve our employee's utilization of their coverage has

reflected positively in our renewal rate. However, the implementation of certain requirements of the Affordable Care Act has caused changes in the benefit package offered to employees. These changes include higher deductibles, discontinuance of the wellness program administered by the provider, and increases in the tier pricing on the prescription drug plan. These benefit changes were needed in order to reduce the renewal rate.

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 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 14-15 the following capital purchases were prioritized and budgeted for:

<u>Capital Item</u>	<u>Estimated Cost</u>
• Upstairs Conditioning of Old Jail	\$5,000
• Security Upgrades to Town Hall	\$13,500
• Garage Upgrades	\$25,000
• Sewer Rehab (Phase 2)	\$2.1M
• Public Drainage Improvements	ONGOING
• Street Paving	\$86,000
• Infrastructure Inventory	\$83,000
• Water System Rehab (grant dependent)	\$1M
• Jetter	\$70,000
• Protective Equipment for FD (4 sets)	\$10,000
• One Equipped Police Cars	\$33,000
• Computer Replacements (all depts.)	\$3,500
• 3000 Gal Tanker (financed)	\$240,000
• PW Service Truck	\$40,000
• Sidewalk from to Senior Center	\$300,000
• 1-2 FT Fireman	\$30,000
• COLA (2%)	

Please be advised that many of these capital expenditures scheduled for funding in FY 14-15 involve grants, designated revenue sources (i.e. Powell Bill), unencumbered funds through the Wallace sewer project, bond proceeds, 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. At this time it is estimated that the fund balance for the general and water and sewer fund are 48.15% and 67.68%, respectively.

SUMMARY

In summary, the proposed FY 14-15 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