



TOWN OF
WADESBORO

ANNUAL BUDGET

Fiscal Year 2017 – 2018 Town of Wadesboro, North Carolina

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Bill Thacker

Mayor Pro-tem

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Town Council

John Ballard
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Alex Sewell

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TO: Mayor Thacker; Town Council

FR: Alex Sewell

DATE: 6/20/17

RE: Changes to the FY 16-17 Budget & FY 17-18 Proposed Budget

Purpose: This document details changes in the current FY 2016-17 Budget and the FY 2017-18 Proposed Annual Budget.

Background: There are two major reasons for the enclosed changes to the FY 2017-18 Proposed Annual Budget.

- 1.) At the 6/5/17 Town Council meeting, the Council opted to make changes to the FY 2017-18 Proposed Annual Budget regarding the decision to purchase a used fire apparatus during the current FY 2016-17.
- 2.) Anson County plans to increase water and sewer rates on the Town of Wadesboro (and all other municipalities). As a result, the Town will likely need to proportionally raise rates to avoid using reserves to fund operations. Thus, water and sewer rate increases are added to the FY 2017-18.

FY 2017-18 Changes

Reason #1 – Purchase of Fire Apparatus

Per Town Council's direction, the following changes to the FY 2017-18 Proposed Budget are made including eliminating the vehicle exhaust system purchase in order to help facilitate the purchase of a used fire apparatus in the current FY 2016-17:

Section 1. To amend the FY 2017-18 General Fund, the following expenditures are to be changed as follows:

ACCOUNT NUMBER	DECREASE
10-530-74 - CAPITAL OUTLAY-EQUIPMENT	\$30,000
10-999-00 - CONTINGENCY	\$50,000

This will result in a net decrease of \$80,000 in the expenditures of the General Fund. To balance the budget, the following revenues will be decreased:

ACCOUNT NUMBER	DECREASE
10-399-00 - FUND BALANCE APPROPRIATION	\$30,000
10-384-00 - TRANSFER FROM WATER	\$50,000

Section 2. To amend the FY 2017-18 Water & Sewer Enterprise Fund, the following expenditures are to be changed as follows:

ACCOUNT NUMBER	DECREASE
30-810-92 - TRANSFER TO GEN FUND	\$50,000

This will result in a net decrease of \$50,000 in the expenditures of the Water & Sewer Enterprise Fund. To balance the budget, the following revenues will be decreased:

ACCOUNT NUMBER	DECREASE
30-399-00 - FUND BALANCE	\$50,000

Please note that these adjustments are reflected in the budget ordinance and budgetary line-items. However, all other supplementary information is unchanged including, but not necessarily limited to, the Budget Message, commentary, revenue/expenditure discussions, expenditure highlights by department, fund balance usage predictions, and supplemental charts/graphs/spreadsheets.

Reason #2 – Anson County Rate Increase

To cover Anson County's rate increases, the Town of Wadesboro's water and sewer rate structures will be changed for FY 2017-18 per the attached sheets, and the FY 2017-18 Proposed Annual Budget is amended as follows:

Section 2. To amend the Water & Sewer Enterprise Fund, the following expenditures are to be changed as follows:

ACCOUNT NUMBER	INCREASE
30-811-42 – CONTRACTED SERVICES	\$80,000

This will result in a net increase of \$80,000 in the expenditures of the Water & Sewer Enterprise Fund. To balance the budget, the following revenues will be increased or decreased:

ACCOUNT NUMBER	INCREASE
30-371-01 - WATER REVENUE	\$30,000
30-371-02 – SEWER REVENUE	\$80,000

ACCOUNT NUMBER	DECREASE
30-399-00 – FUND BALANCE APPROPRIA.	\$30,000

Please note that these adjustments are reflected in the budget ordinance and budgetary line-items. However, all other supplementary information is unchanged including, but not necessarily limited to, the Budget Message, commentary, revenue/expenditure discussions, expenditure highlights by department, fund balance usage predictions, and supplemental charts/graphs/spreadsheets.

FY 2016-17 Changes: Per Town Council's direction, the following changes are made to purchase a used fire apparatus:

Section 1. To amend the General Fund, the following expenditures are to be changed as follows:

ACCOUNT NUMBER	INCREASE
10-530-74 CAPITAL OUTLAY-EQUIPMENT	\$134,200

This will result in a net increase of \$134,200.00 in the expenditures of the General Fund. To balance the budget, the following revenues will be increased:

ACCOUNT NUMBER	INCREASE
10-399-00 - FUND BALANCE APPROPRIATION	\$84,200
10-384-00 - TRANSFER FROM WATER	\$50,000

Section 2. To amend the Water & Sewer Enterprise Fund, the following expenditures are to be changed as follows:

ACCOUNT NUMBER	INCREASE
30-810-92 - TRANSFER TO GEN FUND	\$50,000

This will result in a net increase of \$50,000 in the expenditures of the Water & Sewer Enterprise Fund. To balance the budget, the following revenues will be increased:

ACCOUNT NUMBER	INCREASE
30-399-00 - FUND BALANCE	\$50,000

Please note that these adjustments are reflected in the budget ordinance and budgetary line-items. However, all other supplementary information is unchanged including, but not necessarily limited to, the Budget Message, commentary, revenue/expenditure discussions, expenditure highlights by department, fund balance usage predictions, and supplemental charts/graphs/spreadsheets.

FY 2017-2018 Budget Message

May 31, 2017

Honorable Mayor and Members of Council
Town of Wadesboro, North Carolina:

Pursuant to the Local Government Budget and Fiscal Control Act and N.C. General Statute 159-11, the Annual Budget for Fiscal Year 2017-18 is submitted for your consideration:

General Fund	\$4,699,929
Water/Sewer Fund	\$3,011,920
Total Operating Budget	\$7,711,849

In comparison to the current¹ FY 2016-17 Budget, the FY 2017-18 General Fund proposed budget decreases by approximately 6.6% (\$329,658). This decrease is largely due to the FY 2016-17 Budget including several large capital expenditures related to fire station design-build, police station renovations, automatic trash pickup implementation, and Tollison Building demolition. There are no proposed increases to ad valorem taxes or fees.

The Water and Sewer Enterprise Fund increases by about 0.5% (\$14,548). This increase is largely due to committing reserves to fund initial work for proposed infrastructure improvements and a transfer to the General Fund to help fund a fire rescue pumper. There are no rate increases *unless* Anson County increases its rates.

This budget represents the commitment of the Town Council to the strategic priorities and goals approved at the 2017 Annual Retreat as listed by showing the combined categories² gaining at least 20 points:

1. Obtaining Equipment/Facilities Necessary for Efficient & Effective Service Delivery - 68 points
2. Maintaining & Improving Public Infrastructure – 60 points
3. Being Fiscally Responsible Stewards of Public Resources – 50 points
4. Maintaining Good Benefits, Compensation, & Training in Recognizing that Employees are Important to Service Delivery – 23 points
5. Working Through Partnerships & as a Singular Entity to Pursue Economic Development – 21 points

¹ As of May 23, 2017.

² Many goals shared overlap and staff have sought to combine these individual priorities into common categories for illustrative purposes.

Alternatively, the top 8 individual priorities are listed below. The complete list of priorities can be viewed on page 148. Notably, the Town's top 2 individual priorities changed from FY 2016-17 because the Town has achieved or is scheduled to achieve new homes for the police and fire departments.

1. Secure new fire truck to lower ISO rating – 40 points
2. Future health insurance affordability – 23 points
3. Street maintenance – 22 points
4. New limb truck – 17 points
5. Operate within budget without a tax increase – 13 points
6. Maintain good benefits to include insurance for employees & retirees – 12 points
7. Once new fire station is built, turn old fire station into town hall meeting facility – 9 points
8. Replace Burns Street bridge – 9 points

These goals provide the foundation upon which the budget is built. Over the course of four budget workshop sessions, following countless hours of staff research and development, this budget was explained in detail and considered relative to the long-term goals of the community.

The annual budget process is influenced by external factors including the condition of the national, state, and local economies, the emergent and pre-emergent needs identified in our community by the elected body, staff, and advisory boards, and the goals noted above. All these factors are considered in this budget, and armed with the knowledge that this document represents a significant amount of careful consideration and study; this budget should allow the Town to meet its obligations, progress towards its goals, and remain fiscally strong.

General Fund: Introduction

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund. This fund is established at the inception of a government and exists throughout the government's life. Expenditures are divided into functional departments to present a clearer understanding of the costs of providing certain services. Personnel assigned to a department are largely paid from that department. In the future, a more detailed evaluation of labor allocations among the two major funds should be performed. This evaluation should more accurately reflect the work being done by each staff member for each fund.

General Fund: Long-Term Outlook

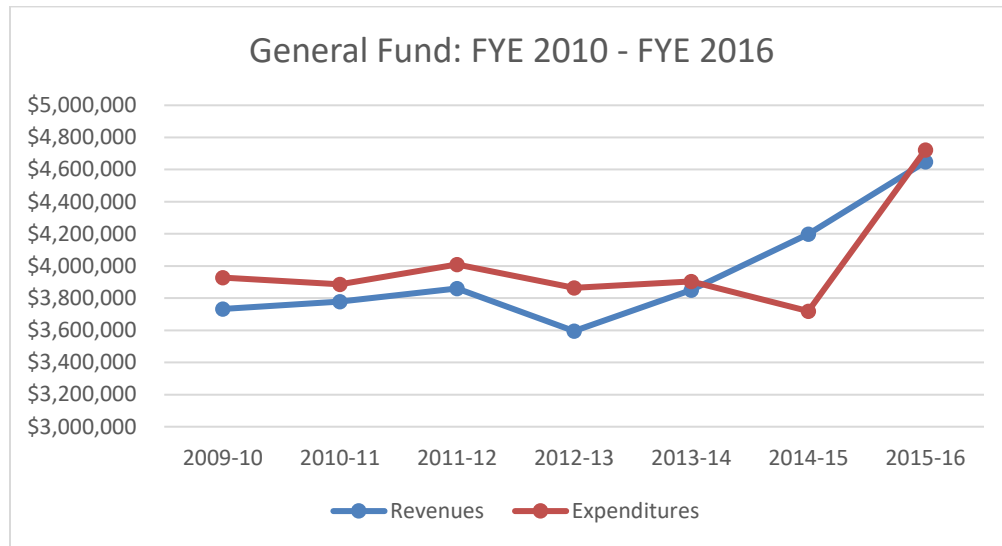
Despite obvious challenges, the General Fund continues to generally trend toward financial sustainability (at least for the short-term). Prior to FY 2014-15, the Town was faced with increasing budget deficits over the course of approximately seven fiscal years. To maintain the same level of services, the Town opted to cover these increasing budget deficits by increasingly spending fund balance reserves. While being able to weather economic downturns without cutting services is one of the many reasons to maintain a healthy fund balance, using reserves to cover budget deficits is not financially sustainable in the long-term.

Observing its rapidly decreasing reserve funds, the Town Council started making tough decisions to increase revenue and decrease expenditures. At the same time, the statewide economy began to show improvement. As a result, revenues exceeded expenditures in FY 2014-15 for the first time in approximately seven fiscal years. In 2015-16, expenditures exceeded revenues because the Town opted to spend reserve funds to purchase a building to be renovated and used as a new police station (a top Council priority at the time).

The below spreadsheet and graph show revenues and expenditures over several previous fiscal years: ³

	Revenues	Expenditures	Net
FY 09-10	\$3,732,178	\$3,928,130	(\$195,952)
FY 10-11	\$3,778,842	\$3,886,531	(\$107,689)
FY 11-12	\$3,860,545	\$4,009,130	(\$148,585)
FY 12-13	\$3,595,140	\$3,863,413	(\$268,273)
FY 13-14	\$3,850,731	\$3,904,821	(\$54,090)
FY 14-15	\$4,198,413	\$3,719,332	\$479,081
FY 15-16	\$4,647,900	\$4,722,380	(\$74,480)

³ Revenues and expenditures include other financing sources and uses including loan proceeds, transfers from other funds, sale of capital assets, transfers to/from other funds, and special items.



For the current FY 2016-17, the Town is not projected to use any fund balance reserves.⁴ However, it should be noted that \$200,480 in street resurfacing projects from FY 2016-17 were delayed and are scheduled to be completed in FY 2017-18. Further, the Town received approximately \$300,000 in loan proceeds for FY 2016-17 for automated trash equipment purchased in FY 2015-16.

