

**THE FISCAL YEAR 2015-2016 BUDGET FOR THE
TOWN OF BURGAW, NORTH CAROLINA**



MAYOR EUGENE MULLIGAN

MAYOR PRO TEM HOWARD WALKER
COMMISSIONER JAN DAWSON
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COMMISSIONER CHARLES ROOKS
COMMISSIONER ELAINE TYSON

CHADWICK W. MCEWEN
TOWN MANAGER

SYLVIA W. RAYNOR
TOWN CLERK

ASHLEY LOFTIS
FINANCE OFFICER

Date: May 27, 2015

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 2015-2016 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 \$27,137

Highlights of the FY 15-16 budget include the following:

- No ad valorem tax increase proposed
- No proposed increase in water or solid waste fees
- A 10% sewer rate increase is proposed to help offset the 17.5% rate increase the Town of Burgaw has incurred due to increases charged by Wallace (10% in FY14-15 and 7.5% proposed in FY 15-16).
- A 1.5% cost of living allowance (COLA) increase for town employees
- A \$20,000 merit pool for all full time permanent employees
- No net increase of full time employees for the Town (police department will lose one position and public works will gain one position)
- No general fund fund balance appropriation is required in order to address the funding obligations within the FY 15-16
- No water and sewer enterprise fund balance appropriation is required in order to address the funding obligations within the FY 15-16
- 8% increase in health insurance cost over FY 14-15
- 5% increase in property and casualty insurance over FY 14-15
- 30% increase in workers compensation insurance over FY14-15 due to recent claims
- Quotes for insurance pending from NC League of Municipalities

REVENUES AND EXPENDITURES

Estimated revenues for FY 15-16 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 including Walmart, Murphy Gas, and Bojangles. The presence of these new commercial businesses will result in some significant 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 14-15.

The Town of Burgaw continues to experience a financial boost related to the filming industry. Although the revenues anticipated and received in FY14-15 were substantially lower than the two prior years, the Town did receive approximately \$40,000 from filming fees and related activities. The continued long term uncertainty surrounding the state level filming incentives will require the Town to continue to modestly anticipate these revenues for FY 15-16.

After experience several years of below market health insurance renewals, the Town has been quoted an 8% increase for FY 15-16. Our renewal increase of 8% is significantly less than the quotes received by several other comparable municipalities. 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 5%. No changes have been made in regards to our property insurance coverage deductibles or coverage levels.

Despite a 20% increase in workers compensation insurance for the 14-15 fiscal year, the Town has been quoted a renewal with another 30% increase. These increases are tied solely to Town's claims experience over the last several years. Over the last three years the Town's carrier has settled a couple large claims that had significant implications for our rating.

Due to these increases we have requested quotes from the North Carolina League of Municipalities. We anticipate these quotes being in within the coming weeks. Early indications are that the League of Municipalities will be able to provide a lower worker's compensation quote than what was provided by our current carrier via the renewal.

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 15-16 the following capital purchases were prioritized and budgeted for:

<u>Capital Item</u>	<u>Estimated Cost</u>
• Town Hall Camera System	\$6,000
• Garage Upgrades	\$25,000
• Town Hall and Boardroom Renovations	\$15,000
• Arts Council Contract	\$15,000
• Sewer Rehab (Phase 2)	\$2.1M
• Public Drainage Improvements	ONGOING
• Street Paving	\$100,000
• Water System Rehab (CDBG grant)	\$400,000

• Touchless Meter Conversion and Water System Rehab (SRF loan/grant)	\$1.36M
• Hydrants at Lift Stations	\$10,000
• Phase 1 of NC 53 Corridor Plan (roundabout)	\$910,000
• Senior Center Sidewalk	\$400,000
• Village on the 18 Lift Station Rehab	\$30,000
• Tire Changer	\$4,000
• Police Tasers	\$7,000
• Protective Equipment for FD (4 sets)	\$10,000
• Computer Replacements (all depts.)	\$3,000
• Dump Truck (used)	\$40,000
• Email Hosting Service Upgrades	\$8,000
• Antivirus Server	\$5,000
• Asset Management Software (Utility Cloud)	\$9,000
• Public Works Maintenance Worker	\$30,000
• Promotion of Existing Public Works Employee	\$6,000
• Intern/Fellowship with UNCW MPA	\$10,000
• COLA (1.5%)	\$30,000
• Merit Pool	\$20,000

Please be advised that many of these capital expenditures scheduled for funding in FY 15-16 involve grants, designated revenue sources (i.e. Powell Bill), unencumbered funds through the Wallace sewer project, bond proceeds, and/or fund balance appropriations.

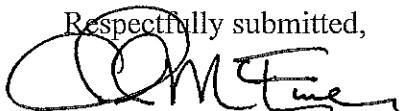
FUND BALANCE

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 63.2% and 69.8%, respectively.

SUMMARY

In summary, the proposed FY 15-16 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. 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 efforts will continue to provide the Town with greater responsiveness, efficiency, and utilization of its taxing authority.

Respectfully submitted,



Chadwick W. McEwen
Town Manager