Despite this general trend, there are reasons to be concerned about the long-term financial sustainability of the Town of Wadesboro. As articulated in the previous two Budget Messages, there are 3 principal reasons for this concern.

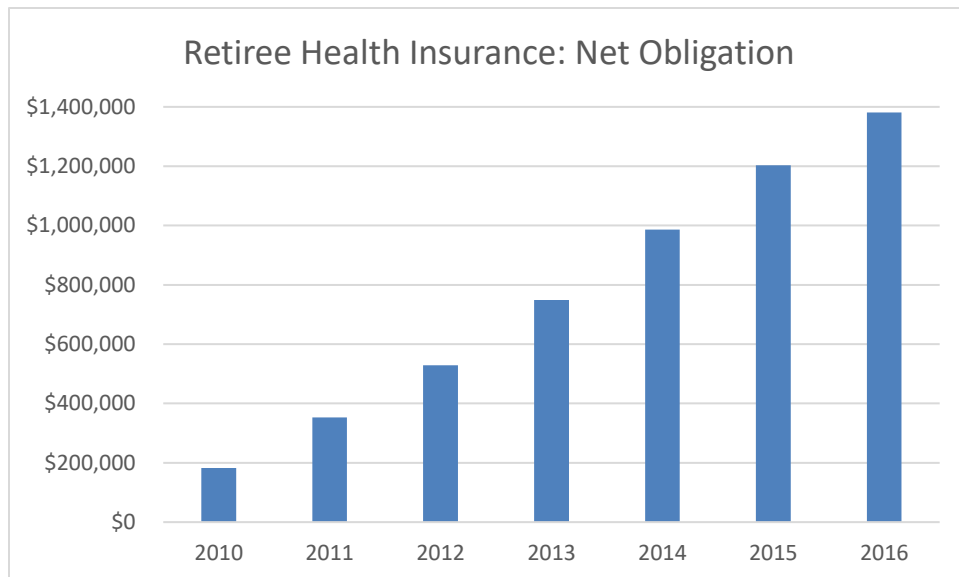
Reason #1: The Town's recent population declines and projected future population declines mean that future revenues are not likely to keep pace with future expenditures needed to maintain current service levels. Indeed, local government revenues depend heavily on local economies. While Wadesboro has seen revenue increases, these increases have largely *not* been the result of local economic growth. For example, increased sales tax revenues are primarily due to the General Assembly expanding the statewide sales tax base and increased statewide sales, although there has been some modest local growth.

Reason #2: To maintain the same service levels, the Town must start making long-delayed and needed capital purchases. Delaying large capital purchases is a short-term budget strategy but not a long-term solution. For example, it is not feasible to never replace a limb pickup machine that has exceeded its useful life. To maintain the same service levels, the Town must make certain capital expenditures at some point.

Reason #3: Health insurance costs are increasingly rapidly, especially for retirees. From 2010 to 2016, the Town's actuary study found retiree health insurance net obligations have increased 655% from \$182,931 to \$1,381,487. The following table and graph show these net obligations and annual costs:

	2010	2011	2012	2013	2014	2015	2016
Net OPEB Obligation	\$182,931	\$352,897	\$528,710	\$748,391	\$986,808	\$1,203,664	\$1,381,487
Annual OPEB Cost	\$234,199	\$234,526	\$250,945	\$294,477	\$303,676	\$312,032	\$312,420

⁴ As of 5/26/17.



Like many local governments, the Town has not been able to set aside funding to pay for future retiree health insurance costs because it is simply unaffordable. As a result, the actuarial study indicates the annual required contribution for 2016 is \$312,420, while the Town is projected to spend approximately \$116,000 for FY 2016-17. With numerous current retirees in their early 50s, 10 active employees who can retire within the next 5 years, and healthcare insurance costs generally increasing, the Town will likely see sharper actual cost increases into the foreseeable future. To maintain retiree health insurance into the future, the Town will continually be faced with the options of raising taxes, reducing services, and/or using reserves at an increasing rate with each new year. Alternatively, the Town's Personnel Policy authorizes the Town Council to discontinue retiree health insurance benefits at any time.

Since FY 2013-14, each budget message has essentially reiterated that the Town's declining population and overall lack of projected long-term revenue growth puts the Town in a precarious situation. If economic growth does not occur, the Town will be continually faced with the same challenge: to avoid using fund balance reserves to offset budget deficits, the Town will need to increase taxes and/or reduce expenditures (most likely through service reductions). However, it is not typically sustainable to have repeated large tax increases combined with large service reductions in a community with a declining population. This is evidenced by the histories of certain "rust-belt" cities in the Northern United States.

Long-Term Recommendation: In the FY 2016-17 Budget Message, the recommendation was to focus on a long-term strategy where the Town increases its revenues by growing its economic tax base. Over the past couple years, the Town has implemented several strategies to foster economic development including continuing to develop a business/industrial park, putting resources toward improving our core downtown area, enhancing our fire district's insurance rating, and providing economic incentives through infrastructure improvements. These strategies have proven effective in other communities. One positive development has been the creation of the Anson Economic Development Partnership (AEDP), which has provided the Town with access to a professional full-time economic developer. In working with the AEDP, the Town is starting to see positive indicators of economic progress.

For FY 2017-18, the long-term recommendation is for the Town to continue pursuing various economic development strategies to improve quality of life and increase revenues through tax base growth, and not through repeated tax increases and service reductions. In addition, the Town should continue to work with and support the AEDP's economic development efforts.

General Fund: Revenues

As we approach FY 2017-18, there are mixed economic indicators. There have been positive indicators for the the national and statewide economies and, to a lesser extent, even for our local economy. In contrast, the Town's continued population decline is concerning. Such population decline can affect revenue distributions, such as sales tax and Powell Bill revenues, and is often an indicator of a struggling local economy. Due to these mixed economic indicators and to maintain a prudent fiscal posture, *this proposal is conservative in revenue projections.*

FY 2017-18 General Fund revenues are budgeted at \$4,699,929 which is a 6.6% (\$329,658) decrease from the current⁵ FY 2016-17 budget of \$5,029,587. Much of this decrease from FY 16-17 to FY 17-18 is related to \$300,000 in loan proceeds received for automated trash pickup equipment in FY 2016-17. Notably, FY 2015-16 finished with \$4,590,432 in revenues.

As fund balance reserves, loan proceeds, and transfers from the 30 Fund can distort the analysis of reoccurring revenues, the below chart provides a clearer picture of revenues:

	FY 14-15	FY 15-16	FY 16-17	FY 17-18
Budgeted	\$4,748,209	\$5,613,045	\$5,029,587	\$4,699,929
Budgeted - No Loan Proceeds, 30 Fund Transfers, Fund Balance	\$4,139,913	\$4,271,712	\$4,207,458	\$4,244,879
Actual Revenues/Proj. - No Loan Proceeds	\$4,198,413	\$4,230,432	\$4,255,000 ⁶	\$4,244,879
Actual/Proj. Revenues	\$4,198,413	\$4,647,900	\$4,555,000 ⁷	\$4,244,879

Town ad valorem property taxes, the Town's largest revenue source, are projected to slightly increase 0.5% in FY 2017-18 to \$1,718,000 from FY 2016-17 initial projections. Notably, FY 2015-16 actual collections were about \$1,726,111. However, because the overall property tax collection rate fell from 95.01% in FY 2014-15 to 94.33% in FY 2015-16, this proposal takes a conservative approach.

The next largest revenue, sales tax, is projected to increase by about 1.3% in comparison to FY 2016-17 projections. This is largely due to a projected statewide increase but no local growth. Notably, projected FY 2016-17 sales tax revenues grew approximately 13.5% from FY 2015-16 due to the State expanding sales tax base. Notably, the Town received \$300,000 in loan proceeds for FY 2016-17 related to automatic trash pickup equipment. However, the proposed FY 2017-18 budget includes no loan proceeds.

Other larger revenue sources are either flat or even declining including electricity sales tax (0%), Powell Bill revenues (-1.2%), and refuse collection revenues (-1.1%).

⁵ \$5,029,587 budgeted for General Fund FY 2016-17 as of 5/22/17.

⁶ Projected as of 5/24/17.

⁷ Projected as of 5/24/17.

General Fund: Expenditures

Budgeted expenditures for FY 2017-18 are projected to decrease by 6.6%. This decrease is largely due to the FY 2016-17 Budget including several large capital expenditures related to fire station design-build, police station renovations, automatic trash pickup implementation, and Tollison Building demolition. The following chart⁸ shows the proposed FY 2017-18 expenditures as compared to previous years:

	FY 14-15	FY 15-16	FY 16-17	FY 17-18
Budgeted	\$4,748,209	\$5,613,045	\$5,029,587	\$4,699,929
Budgeted - No Capital Items	\$4,182,479	\$4,187,358	\$4,709,350	\$4,576,719
Actual/Proj. Expenditures - No Capital Items	\$3,513,652	\$3,081,990	\$4,308,549	N/A
Actual/Proj. Expenditures	\$3,719,332	\$4,722,380	\$4,555,000	N/A

While not attempting to cover specifics for all Town departments within the General Fund, what follows are some highlights of the more significant expenditures and programs being proposed.

Administration: This budget includes \$11,000 of the \$16,000 for the design and implementation of a performance management and performance pay system. The remaining \$4,000 will be taken out of the 30 Fund. This item was originally budgeted in FY 2016-17, but is being “carried-over” due to time constraints. Also, this proposal includes \$5,000 to support economic development efforts.

Police: Due to the new animal control services contract with Anson County, this budget has moved animal control payments from Administration to Police in the amount of \$5,562.⁹ Also, this proposal includes \$2,400 for bullet-proof vests with \$2,200 of this total cost anticipated to be from grants. The Council authorized the police department to pursue a 100% grant for body cameras. The police vehicle replacement program under the Capital Improvement plan called for 2 police vehicles for FY 2017-18. However, these 2 vehicles were removed at the last budget workshop.

Fire: The Council’s #1 individual priority was securing a new fire truck in an effort to lower the ISO rating for citizens. This proposal includes \$50,000 from the Water & Sewer Fund to be reserved for a future fire truck. Notably, the Town previously reserved \$50,000 for fire capital. The Town will evaluate its financial situation and, if prudent, transfer these funds to the General Fund around June 2018. Also, this proposal includes \$30,000 towards a vehicle exhaust system in the new fire station.¹⁰ The Town has applied for a \$59,534 grant for rescue/wildland turnout gear¹¹ and a rescue boat; the Town’s commitment would be \$2,976.

Shop: The main expenditure highlight includes a \$6,500 allocation for a R134A recovery unit, which is legally required for certain A/C system servicing work.

Street: Expenditure highlights include an allocation of \$10,000 to purchase a used tar kettle for safety reasons. Also, the street department budget includes \$2,100 (7%) to help replace a public services pickup on its third transmission.

⁸ Projected as of 5/24/17. Capital Items include capital outlays and contributions to the bridge.

⁹ The actual cost will be whatever the State’s certified municipal estimate is, but it is not projected to be above the most recent 2015 estimate of 5,562.

¹⁰ Please note that there is also \$5,000 in the fire station capital fund.

¹¹ These responses represent 1/3 of our average call volume.

Powell: One of the Town Council's top priorities is street maintenance. As a result, this budget includes \$309,480 for street resurfacing including \$200,480 for delayed FY 2016-17 projects, \$92,000 for new resurfacing projects, and \$18,000 for crack sealant. Further this budget provides \$25,000 for general street maintenance and \$10,000 for bridge maintenance on Old Lilesville Road and Burns Street.

Sanitation: Expenditure highlights include \$2,100 (7%) to help replace the public services pickup. Also, the budget includes \$5,000 for additional trash cans if the Town distributes all its current cans, and these funds are contributed by customers seeking to purchase additional cans.

Contingency: This budget proposal includes \$100,000 for contingency which includes \$50,000 to be transferred from the Water & Sewer Fund to be reserved for fire capital to save toward the Council's top individual priority. The Finance Officer will evaluate whether this transfer is financially prudent based on the fiscal year's performance around June 2018. If prudent, the Finance Officer will transfer the funds prior to the end of FY 2017-18.

Health Insurance: In FY 2017-18, health insurance costs for retirees and active employees is projected to increase approximately 21.7% (\$116,563) to \$654,339. Perhaps the most discussed topic during our budget workshops was retiree health insurance, which is projected to cost approximately \$202,900 including \$184,036 in the General Fund compared to approximately \$116,000 in FY 2016-17. The Council was faced with a tough decision and opted to fund this expenditure with reserve funds instead of increasing taxes, reducing services, or reducing retiree benefits. However, the Council recognized that funding a reoccurring expenditure with a non-reoccurring revenue source is not a sustainable long-term strategy, and indicated it would reconsider this framework during the FY 2018-19 budget process.

Personnel: There are two expenditure highlights for personnel compensation. First, as determined in the budget workshops, this budget proposal includes a \$600 bonus for full-time employees and a proportional bonus for "full-time/part-time" employees.¹² The budgeted cost to the General Fund is approximately \$34,269. Second, in the FY 2016-17 Budget, there were market-based pay increases for employees based a pay and classification. The FY 2016-17 Budget Message noted that, "While these increases do not entirely close the pay gap, it is the first step in the right direction." For FY 2017-18, there are several employees making more than 20% below the comparable market-rate. If these employees were to leave or retire, the current market-rate indicates that the Town would spend more to replace the positions in addition to losing their institutional knowledge. As a result, it is cost-efficient to increase their pay. This proposal includes a 3% increase to employees making more than 20% below the comparable market-rate at a cost of about \$4,046.

General Fund: Commentary

The Town's financial challenges did not evolve overnight nor will they be solved overnight. As a result, this proposal takes a deliberate but realistic approach. Taking this into consideration, this budget proposal seeks to be conservative with both revenue projections and expenditures while still progressing toward achieving the Town Council's priorities.

This proposal allows for progression towards the Town Council's priorities in several ways. First, this proposal allows the Town to operate without a tax increase for FY 2017-18. Second, there are significant resources

¹² To be eligible for the bonus, each employee must be in good-standing, and not resigned or provided notice of resignation within 60 days receiving this bonus. If an employee receives a bonus and subsequently it is determined that employee is not eligible, then that employee's final pay make be withheld pending return of the bonus. Alternatively, the Town may deduct any vacation time in the amount equivalent to the bonus received.

dedicated to improving street conditions. Third, this proposal maintains excellent benefits for both retirees and employees, and provides employees with a one-time bonus. Fourth, this proposal includes funds to continue saving for the Council's top individual priority: a fire truck to help upgrade insurance ratings for homeowners and businesses.

Despite this progress, there are two primary reasons why funding retiree health insurance with reserve funds limits this budget proposal's ability to achieve certain Council priorities. First, resources are diverted away from the Town's primary mission of public service delivery. For example, resources are diverted that could otherwise be budgeted for scheduled capital purchases under the Capital Improvement Program and/or to provide employees a cost-of-living increase. Indeed, both the orderly replacement of capital equipment¹³ and maintaining competitive compensation for qualified employees is essential to providing efficient and effective services to the public. Second, funding a reoccurring expenditure with a non-reoccurring revenue is not financially sustainable in the long-term, and makes it more challenging to maintain an available fund balance of at least 35% of expenditures per Town policy.¹⁴ The Town Council recognizes that this is not a sustainable long-term strategy, and indicated it would reconsider this framework during the FY 2018-19 Budget process.

In totality, expenditures exceed revenues by \$405,050. Using the budget workshops as a guide, this budget proposal uses fund balance reserves to fund all or a portion of the following items:

- \$200,480 – Carry-over of FY 2016-17 Street Resurfacing Projects
- \$184,036 – Retiree Health Insurance
- \$20,534 – Contingency Funds

The budgeting of \$405,050 in fund balance reserves is concerning, especially because \$184,036 is for a reoccurring revenue. However, it should be noted that \$200,480 of this amount is for street resurfacing projects that are now expected to be completed a little later (August 2017) than originally anticipated.

Also, the Town has not expended the total amount of fund balance reserves in recent years for two reasons. First, the Town has often not actually expended the total amount of budgeted expenditures. During a fiscal year, the Town seeks to be prudent with budgeted funds. Second, several important revenues have exceeded projections in recent years due to conservative budgeting and improved economic factors. If these two factors reoccur in FY 2017-18, the Town should not spend the entire amount of fund balance reserves budgeted unless there is an unforeseen occurrence.

Still, while it is likely that the Town will not actually expend the total amount of fund balance reserves budgeted, it is possible that these funds could be spent. If that happens, it is possible for the Town to drop below the 35% ratio of available fund balance to expenditures set by our own policies. As a result, the Town will continue to be cautious in both monitoring revenues and being fiscally conservative with expenditures through FY 2017-18. Due to the number of both local and broader variables involved, predicting fund balance usage accurately is difficult. With that being understood, this proposed FY 2017-18 budget is predicted to use between \$250,000 to \$400,000 in fund balance reserves barring an unforeseen event. If the Town were to use \$325,000 of fund balance in FY 2017-18, this would amount to a projected 35.86% ratio of available fund balance to expenditures. While still within the Town's 35% policy minimum, it is a significant decrease from projected FY 2016-17 levels. For a more in-depth discussion of General Fund reserves, please view page 96.

Recommendation: Expenditures exceed revenues creating a budget deficit of approximately \$405,050. As a result, this budget proposes using fund balance reserves to cover this amount. There are no tax or fee increases.

¹³ For example, our aging limb truck will likely be increasingly out of service for repairs which result in more sporadic limb service.

¹⁴ The Town set this financial policy in April 2017.

Water & Sewer Fund: Introduction

In addition to the General Fund which covers all typical government operations, the Town of Wadesboro operates an enterprise fund regarding water and sewer service. The Town is charged with operating this enterprise fund like a private business where the cost of the service is recovered primarily through user charges.

Water & Sewer Fund: Long-Term Outlook

In FY 2014-15, Water & Sewer Enterprise Fund did not incur an operating loss for the first time in recent history. Similarly, the Water & Sewer Enterprise Fund did not incur an operating loss in FY 2015-16. This history dating back to FY 2008-09 is displayed below:

	Operating Position	Revenues	Expenses	Net Increase in Cash
FY 08-09	(\$179,304)	\$2,055,082	(\$2,234,386)	\$79,667
FY 09-10	(\$194,578)	\$2,146,145	(\$2,340,723)	\$151,718
FY 10-11	(\$150,526)	\$2,183,022	(\$2,333,548)	\$193,081
FY 11-12	(\$144,159)	\$2,178,170	(\$2,322,329)	\$249,120
FY 12-13	(\$100,295)	\$2,267,758	(\$2,368,053)	\$189,269
FY 13-14	(\$54,304)	\$2,636,941	(\$2,691,245)	\$267,907
FY 14-15	\$145,168	\$2,611,456	(\$2,466,288)	\$384,704
FY 15-16	\$153,263	\$2,671,921	(\$2,518,658)	\$573,164

Please note that an operating position factors in operating revenues, operating expenses, *and* depreciation. In the current 2016-17 Fiscal Year, both expenditures and revenues are below the Town's position at the same time¹⁵ in FY 2015-16. Because the Town opted mid-year to increase the FY 2016-17 Budget a total of \$218,100 from reserves for a backup water interconnection point and a contribution to the new fire station project, the Town is predicted to have an operating loss but still have a net increase in cash. Due to the numerous local and broader variables, please note this is a low-confidence prediction.

In examining the Fund's financial position, several important financial indicator ratios are shown below:

¹⁵ At 5/26/17.

	<u>Current Ratio</u>	<u>Days Cash on Hand</u>	<u>Operating Ratio</u>	<u>Debt Coverage = 2</u>
FY 08-09	1.36	194	0.92	56,427
FY 09-10	1.56	166	0.92	53,238
FY 10-11	4.59	164	0.94	70,731
FY 11-12	4.81	189	0.94	86,618
FY 12-13	1.96	184	0.96	\$102,423
FY 13-14	2.27	165	0.98	\$131,635
FY 14-15	4.56	218	1.06	\$242,441
FY 15-16	5.55	278	1.06	\$255,322

Please note that the operating ratio being above 1 for the previous two fiscal years indicates there was not an operating loss in either year. Also, the debt service coverage ratio indicates the Town does potentially have some debt service capacity.¹⁶

While having operating income for two straight years is encouraging, the Town's rates did not cover the true service cost for a sustained period due largely to the estimated cost of depreciation and ultimate replacement of system assets. Indeed, it is often popular to ignore depreciation costs in favor of keeping rates lower, but eventually system assets start needing replacement. By not increasing rates to recover depreciation costs, the Town was not avoiding these costs. Rather, these depreciation costs have been passed to future customers like an ever-increasing debt. Now, our engineering infrastructure study finalized in May 2014 indicates that there will be approximately \$17,000,000 in needed infrastructure projects over the next 20 years.¹⁷ Yet, because of these repeated operating losses caused by rates not covering the true cost of service, the Town has not set aside adequate funding to cover replacement of many long-neglected system assets.

The problem of mounting depreciation costs is compounded by Wadesboro's economic struggles beginning with the decline of the U.S. textile industry. Over the past 25 years, the Town has lost all but one major industrial customer. The loss of these industrial customers is significant because high consumption industrial customers commonly serve as the foundation of a financially sustainable utility system. Indeed, the Town's lone remaining industrial user accounts for over 20% of all consumption.

These local economic realities combined with operating losses put the Town in a precarious situation: if the Town's population continues to decrease or it lost a large customer, then the remaining customer base would likely have to cover an increased share of the true cost of water/sewer service. As a result, rates would then become increasingly unaffordable¹⁸ for remaining customers but revenues from these rates would still insufficient to recover the costs of an aging system. Therefore, it is possible that a smaller group of customers in the future must cover an increased share of costs while also ultimately paying for past unpaid depreciation costs.

Long-Term Recommendation: Given these realities, the Town has sought to be responsible managers of our utility system by implementing two strategies. First, by pursuing long-term economic sustainability strategies such as establishing the Town's business/industrial park in hopes of attracting another large industrial user.

¹⁶ This is a snapshot at June 30, 2016. There is certainly no guarantee that this level of positive cash flow can be maintained, especially with an older system. Indeed, increased costs and/or decreased revenues may mean that this debt service coverage ratio may change significantly from FYE 2015. Still, this information is valuable because it comes from the Town's most recent audit.

¹⁷ LKC Engineering partnered with Town staff to craft Wadesboro's "Water System Asset Management/Capital Improvement Plan (not to be confused with the Town's internal CIP). While the study identified about \$17,000,000 in needs, Town staff predicts the \$3,386,000 estimate for the South Wadesboro sewer expansion will prove to be too low an estimate.

¹⁸ Per the UNC School of Government's Utility Rate Dashboard.

Second, by prioritizing projects and aggressively grants to combine with potential debt service capacity to start replacing long-neglected system assets. In the current FY 2016-17, the Town was fortunate to receive a \$1,000,000 grant to help address sewer overflow issues. Further, the Town has applied for USDA water and sewer grants and is waiting for a determination.

For FY 2017-18, the Town should continue to pursue these two strategies in promoting economic development in partnership with AEDP, and also by leveraging grants along with debt service capacity to start addressing system needs.

Water & Sewer Fund: Revenues

With fund balance appropriations removed, FY 2017-18 revenues are projected to decrease by 0.4% (\$24,568) compared to projected FY 2016-17 revenues.¹⁹ The chart below shows recent fiscal years:

	FY 14-15	FY 15-16	FY 16-17	FY 17-18
Budgeted	\$2,825,300	\$2,813,785	\$2,997,372	\$3,011,920
Budgeted - No Fund Balance	\$2,504,000	\$2,615,025	\$2,585,000	\$2,636,025
Actual/Proj. Revenues	\$2,611,456	\$2,671,921	\$2,645,855	N/A

Water & Sewer Fund: Expenditures

Budgeted expenditures for FY 2017-18 are proposed to increase by 0.5% (\$14,548) in comparison to the FY 2016-17 Budget. Please note that the FY 2016-17 Budget includes \$218,100 in funding for a water interconnection and fire station contributions, while the FY 2017-18 proposal includes \$225,000 for USDA infrastructure projects and a fire truck. If these items are removed, the FY 2017-18 proposed budgeted increases by 0.3% (\$7,648) in comparison to FY 2016-17. The following chart²⁰ shows the proposed FY 2017-18 expenditures as compared to previous years:

	FY 14-15	FY 15-16	FY 16-17	FY 17-18
Budgeted	\$2,825,300	\$2,813,785	\$2,997,372	\$3,011,920
Actual/Proj. Expenditures	\$2,466,288	\$2,518,658	\$2,553,009	N/A

While not attempting to cover specifics for all Town departments within the Enterprise Fund, what follows are some highlights of the more noteworthy expenditures and programs being proposed.

Water: As discussed above, the Town is working toward addressing numerous infrastructure needs, and there are several expenditure highlights related to these efforts. First, there is \$175,000 split evenly between the water and sewer departments for engineering, surveying, etc. as it relates to the previously submitted USDA

¹⁹ Operating revenues are shown. Unless noted otherwise, revenues do not include other financing sources including loan proceeds, transfers from other funds, sale of capital assets, transfers to/from other funds, and special items. FY 14-15 and FY 15-16 include audited numbers. FY 16-17 has not been audited yet because the fiscal year is not yet over, so it is possible these numbers could change based on how the auditor wants to categorize certain items.

²⁰ Projected as of 5/24/17. Capital Items include capital outlays and contributions to the bridge.

applications. This cost is budgeted to come from reserves. Once the Town receives its award from the USDA, it can determine which projects it can afford to pursue. Second, per the Town's water system asset management/capital improvement plan,²¹ \$25,000 is included for distribution valve replacements and general system improvements. Third, there is \$25,000 to continue to replace old water meters with radio meters.

There are several expenditures related to the decision to cease Town water treatment operations and purchase all treated water from Anson County. First, there is a \$455,000 allocation for purchasing water from Anson County. Second, there is \$15,000 for separating the Water plant from the distribution system. Third, there is \$5,000 included for engineer consulting to address storage concerns. This is needed because ceasing water treatment operations also eliminates some storage capacity which is counted toward State minimum requirements.

Other expenditure highlights include \$50,000 to be transferred to the General Fund to be reserved for a fire truck, \$19,800 (66%) of the cost to replace a public services pickup truck, \$12,000 of the \$29,000 for audit/financial statement costs, \$5,500 for an updated handheld meter reader, \$8,832 to fund one pre-65 retiree, and \$3,000 to help fund a performance management and performance pay system.

Sewer: Expenditure highlights include \$1,004,000 budgeted to pay for Anson County to treat our wastewater in FY 2017-18, a 0.4% increase from the previous year. This allocation represents approximately 71.2% of the entire sewer budget. Hopefully, there will not be an unusually high amount of rainfall in FY 2017-18 or this allocation may need to be increased. As mentioned above, there is also \$175,000 split evenly between water and sewer for initial work for USDA infrastructure projects. While there are many needs, addressing sewer overflow issues is likely a top priority as the Town has received numerous violations. Other expenditure highlights include \$8,000 for a sewer bypass pump rental in case of emergency, 20% (\$6,000) of the total cost of a pickup, \$10,000 for a relatively minor sewer repair project near the Hess gas station, and \$3,000 to contract for herbicide application on sewer lines aimed at preventing root intrusion, and \$1,000 to help fund a performance management and pay system.

Personnel & Health Insurance: This FY 2017-18 budget proposal includes a \$600 bonus for full-time employees and a proportional bonus for "full-time/part-time" employees at a cost of approximately \$8,193 in the Water & Sewer Fund. Also, the Water & Sewer Fund's portion of health insurance cost for active employees and retirees is approximately \$106,000.²²

Water & Sewer Fund: Analysis

Like the General Fund, the Town's infrastructure challenges did not evolve overnight and they will not be solved overnight. As the old saying goes, "Rome wasn't built in day;" however, it was built. As a result, this proposal takes a deliberate but realistic approach. Taking this into consideration, this budget proposal seeks to be conservative with both revenue projections and expenditures while still progressing toward Council goals.

As the Town works toward long-term economic sustainability strategies like a business/industrial park, the Town is prioritizing projects and aggressively pursuing grants to combine with potential debt service capacity in order to start replacing long-neglected system assets. In FY 2016-17, the Town was awarded a \$1,000,000 sewer grant from the State. Also, the Town has submitted grant applications for water and sewer projects to the USDA. The USDA's response will determine which infrastructure projects are affordable to pursue.

²¹ The Town had LKC Engineering commission a Water System Asset Management/Capital Improvement Plan that was completed in May 2014.

²² The only pre-65 30 Fund retiree is now having health insurance paid out of 30 Fund.

In the meantime, the Town's conservative approach has led to increasing reserve funds which can be used for prioritized infrastructure projects. This is evidenced by the "days cash on hand" ratio increasing from 167 days in FY 2013-14, to 278 days in FY 2015-16. As a result, the Town can spend some reserves and still maintain a healthy level of reserve funds. In the current FY 2016-17, the Town put \$213,100 from cash reserves into a capital project fund for a new County water interconnection point. Also, this FY 2017-18 Budget proposal includes \$175,000 in cash reserves for USDA projects, and a \$50,000 General Fund transfer for a fire truck.²³

Overall, expenditures exceed revenues by \$375,895. Based on Council feedback, this budget proposal uses reserve funds to fund all or a portion of the following items:

- \$175,000 – USDA Infrastructure Projects – Engineering, Surveying, etc.
- \$50,000 – Fire Truck Savings – Transfer to General Fund
- \$50,000 – Contingency Funds
- \$25,800 – Public Services Pickup – 66% Water, 20% Sewer
- \$25,000 – Distribution Valve Replacement & General Improvements
- \$25,000 – Radio Reader Replacement Program
- \$15,000 – Water Plant/Distribution System Separation
- \$10,000 – Hess Sewer Line Project
- \$95 – Performance Management & Performance Pay System

As discussed above, the Town has made a conscious decision to budget \$225,000 from reserves for certain USDA infrastructure projects and a fire truck. If this is removed, the reserves amount budgeted is \$150,895, which is significantly less than previous fiscal years which reported net increases in cash including FY 2015-16 (\$198,760 in budgeted reserves), FY 2014-15 (\$321,300), and FY 2013-14 (\$104,074). Similarly, the current²⁴ FY 2016-17 Budget (\$412,372) is projected²⁵ to finish with a net cash increase.

There are two general reasons why the Town has had positive cash increases in recent years despite significant significant appropriations from reserve funds. First, the Town did not actually spend the total amount of budgeted expenditures in recent years. Indeed, the Town seeks to be prudent with budgeted funds. Also, a major factor is rainfall, which can cause sewer bills to fluctuate significantly. Second, water and sewer revenues in recent years have consistently beat projections. If these two factors reoccur in FY 2017-18, the Town should not spend the entire amount of reserves budgeted unless there there is an unforeseen event.

Still, while recent history has shown us that it is possible the Town does not actually expend the total amount of fund balance reserves budgeted, it is possible that these funds could be spent. Indeed, this budget includes several large items to be paid for from reserves such as engineering for infrastructure projects. The decision to purchase an absolute quantity is more of a binary decision and is less variable-driven as compared to the County sewer line-item which is dependent on rainfall. As a result, this FY 2017-18 budget proposal may be more likely to use a higher percentage of budgeted cash reserves than previous budgets in the amount of \$302,643.

As the Town strives to be responsible operators of our community's utility system, this proposal makes several recommendations given the possible use of \$302,643 in reserves. First, that the Town continue to be cautious in both monitoring revenues and being fiscally conservative with expenditures through FY 2017-18. Second, that the Town allow for sufficient time to pass into FY 2017-18 for the Finance Officer to properly assess FY 2016-

²³ The logic being, because of our aging water delivery infrastructure, the most cost-efficient way to address water delivery from a fire protection standpoint is through increased water storage/delivery capacity via additional fire apparatus.

²⁴ As of 5/26/17.

²⁵ However, this is a low-confidence prediction.

17 and the progress of FY 2017-18. Only if the Finance Officer deems it prudent during FY 2017-18 should the Town make the following expenditures totaling \$275,800:

- \$175,000 – USDA Infrastructure Projects – Engineering, Surveying, etc.
- \$50,000 – Fire Truck Savings – Transfer to General Fund
- \$25,800 – Public Services Pickup – 66% Water, 20% Sewer
- \$25,000 – Distribution Valve Replacement & General Improvements

The financial ratios discussed above indicate that the Water & Sewer Fund was in adequate financial condition through FY 2015-16. For the current FY 2016-17, the Town is projected to have an operating loss but a positive net cash figure due to operating activities. In addition, the Council indicated concerns during workshops over the affordability of current rates, especially for lower-income customers and businesses. As a result, this budget proposal includes no rate increases. However, if Anson County were to raise its rates, the Town would likely have to pay for such an increase out of reserves which is unsustainable. Therefore, it is proposed that the Town increase rates only if Anson County increases rates.

Recommendation: Budgeted expenditures exceed revenues by \$375,895 not accounting for depreciation costs. This budget proposal uses \$375,895 in reserve funds to close this budget deficit. There are no rate increases unless Anson County raises rates, then increase rates proportionally.

**TOWN OF WADESBORO
BUDGET ORDINANCE
FISCAL YEAR 2017-2018**

BE IT ORDAINED by the Council of the Town of Wadesboro, North Carolina, that:

Section 1. The following amounts are hereby appropriated in the General Fund for the operation of the City Government and its activities for the fiscal year beginning July 1, 2017 and ending June 30, 2018 in accordance with the Chart of Accounts established by the Town:

Administration	\$724,701
Incentive Grants	\$0
Police	\$1,993,874
Fire	\$512,223
Garage	\$97,750
Street	\$389,630
Powell Bill	\$374,480
Sanitation	\$450,680
Park	\$26,591
Contingency	<u>\$50,000</u>
Total	\$4,619,929

Section 2. It is estimated that the following revenues will be available in the General Fund for the fiscal year 2017 – 2018.

Ad Valorem Taxes	\$1,793,000
Contribution from Other Funds	\$0
Other Revenue	<u>\$2,826,929</u>
Total	\$4,619,929

Section 3. The following amounts are hereby appropriated in the Enterprise Fund for the operation of the water and sewer utilities for Fiscal Year 2017 – 2018.

Water	\$1,500,820
Incentive Grants	\$0
Sewer	\$1,491,100
Contingency	<u>\$50,000</u>
Total	\$3,041,920

Section 4. It is established the following monies will be available in the Water & Sewer Enterprise Fund for the Fiscal Year 2017 – 2018.

Water	\$1,190,000
Sewer	\$1,480,000
Other	<u>\$371,920</u>
Total	\$3,041,920

Section 5

- (a.) There is hereby levied a tax at the rate of 55.6 cents per one hundred dollars valuation of property effective July 1, 2017.

- (b.) The Town of Wadesboro water rate structure for FY 2017-2018 will change and increase according to the attached schedule effective July 1, 2017.
- (c.) The Town of Wadesboro sewer rate structure for FY 2017-2018 will change and increase according to the attached schedule effective July 1, 2017.
- (d.) The fees and charges for taps, deposits & reconnections, & miscellaneous items will be in accordance to the attached schedules effective July 1, 2017.
- (e.) The Town of Wadesboro water rate structure will be adjusted to match any additional increase in Anson County's municipal water rate charges for Fiscal Year 2017-2018. The Finance Officer is authorized and directed to make any such changes.
- (f.) The Town of Wadesboro sewer rate structure will be adjusted to match any additional increase in Anson County's sewage treatment charges for Fiscal Year 2017-2018. The Finance Officer is authorized and directed to make any such changes.
- (g.) The Town of Wadesboro monthly garbage rate for FY 2017-2018 will remain unchanged from FY 2016-2017 effective July 1, 2017.
- (h.) There is hereby levied a tax at the rate of 9.6 cents per one hundred dollars valuation in the Wadesboro Fire District outside of the Town of Wadesboro effective July 1, 2017.

Section 6. The Budget Officer is hereby authorized to transfer appropriations within a fund as contained under the following conditions:

- (a.) He may transfer amounts between objects of expenditures within a department without limitations and without a report being required.
- (b.) He may transfer amounts between departments and make expenditures or transfers from the contingency fund with an official report on such transfer at the next regular meeting of the Council.

Section 7. Copies of this budget ordinance shall be furnished to the Finance Officer and the Budget Officer to be kept on file by them for their discretion in the disbursement of funds.

A motion was made by, seconded by that the above ordinance be approved.

The vote was as follows:

For:

Against:

Passed.

This ____ day of June, 20____.

MAYOR

ATTEST:

TOWN CLERK

(Seal)

<u>Miscellaneous Fee Schedule</u>	<u>FY 2016-17</u>	<u>FY 2017-18</u>
<u>FEE NAME</u>	<u>CURRENT</u>	<u>PROPOSED</u>
Rezoning Request	\$250.00	\$250.00
Zoning Permits*	\$50.00	\$50.00
Utility Service Deposit	\$100.00	\$100.00
Delinquent Utility Deposit**	\$200.00	\$200.00
Trash Only Deposit	\$50.00	\$50.00
Credit Card Fee	\$2.00	\$2.00
Late Fee	\$10.00	\$10.00
Returned Check Fee	\$25.00	\$25.00
Reconnect Fee	\$50.00	\$50.00
Unauthorized Water Service Turn-On****	\$100.00	\$100.00
Golf Cart Permit	\$20.00	\$20.00
Resident Park Shelter Rental	\$25 fee + \$25 deposit	\$25 fee + \$25 deposit
Non-Resident Park Shelter Rental	\$50 fee + \$50 deposit	\$50 fee + \$50 deposit
Dump Trailer Fee	\$25 per load + landfill charges above \$25	\$25 per load + landfill charges above \$25
Sanitation Fee	\$15.75/month	\$15.75/month
Sanitation Fee - Optional Non-Residential	\$31.50/month	\$31.50/month
Sanitation Fee - Housing Authority	\$2,296.82/month	\$2,296.82/month
Sanitation Fee - Al. Lyon GA 7 HOUSES	\$110.25/month	\$110.25/month
Additional Trash Can Per Ordinances	Wholesale cost to Town at time of purchase.	Wholesale cost to Town at time of purchase.
Fire Inspection - Standard	\$50.00	\$50.00
Fire Inspection - Factory/Industrial/Large	\$100.00	\$100.00
Peddlers Fee	\$10/day	\$10/day
Itinerant Merchant	\$100	\$100
Yard Sale Permit	\$3 per 2-day event	\$3 per 2-day event
Special Event Permit	\$50.00	\$10.00
Pushcart Vendor	\$5.00	\$5.00
Food Truck*****	\$5.00	\$5.00
Police Report Charge	\$4.00	\$4.00

Any fee not listed specifically herein is officially set at the rate designated by the most recent Town Council decision on the matter.

NOTE: Can only accept charge cards, money orders or checks for deposits.

*Unless otherwise specified herein.

**cutoff 2 or more times in previous 2 years OR previous outstanding balance more than 45 days old from final account closeout

****Where water is turned back on without authorization following disconnection due to nonpayment.

*****Applicable if/when ordinance finalized.

**INSIDE WATER RATES
2017-2018**

RESIDENTIAL AND COMMERCIAL WATER RATES FOR CUSTOMERS RESIDING INSIDE THE MUNICIPAL LIMITS:

	<u>2016-17</u>	<u>2017-18</u>
2,000 GALLONS AND UNDER	\$ 17.00	\$ 17.28
THENCE BY TABLE @ RATE OF \$5.92 PER 1,000 GALLONS, UNTIL 10,000 GALLONS COST	\$ 57.80	\$ 59.20
THENCE BY TABLE @ RATE OF \$5.92 PER 1,000 GALLONS, UNTIL 90,000 GALLONS COST	\$ 520.20	\$ 532.80
THENCE BY TABLE @ RATE OF \$5.92 PER 1,000 GALLONS, UNTIL 900,000 GALLONS COST	\$ 5,202.00	\$ 5,328.00
ALL ADDITIONAL WATER AT INDUSTRIAL RATE @ \$3.81 PER 1,000 GALLONS	3.75/1000 GAL	3.81/1000 GAL

**OUTSIDE WATER RATES
2017-18**

	<u>2016-17</u>	<u>2017-18</u>
2,000 GALLONS AND UNDER	\$ 23.05	\$ 23.33
THENCE BY TABLE @ RATE OF \$7.39 PER 1,000 GALLONS, UNTIL 10,000 GALLONS COST	\$ 72.50	\$ 73.90
THENCE BY TABLE @ RATE OF \$7.39 PER 1,000 GALLONS, UNTIL 50,000 COST	\$ 362.50	\$ 369.50
ALL ADDITIONAL WATER AT INDUSTRIAL RATE OF \$3.81 PER 1,000 GALLONS	3.81/1000 GAL	3.83/1000 GAL

**PROPOSED SEWER RATES
2017 - 2018**

MONTHLY CUSTOMER CHARGE	<u>CURRENT</u> 12.41 SAME MIN
VOLUME CHARGE - \$6.00 PER 1,000 GALLONS - OVER MINIMUM	<u>CURRENT</u> 6.30 / 1000
MINIMUM CHARGE BASED ON METER SIZE	

<u>METER SIZE</u>	<u>GALLONS</u>	<u>INSIDE</u>	<u>W / \$12.41</u>	<u>GALLONS</u>	<u>OUTSIDE</u>	
		<u>CURRENT</u>			<u>CURRENT</u>	<u>W / \$12.41</u>
3/4"	3,000	\$18.90 =	\$31.31	4,000	\$25.20 =	\$37.61
1"	6,000	\$37.80 =	\$50.21	8,000	\$50.40 =	\$62.81
1 1/2"	30,000	\$189.00 =	\$201.41	40,000	\$252.00 =	\$264.41
2"	60,000	\$378.00 =	\$390.41	95,000	\$598.50 =	\$610.91

	<u>GALLONS</u>	<u>CURRENT</u>	<u>W / \$12.41</u>
HOUSING AUTHORITY AND 3"	209,000	\$1,316.70 =	\$1,329.11
WADE MANUFACTURING	4,800,000	\$30,240.00 =	\$30,252.41

WATER AND SEWER TAP FEES

WATER TAPS

	INSIDE CITY LIMITS		OUTSIDE CITY LIMITS	
SIZE	<u>CURRENT</u>	<u>PROPOSED</u>	<u>CURRENT</u>	<u>PROPOSED</u>
3/4"	\$ 950.00	\$ 950.00	\$ 1,000.00	\$ 1,000.00
1"	\$ 1,000.00	\$ 1,000.00	\$ 1,100.00	\$ 1,100.00
1 1/2"	\$850.00 + cost	\$850.00 + cost	\$950.00 + cost	\$950.00 + cost
Over 2"	By Contract Only + \$2,500 Service Charge	By Contract Only + \$2,500.00 Service Charge	By Contract Only + \$2,500 Service Charge	By Contract Only + \$2,500.00 Service Charge

SEWER TAPS

	INSIDE CITY LIMITS		OUTSIDE CITY LIMITS	
SIZE	<u>CURRENT</u>	<u>PROPOSED</u>	<u>CURRENT</u>	<u>PROPOSED</u>
4"	\$900.00 + cost of materials	\$900.00 + cost of materials	\$950.00 + cost of materials	\$950.00 + cost of materials
6"	\$1,100.00 + cost of materials	\$1,100.00 + cost of materials	\$1,150.00 + cost of materials	\$1,150.00 + cost of materials
Over 6"	By Contract Only + \$2,500 Service Charge	By Contract Only + \$2,500.00 Service Charge	By Contract Only + \$2,500 Service Charge	By Contract Only + \$2,500.00 Service Charge

Lots from Days Inn to McLaurin Street	\$1,500.00
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Notable/Capital Expenditures Summary

<div style="display: flex; justify-content: space-between;"> General Fund Black text = item funded </div> <div style="display: flex; justify-content: space-between;"> Red text = item unfunded </div>					
Department	Item	Expense	FY 17-18: Net Expense GF	Reoccurring Annually?	General Notes
Overall	Employee Bonus	\$42,461	\$34,269	No	\$600 for all full-time employees except Town Manager. Proportional bonus for "full-time/Part-time employees".
Overall	Active Employee Health Insurance	\$451,440	\$364,320	Yes	Without retirees increasing rates for active employees the cost is \$451,440 including \$364,320 for 10 fund and \$87,120 for 30 fund.
Overall	Actual Retiree Health Insurance	\$202,900	\$184,036	Yes	Billed retiree cost is \$150,915.19 but with increased cost on pool the actual cost is higher.
Overall	Market-based Employee Increases	\$4,046	\$4,046	Yes	\$4,045.40 - 3 employees making more than 20% below market comparable average - 3% increase.
Overall	1.5% Increase - Employee Cost-of-Living	\$35,402	\$28,179	Yes	Employees 1.5% increase except for Town Manager (0%) and above 3 employees eligible for market-based increase (3%).
Administration	Personnel Evaluation System	\$16,000	\$11,000	No	Carry-over from FY 16-17 - \$16,000 total; \$11,000 General Fund, \$4,000 Water, \$1,000 Sewer
Administration	Economic Development Support	\$5,000	\$5,000	Yes	To support AEDP economic development activities in Wadesboro.
Administration	Laptop/Docking Station	\$2,700	\$2,700	No	Clerk laptop and docking station...ability to take minutes in real-time should save est. 2 hrs per month. Purchase out of Supplies/Materials.
Administration	More Storage	\$5,000	\$5,000	Yes	Will explore other avenues.
Administration	New Server	\$14,500	\$14,500	No	
Police	County Animal Control Services	\$5,562	\$5,562	Yes	5,562 based on most recent State certified est.
Police	5 bullet-proof vests	\$2,400	\$200	No	\$2,400 total. \$1,200 federal grant and \$1,000 from League plus \$200 local commitment
Police	2 Police Vehicles Per Replacement Schedule	\$65,140	\$60,140	No	Per Replacement schedule and CIP. Council opted not to fund.
Police	Form Software	\$3,012	\$3,012	No	Form Software.
Police	Body Cameras	Varied	Varied	No	Given permission to pursue grant.
Police	K-9 Drug Sniffing K-9	\$14,737	\$14,737	Yes/No	Approx. \$2,200 annual cost additional.
Fire	FEMA Equipment Grant	\$62,510	\$2,976	No	Rescue/Wildlife Turnout Gear (1/3 of avg. call volume) & Rescue Boat.
Fire	Exhaust System	\$32,000	\$30,000	No	Did not receive OSFM grant. Have \$5,000 budgeted in fire station capital account.
Fire	Future Community Grant (100% grant)	\$6,000	\$0	No	Only if awarded.
Fire	Ladder Truck	\$700,000	\$64,000	No	Use reserves if awarded FEMA grant.

Town of Wadesboro, North Carolina
FY 2017-2018 Annual Budget

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Fire	Rescue Pumper	\$550,000	\$153,350	Yes	\$90,000 down payment. \$53,350 annual debt service - 10 yrs, 3% interest. Taking \$60k from W/S
Fire	New Facility Furnishings	\$40,000	\$40,000	No	See what funds are leftover at project's conclusion.
Fire	Fire Inspector Truck	\$37,000	\$37,000	No	
Shop	R134 Recovery Unit	\$6,500	\$6,500	No	Required by law when performing certain A/C servicing.
Shop	Vehicle Lift	\$18,000	\$18,000	No	
Shop	Tire Change/Balancer	\$10,750	\$10,750	No	
Shop	Radios (All Depts)	\$9,000	\$9,000	No	
Street	Used Tar Kettle	\$10,000	\$10,000	No	For safety reasons.
Street	Public Services Pickup	\$30,000	\$2,100	No	66% Water (\$19,800); 20% Sewer (\$6,000); 7% Each - Sanitation & Street (\$2,100 x 2)
Street	23 Street Lights - HWY 74 E	\$7,300	\$7,300	Yes	\$6,500 annual bill + \$1,000 one-time charge
Street	23 Street Lights - 74 W - WAL-MART TO 52 N	\$7,300	\$7,300	Yes	\$6,500 annual bill + \$1,000 one-time charge
Street	Mini-Excavator	\$84,000	\$20,000	No	\$32,000 - Water; \$32,000 - Sewer; \$20,000 - street
Street	Stormwater Project Funding	\$100,000	\$100,000	Yes	\$0.034 tax increase <u>or</u> Storm water Fee
Street	Uptown Christmas Lights & Artificial Tree	\$23,350	\$23,350	No	
Powell Bill	Street Resurfacing	\$92,000	\$92,000	No	Street Paving Priority Plan.
Powell Bill	Street Resurfacing - FY 2016-17 Projects	\$200,480	\$200,480	No	Carry-over from FY 2016-17 contracted resurfacing projects anticipated to be finished by August 2017. Using Powell Bill reserves.
Powell Bill	Crack Sealant	\$18,000	\$18,000	No	
Powell Bill	General Street Maintenance	\$25,000	\$25,000	No	
Powell Bill	Bridge Maintenance	\$10,000	\$10,000	No	Old Lilesville Road Bridge & Burns St. Bridge. Exact cost unknown, still assessing.
Sanitation	Public Services Pickup	\$30,000	\$2,100	No	\$30,000 - 7% (\$2,100) from Street & Sanitation each.
Sanitation	Customer Purchase Additional Trash Cans	\$5,000	\$5,000	No	Only order if revenues are received.
Sanitation	Limb Truck	\$132,500	\$37,000	Yes	\$20,000 down payment. 8-year payment at approximately \$17,000 per year. \$0.75/mo increase or decrease retiree health insurance benefits
Sanitation	Sanitation Pickup	\$30,000	\$30,000	No	
Sanitation	Street Sweeper	\$200,000	\$200,000	No	
Parks	Additional City Park Camera System	\$8,000	\$8,000	No	
Contingency	Water Fund Transfer - Fire Capital Reserves	\$50,000	\$50,000	No	Transfer from water fund to be reserved for future fire truck.
		FY 17-18: Net Expense GF		FY 18-19: Reoccurring Expense	

General Fund	Total Funded Items	\$1,307,599	\$1,065,089	\$562,964	
General Fund	Total Unfunded Items	\$2,094,991	\$890,618	\$338,129	
<p style="text-align: center;">Black text = item funded</p> <p style="text-align: center;"><u>Water & Sewer Fund</u> Red text = item unfunded</p>					
Department	Item	Expense	FY 17-18: Net Expense W/S	Reoccurring Annually?	General Notes
Overall	Employee Bonus	\$42,461	\$8,193	No	\$600 for all full-time employees except Town Manager. Proportional bonus for "full-time/Part-time employees".
Overall	Active Employee Health Insurance	\$451,440	\$105,984	Yes	Without retirees increasing rates for active employees the cost is \$451,440 including \$364,320 for 10 fund and \$87,120 for 30 fund. \$105,984 w/ retirees.
Overall	Retiree Health Insurance	\$202,900	\$18,864	Yes	Billed retiree cost is \$150,915.19 but with increased cost on pool the actual cost is higher. One pre-65 retire is taken out of 30 Fund.
Water	Treated Water Purchased	\$455,000	\$455,000	Yes	Purchase Water from Anson County.
Water	USDA Projects Engineering	\$175,000	\$87,500	No	Use reserve funds & wait to see if USDA offer affordable. Pay any remaining eng. costs in FYE 19.
Water	Fire Truck Transfer to General Fund	\$50,000	\$50,000	No	Use reserve funds. Transfer to GF (contingency) to be reserved in fund balance for a fire truck.
Water	Public Services Director Pickup	\$30,000	\$19,800	No	66% Water (\$19,800); 20% Sewer (\$6,000); 7% Each - Sanitation & Street (\$2,100 x 2)
Water	Distribution Valves & General Improvements	\$25,000	\$25,000	Yes	
Water	Meter Box Upgrade Program	\$25,000	\$25,000	Yes	
Water	Performance Evaluation System	\$16,000	\$3,000	No	Carry-over from FY 16-17 - \$16,000 total; \$11,000 General Fund, \$4,000 Water, \$1,000 Sewer
Water	Water Plant Separation - Dist. System	\$15,000	\$15,000	No	Due to shutting down water treatment operations.
Water	Share Audit/Financial Statements Cost	\$29,000	\$12,000	Yes	Pay \$12,000 of \$29,000 cost for audit/financial statements. 10 Fund pays remainder.
Water	Consulting - Water Storage Capacity Issues	\$5,000	\$5,000	No	Consultant to develop plan for increasing water storage capacity to ensure legal compliance.
Water	Handheld Meter Reader	\$5,500	\$5,500	No	
Water	Mini-Excavator	\$84,000	\$20,000	No	\$32,000 - Water; \$32,000 - Sewer; \$20,000 - street
Water	Meter Reader Truck	\$28,000	\$28,000	No	
Sewer	Anson County Treatment of Sewer	\$1,004,000	\$1,004,000	Yes	Contract with Anson County to treat sewage.

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Sewer	USDA Projects Engineering	\$175,000	\$87,500	No	Use reserve funds. Based on USDA response. If not acceptable, could use towards Rutherford St. waterline project. Pay remaining engineering costs in FY 18-19. 50% from Water, 50% from Sewer
Sewer	Performance Evaluation System	\$16,000	\$1,000	No	Carry-over from FY 16-17 - \$16,000 total; \$11,000 General Fund, \$4,000 Water, \$1,000 Sewer
Sewer	Hess Sewer Line Project	\$10,000	\$10,000	No	Fix problem area on line by Hess gas station.
Sewer	Sewer Bypass Pump Rental	\$8,000	\$8,000	Yes	In case pump goes down, amount to cover. Alternative to purchasing \$85,000 sewer bypass pump.
Sewer	Public Services Pickup	\$30,000	\$6,000	No	66% Water (\$19,800); 20% Sewer (\$6,000); 7% Each - Sanitation & Street (\$2,100 x 2)
Sewer	Root Control Services	\$3,000	\$3,000	Yes	
Sewer	Sewer Bypass Pump	\$85,000	\$85,000	No	Put funds for sewer bypass pump rental instead. Will repeat annually.
Sewer	Sewer Jet	\$180,000	\$180,000	No	
		Expense	FY 17-18: Net Expense	FY 18-19: Reoccurring Expense	
W/S Fund	Total Funded Items	\$2,743,301	\$1,955,341	\$1,623,177	
W/S Fund	Total Unfunded Items	\$377,000	\$313,000	\$0	

Community Profile

Brief Historic Overview²⁶

The Town of Wadesboro currently serves as the county seat of Anson County, North Carolina. Wadesboro was founded in 1783 by two well-known American Revolutionary War veterans: Capt. Patrick Boggan and Col. Thomas Wade. While a settlement had grown along the banks of the Pee Dee River, a more centralized location was needed for a county seat. The new site was identified and Capt. Boggan purchased seventy acres of land. The town was first called New Town, later changed to Wadesborough and then Wadesboro. The land on which New Town was established comprises the main business section (“Uptown”) today.

Through the mid 1900’s, Wadesboro was a hub for county citizens and was a bustling town with crowds of people walking the downtown streets. Traveling into town from the surrounding countryside, Ansonians would take in a double feature at the Ansonia Theatre, get a haircut, have lunch at the tea room, have a milkshake at the Parson’s Drug soda fountain, and patronize the dry goods and hardware stores of local merchants. Visitors today can still see echoes of Wadesboro’s past in the buildings and architecture of the Uptown business district and surrounding residential streets. Below is a picture of Uptown in the early 1940’s:²⁷



Wadesboro was a thriving textile town until about the early 1990’s when it felt the effects of the decline in the US textile industry as did other textile towns in North Carolina. The textile mills remaining today in

²⁶ <http://www.townofwadesboro.org/history-of-wadesboro.html>

²⁷ Provided previously by the Express Newspaper.

Wadesboro and Anson County have found unique and innovative ways to remain viable in the fiber and textile industry.²⁸

Readers can discover more about the history of Wadesboro through:

Anson County Historical Society
206 East Wade St.
Wadesboro, NC 28170
Hours: Tuesday – Friday, 9:00 a.m. - 1 p.m.
Phone: 704-694-6694
Fax: 704-694-3763
Email: ansonhistorical@windstream.net

Land Use

According to the U.S. Census Bureau²⁹, the Town has a total area of 6.1 square miles and 921.4 persons per square mile. The Town's Zoning Ordinances provide various rules regarding land use with zoning classifications ranging from residential uses to heavy industrial uses. The Town also has zoning authority within its extraterritorial jurisdiction (ETJ).

Population

The Town of Wadesboro's estimated 2015 population was 5,562 per the North Carolina Office of State Budget & Management (OSBM).³⁰ This is a -4.32% drop from OSBM's April 2010 estimate. In comparison, Anson County saw a population decline as shown below:

	Apr-10	Jul-15	Growth	Growth %
Wadesboro	5,813	5,562	-251	-4.32%
Anson County	26,948	26,155	-793	-3.91%

In comparison, the U.S. Census Bureau's 2015 population estimate for Wadesboro was 5,584 (22 less than OSBM's 2015 estimate). The 2000 U.S. Census lists Wadesboro's total population as 3,552 and the 2010 Census shows a population of 5,832, an increase of about 64%. Notably, this increase is due to a large annexation in the early 2000s and not an increase in population density. This assumption is evidenced by the 1990 U.S. Census which lists Wadesboro's population at 3,645, meaning there was a population decline from 1990 to 2000, and our local economy's subsequent struggles.

Demographics

According to the U.S. Census Bureau, the 2015 estimated median age in Wadesboro was 37.8 years old. The Town's population is predominantly either African-American (61%) or White (35.7%).

Housing

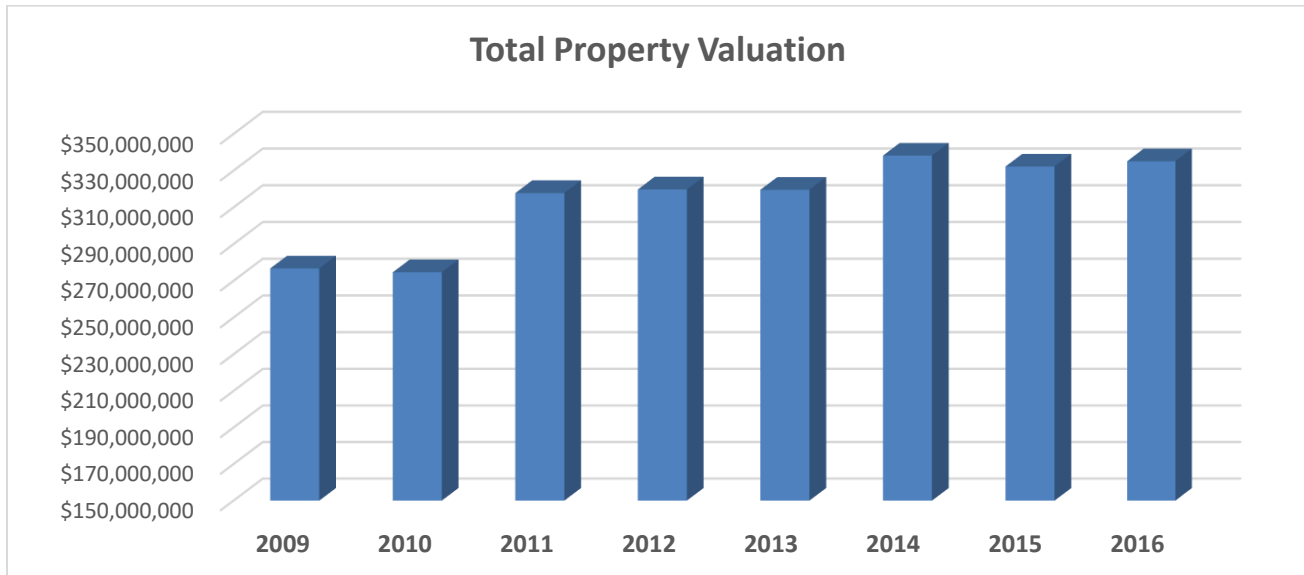
²⁸ Source: Anson County Historical Society

²⁹ 2010 United States Census.

³⁰ <http://www.osbm.nc.gov/demog/municipal-estimates>

According to the U.S. Census Bureau, the 2015 estimated occupancy rate of Wadesboro's housing units was 83.5% compared to the national rate of 87.7%.

Total property values in Wadesboro have increased approximately 21% from FYE 2009 to 2016 including the 2011 reappraisal. This equates to an additional \$58.4 million in approximate value. However, this rise in value from FYE 2010 to FYE 2011 is largely due to a property reevaluation. The chart below shows the changes from FYE 2009 to 2016.



Economy & Education

The U.S. Census Bureau estimates that, in 2014, the highest number of Wadesboro workers were employed in the educational, healthcare, and social assistance industries (27.4%), manufacturing (18.7%), and retail trade (18.4%).

According to the Anson County Chamber of Commerce,³¹ the largest employers in Anson County include Anson County Schools, Hornwood, Inc., Anson County Government, Wal-Mart, J.J. Haines Flooring, Columbus McKinnon, South Piedmont Community College, Carolina By-Products, Wade Manufacturing, Medical Specialties, Triangle Brick, Bonsal American, & Ambassador Health & Rehab of Wadesboro, LLC.

According to the U.S. Census Bureau, the 2015 estimated median household income in Wadesboro is \$27,361.³² In comparison, the State median household income of \$46,868 and the national median household income is \$53,889. 32.3% of Wadesboro residents live in poverty, compared to a state poverty level of 17.4% and a national poverty level of 15.5%.

Among all Wadesboro residents, 79.7% have are a high school graduate or higher, and 15.1% have a bachelor's degree or higher.³³ For residents 25 years of age or older, 6.3% have a graduate or professional degree.

³¹ <http://www.ansoncounty.org/majoremployers.html>

³² <https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF>

³³ <https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF>

Town Government

The Town of Wadesboro operates under the Council-Manager form of government. All six members of the Town Council including the Mayor are popularly elected to serve four-year terms. Terms of office are staggered so an election for at least a portion of the Council is held every two years.

The Mayor is elected directly by the voters to serve a four-year term and serves as the ceremonial head of the Town at official functions. The Mayor presides at all meetings of the Town Council but does not vote unless there is a tie. The Town Council chooses amongst themselves a member to serve as Mayor Pro Tempore, who serves as the Mayor in the actual Mayor's absence or disability.

The Council appoints a Town Manager to handle the administrative affairs of the Town. The Manager supervises personnel, serves as Finance Officer, and, by law, is the Town's Budget Officer. The Manager provides the Council with regular reports regarding the operational and financial condition of the Town and works with the Council to establish and implement long-range plans.

The Council appoints four boards to serve in varied capacities including advisory, planning, quasi-judicial, and final decision-making.

ABC Board

This Board has the authority and duty to run the local ABC store and operates as a local independent political subdivision of the State. The Board retains the authority to set policy and adopt rules in conformity with ABC Laws and State ABC Commission Rules. There are three Board members including a Chairman. The Town Council appoints two members and the Anson County Commissioners appoint one. The Town and Anson County receives a portion of sale proceeds.

Wadesboro Housing Authority Board

This Board exists to oversee and run local housing authority in conformance with applicable laws. The Town Council appoints all 5 members.

Board of Planning and Adjustment

This Board exists to carry out the powers and duties of the Planning Agency and Board of Adjustment as provided for in NCGS 160A-361, NCGS 160A-388, and related Town ordinances and policies. This Board makes recommendations to the Town Council and/or final decisions on various issues such as appeals on administrative reviews, variances, conditional use permits, and generally studies and advises the Town Council on various planning and zoning issues. Five Wadesboro residents are appointed by the Town Council and Five residents of the Wadesboro extraterritorial jurisdiction (ETJ) are appointed by the Anson County Board of Commissioners on recommendation by the Town Council.

Wadesboro Park Planning Committee

This Board was established to advise the Town Council & Town Manager on the development of the City Park on Gatewood Street. This Board has been largely inactive recently although several members have recently helped with the development of a Veterans Memorial at the City Park.

Introduction to the Budget

Basis of Accounting

This budget is prepared using the modified accrual method of accounting for all funds (with limited exceptions including using the accrual method for trash and utility fees), the same method used for our accounting practices. This approach to accounting recognizes revenues when they become measurable and expenditures at the time the liability is incurred. All revenues and expenditures must be included in the annual budget ordinance, or the appropriate capital and/or grant project ordinances. Any operational appropriations not expended or encumbered at the end of the fiscal year shall lapse.

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The Town of Wadesboro maintains two annual funds: the General Fund and the Water & Sewer Fund. Capital expenditures are accounted for in the respective relevant fund.

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund. This fund is established at the inception of a government and exists throughout the government's life.

The Water & Sewer Enterprise Fund is meant to be financed and operated in manner similar to private businesses where the intent of the governing body is that costs (including depreciation) of providing goods and services to the general public are recovered primarily through user charges.

North Carolina Local Government Budget and Fiscal Control Act

North Carolina General Statute 159-7(c) states, “[I]t is the intent of the General Assembly...to prescribe for local governments and authorities a uniform system of budget adoption and administration and fiscal control.” This Act mandates many of the actions the Town takes to prepare, adopt, and administer the annual budget.

Section 159-8 of the Act requires that the Town adopt an ordinance containing a balanced budget for each of the funds managed by the Town and sets the fiscal year as beginning July 1 and ending June 30. According to the Act, a budget is balanced when the sum of estimated net revenues and appropriated fund balances is equal to appropriations. The budgets for each of our funds, the General Fund, the Water Fund, and the Sewer Fund are balanced in accordance with this law. The budget ordinance also includes, as required by the Act, the property and levy and rate.

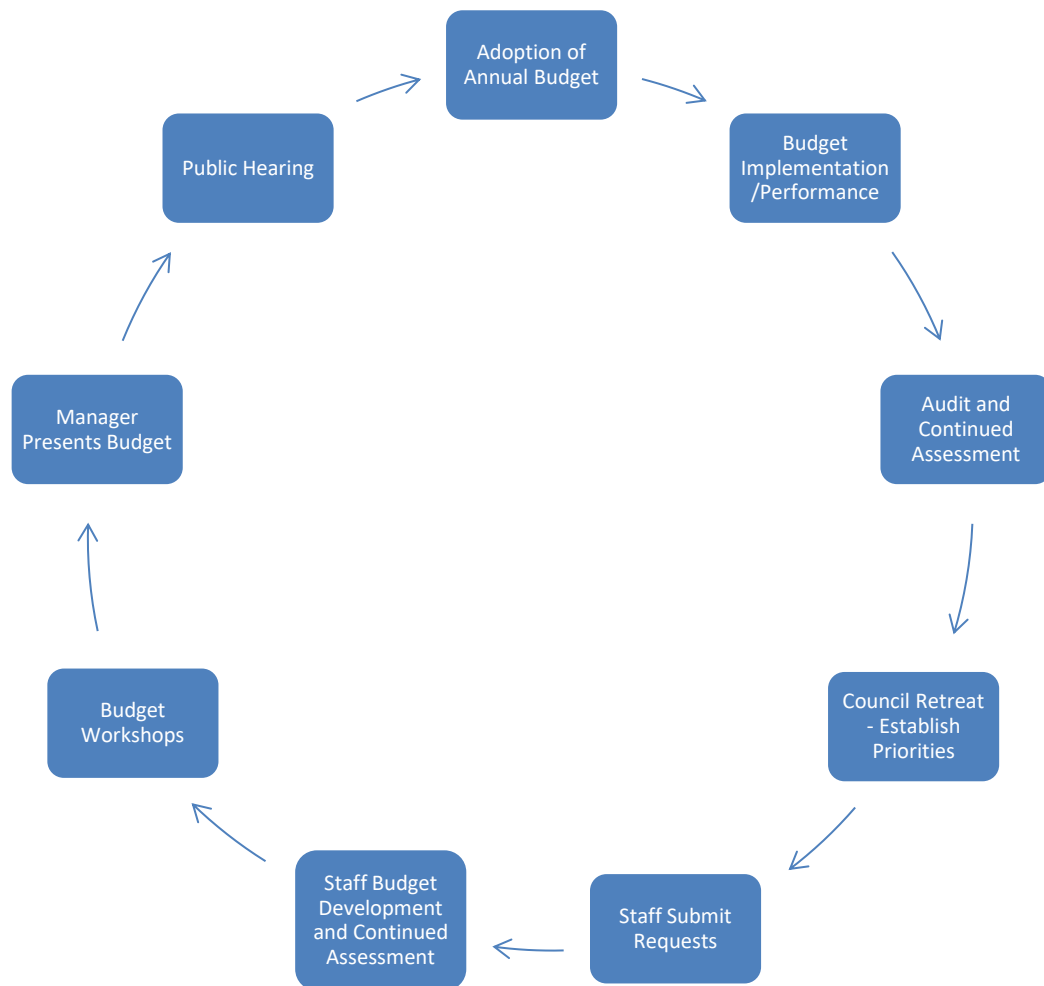
Section 159-9 of the Act dictates that, in towns operating under a Council-Manager form of government, like Wadesboro, the Manager is to be the Budget Officer. The Budget Officer is mandated to receive budget expense and revenue requests from the Town departments by April 30, and to recommend an annual budget to the governing body no later than June 1. The governing body then must adopt the annual budget by June 30.

Once the recommended budget is presented to the Council, several legal provisions apply to Council review and adoption of the budget. These include the timing of public hearings, a requirement to make the budget available to the public and press, and the requirement for a hearing at which any person may comment upon the budget.

Notably, our budget process exceeds the requirement of the Act and gives our residents more opportunities for input.

Our Budget Process

While it may seem that the budget process would end with adoption, the budget process is, in fact, a cycle of events with no defined end. The graphic below illustrates the cyclical nature of our budget process, one marked by continued assessment and commitment to fiscal responsibility. The budget process used in Wadesboro continues to evolve as we strive to make the budget process more transparent by allowing for significant participation from elected officials, staff, and the public.



Despite the cyclical nature of the budget process, perhaps the most formal beginning point for budget development is the Town Council Annual Retreat which is typically held around February. The retreat's ultimate goal is for the Council to establish priorities. An outside facilitator is brought in to help facilitate discussion and consensus. The Town Manager makes a presentation highlighting key trends and other relevant information.

From the period between the annual retreat and budget adoption, Town staff are constantly working behind the scenes to develop a recommended budget that ultimately is presented to the Town Council by the Town Manager.

After this 2017 annual retreat, the Town Council, for the first time, scheduled a series of budget workshops on various topics listed below:

- ❖ April 4, 2017 – Public Utilities & Public Works
- ❖ April 11, 2017 – Administration, Personnel, Insurance, Misc.
- ❖ April 18, 2017 – Police & Fire
- ❖ April 25, 2017 – Overall/Big Picture

At these workshops, Town staff provided various details of each topic and recommended items for discussion. These workshops allowed for staff to get consensus of the elected body on details contained in the budget. Further, it allows the Council to be able to hear from residents who attend these sessions in a naturally more informal setting than a regular meeting. Unfortunately, no residents came to discuss concerns. The Town will strive to further engage members of the public and hope the public will attend future budget workshops.

Following the last of these budget workshops, the Town Manager and staff prepare the recommended Budget and Budget Message as a way to provide detailed information to all interested citizens. Subsequently, the Town Manager presents the recommended budget to the Town Council by June 1st.

The next step in our process is to advertise and conduct a public hearing to receive comments from interested parties relative to the budget under consideration. The Council may desire to schedule additional meetings to discuss the recommended budget and, if Council so desires, to make changes in the recommended budget. The final step is for the Council to adopt the budget prior to July 1st.

As discussed above, the budget process does not end with adoption. Each month following adoption of the budget, the Mayor and Council review expenses and revenue relative to the budget as adopted. The Manager provides analysis and addresses any concerns. The financial performance of each of the two annual funds is analyzed in order to ensure the programs and projects funded are being carried out in a manner consistent with the intent of the elected body.

Occasionally, we find that an unforeseen situation arises or estimates for the costs of certain goods and services increased from the time the budget was prepared to the time they are procured. When an unforeseen situation or major difference occurs, the professional staff typically informs the Council of the situation and the Council makes the decision whether to amend the budget ordinance or forego a certain project via a budget amendment. Also, the Budget Officer (i.e. Town Manager) may transfer amounts between objects within a department. The Budget Officer may also transfer amounts between departments and make expenditures or transfers from the contingency fund with an official report on such transfer at the next regular Council meeting.

During the fall, the Town has an audit conducted for the previous fiscal year ending June 30th. These results are presented to the Council typically around January. Shortly thereafter, the Council has its Annual Planning Retreat and the budget process starts over again.

The Town is constantly striving to improve its budget process and welcomes any feedback.

Town of Wadesboro Budget Calendar & Roadmap – 2017-18

Date – Action (Actors)

➤ Description

January 12th – Department Requested Budget Worksheets Distributed (Cindi, Dept. Heads)

- Town Clerk will distribute budget worksheets to Dept. Heads.

January 27th – CIP Requests Due Electronically (Dept. Heads, Alex)

- Dept. Heads submit to Town Manager CIP Forms & sign-up for CIP conference.

January 30th – February 2nd – CIP Dept. Conferences (Alex, Dept. Heads)

- Dept. Heads sign up for conference to educate Town Manager on CIP requests.

February 6th – Pre-Budget Public Hearing (Council, Public)

- Opportunity for public to provide input on upcoming FY 2016-17 Budget.

February 18th – Town Council Retreat (Council, Alex, Dept. Heads)

- Town Council establishes “big-picture” strategic priorities.

March 9th - Requested Budget Worksheets Due (Dept. Heads, Alex)

- Dept. Heads submit completed requested budget worksheets to Town Manager.

March 13th – 17th – Department Budget Conference (Alex, Dept. Heads)

- Dept. Heads will secure meeting date with Town Manager to discuss requested budget.

March 28th – 31st – Preliminary Revenue Projections (Alex, Dept. Heads)

- Town Manager will establish revenue projections with assistance of colleagues.

April 4th, 11th, 18th, 25th – Town Council Budget Workshops (Council, Alex, Dept. Heads)

- Town Council will provide input on Budget issues.

May 2nd – 7th – Final Dept. Budget Conference (Alex, Dept. Heads)

- Dept. Heads will secure meeting date with Town Manager to finalize department budgets.

May 31st – Budget & CIP Presented to Town Council (Council, Alex)

- Town Manager presents recommended budget to Town Council.

June 6th – Public Hearing on Proposed Budget & CIP (Council, Alex)

- Public Hearing & Council can discuss recommended budget.

June 13th, 20th, & 27th – Budget Discussion, Changes & Ultimate Approval (Council, Alex)



Financial Policies

The following policies are general in nature and set forth basic guidance for sound fiscal management decisions for the Town of Wadesboro. The Town's financial policies are founded on responsible fiscal and budgetary principles and they follow a framework established by the North Carolina Local Government Budget and Fiscal Control Act (LGBFCA).

Accounting Policy

The Town maintains an accounting system in accordance with the North Carolina Local Government Budget and Fiscal Control Act. The system shows appropriations and estimated revenues as established in the budget ordinance and each project ordinance as originally adopted and subsequently amended. The Town will maintain accounting systems that enable preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The basis of accounting within all funds will be modified accrual with limited exceptions for sanitation and utility fee revenues. An annual audit will be performed by an independent certified public accounting firm, which will issue an official opinion on the annual financial statements. The accounts of the Town will be organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The Town maintains two annual funds: the General Fund and the Water & Sewer Fund. Additionally, the Town creates and maintains individual capital project funds as needed which are ongoing until the project has been completed and closed. *Prescribed by the N.C. Local Government Budget and Fiscal Control Act and otherwise adopted by the Town Council April 2017.*

Budget Amendment Policy

During the fiscal year, the budget must be amended to reflect changes to the original adopted budget ordinance. The Town Council may amend the budget ordinance at any time after its adoption pursuant to North Carolina General Statute (N.C.G.S) 159-15 as long as the ordinance, as amended continues to satisfy the requirements of N.C.G.S. 159-8 and 159-13. N.C.G.S. 159-8 requires budgets to be balanced and N.C.G.S. 159-13 describes the form, adoption, limitations, tax levy, and filing of the budget ordinance. Budget amendments cannot increase or decrease the tax levy or alter a taxpayer's liability unless the City is ordered to do so by the courts or an authorized State agency. The Finance Officer prepares budget amendments to present to the Town Council for their approval. Budget amendments must be made prior to obligating funds in excess of adopted budget appropriations. Total increases in appropriations should equal total increases in revenues. In all situations, a brief description of the circumstances surrounding the amendment will be included on the face of the amendment or in the minutes where the amendment was approved. *Prescribed by the N.C. Local Government Budget and Fiscal Control Act and otherwise adopted by the Town Council April 2017.*

Capital Improvement Plan

The Town will review and update annually a five-year Capital Improvement Plan (CIP), which details each capital project, estimated costs, project descriptions, and anticipated funding sources. Only the current year schedule, when adopted by the Town Council, becomes part of the operating budget. Future forecasts in the CIP serve the Town by helping plan for capital repairs, replacements, and acquisitions, which aids in financial planning to ensure the Town's fiscal health and credit. Town staff will analyze each proposed project carefully before it is incorporated into the CIP. *Adopted by the Town Council April 2017.*

Cash Management & Investment Policy

This policy serves as a reference for handling of all financial transactions in accordance with federal, North Carolina, and other legal requirements, including the provisions of the North Carolina General Statutes, specifically the Local Government Budget and Fiscal Control Act. This policy provides guidance for cash receipts, mobilization, investments, disbursements and monitoring.

Investment earnings are the interest collected on the Town's idle cash. The Town Council authorizes and directs the Town Manager to invest idle cash in accordance with this policy. The Town's objectives/criteria in managing and selecting the investment portfolio, in order of priority, are safety, liquidity, and yield.

- 1.) Safety – Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To best mitigate against credit risk (the risk of loss due to the failure of the security issuer) diversification is required. To best mitigate against interest rate risk (the risk that changes in interest rates will adversely affect the market value of a security and that the security will have to be liquidated and the loss realized) the second objective, adequate liquidity, must be met.
- 2.) Liquidity – The investment portfolio shall remain sufficiently liquid to meet all operating and debt service cash requirements that may be reasonably anticipated. The portfolio will be structured so that securities mature concurrent with cash needs (static liquidity), with securities with an active secondary market (dynamic liquidity), and with deposits and investments in highly liquid money market and mutual funds accounts.
- 3.) Yield – The investment portfolio shall be designed with the objectives of attaining a market rate of return throughout budgetary, economic and interest rate cycles, taking into account investment risk constraints and liquidity needs.

The Town only invests idle cash in accordance with N.C.G.S. 159-30. Typical investments for the Town include certificates of deposit (CD) and interest bearing money market accounts. The Town may take into consideration whether the single financial institution has a physical presence within Town-limits. With the exception of United States treasury securities and the North Carolina Capital Management Trust, no more than 70% of the Town's total investment portfolio will be invested in a single security type or with a single financial institution. *Prescribed by the N.C. Local Government Budget and Fiscal Control Act and otherwise adopted by the Town Council April 2017.*

Debt Policy

In accordance with N.C.G.S. 159-55, the Town's bounded indebtedness will not exceed eight (8) percent of the assessed valuation of the taxable property of the Town. Debt will only be incurred for financing capital assets that, because of their long-term nature or because of budgetary restraints, cannot be acquired from current or budgeted resources. **Debt will not be used for operational needs.** Debt financing can include general obligation bonds, revenue bonds, certificates of participation, lease/purchase agreements, special obligation bonds, or any other financing instrument allowed under North Carolina law.

The term of any Town debt issue shall not exceed the estimated useful life of the asset for which the debt is issued. The Town will seek to structure debt and to determine the best type of financing for each financing

need based on the flexibility necessary to meet project needs, the timing of the project, taxpayer or rate payer equity, and the structure that will provide the lowest interest cost in the circumstances.

General Fund debt will normally have a term of 20 years or less. Enterprise Fund (water and sewer) debt will normally have a term of 30 years or less, but not more than 40 years or less. To reduce the amount of debt incurred, the Town will attempt to use pay-as-you-go financing when possible, particularly for capital assets with costs less than \$75,000. *Prescribed by the N.C. Local Government Budget and Fiscal Control Act and otherwise adopted by the Town Council April 2017.*

Fund Balance Policy

It is necessary for the Town to maintain undesignated available fund balance reserves and retained earnings to provide appropriate cash flow for operation of Town services, to eliminate the need for short-term borrowing, to address emergencies and unexpected opportunities, to increase the potential for investment income, and to enhance the Town's credit rating to provide the Town the ability to borrow at the lowest possible interest rate.

General Fund. The North Carolina Local Government Commission (LGC) is charged with overseeing the fiscal health of cities and counties and recommends a minimum undesignated available fund balance reserve of no less than eight percent (8%) of expenditures. All revenue in excess of expenditures realized at the end of any given fiscal year will be credited to available fund balance to achieve an accepted level between 35 and 40 percent. The Town will adjust this range as appropriate based upon any recommendation from the LGC and the current financial outlook. Once the forty percent (40%) mark is realized, all revenue in excess of expenditures realized at the end of any given fiscal year may be assigned as capital reserves. *Prescribed by the N.C. Local Government Budget and Fiscal Control Act and otherwise adopted by the Town Council April 2017.*

Operating Budget Policies

Pursuant to North Carolina General Statutes 159-11, the Town will adopt a balanced budget. The North Carolina Local Government Budget and Fiscal Control Act (LGBFCA) defines a balanced budget as the sum of estimated net revenues and appropriated fund balance in each fund is equal to appropriations in that fund.

The Town operates under an annual budget ordinance adopted in accordance with the LGBFCA. The budget ordinance is the legal basis of the budgetary accounting system and the standard by which proposed expenditures are measured. All annual appropriations lapse at the fiscal year-end. Additionally, separate project ordinances may be adopted for governmental capital project funds and water and sewer capital project funds. Project ordinances are ongoing until the project has been completed and closed.

The Town Council must approve and adopt revisions to the original budget ordinance, which is recorded in the Town minutes, unless alternate procedures are adopted by the Town Council. The Finance Officer/Budget Officer is authorized to transfer appropriations within a fund of an annual budget ordinance or capital project ordinance under the following conditions: 1.) he/she may transfer amounts between departments and make expenditures or transfer from the contingency fund with an official report on such transfer at the next regular meeting of the Town Council; and 2.) he/she may transfer amounts between objects of expenditures within a department within a department without limitations and without a report being required so long as records are kept of the transfer. *Adopted by the Town Council April 2017. Prescribed by the N.C. Local Government Budget and Fiscal Control Act and otherwise adopted by the Town Council April 2017.*

Purchasing Policy

Any purchase expected to exceed one thousand and five hundred dollars (\$1,500.00) or more, will not only require a Purchase Order but will require the Town Manager's approval by signature for the Purchase Order. The Town Manager may set an amount less than one thousand and five hundred dollars (\$1,500.00) whereas purchases approved by a Department Head for that set amount or more require a purchase order. *Prescribed by the N.C. Local Government Budget and Fiscal Control Act and otherwise adopted by the Town Council April 2017.*

Revenue Policy

The Finance Officer prepares conservative revenue estimates based on revenues reasonably expected to be realized in the upcoming budget year, including amounts to be realized from collections of taxes levied in prior fiscal years. Major estimated revenue sources include ad valorem taxes, sales taxes (Articles 39, 40, 42, and 44), ABC distributions, electricity sales tax, Powell Bill distributions, beer and wine taxes, and other sales and services revenues. With each budget, the Town Council adopts a fees schedule that the Finance Officer reviews annually to determine appropriate fees related to the cost of providing services unless determined otherwise.

Adopted by the Town Council April 2017.

General Fund Revenues

General Fund Revenues: Introduction

The Town receives revenue from a variety of different sources including local revenues, grants, and State-shared revenues. In predicting revenues for the upcoming fiscal year, the Town uses a variety of trends, formulas, information sources, and tools; such prediction mechanisms including trend information assumptions are discussed under each individual revenue. One example of a predictive tool is the North Carolina League of Municipalities' (NCLM) annual revenue projections memorandum which provides municipalities guidance in making budget predictions regarding State revenue.³⁴ This report is commonly relied on by municipalities.

Because local government revenues are largely tied to local and state economies, making future revenue predictions is a bit like making future predictions on the economy. Because it is impossible to predict what the economy will do with 100% certainty, it is important to note that revenue predictions are an inexact science. Additionally, Town Financial Policies indicate that the Finance Officer use conservative revenue estimates. As a result, this budget proposal takes a conservative approach to revenue projections.

This section outlines many aspects of General Fund revenues including an overall discussion, economic background, and the basis for the budget numbers used. Each major revenue source is explained below to give some background on the revenue source, and to give the reader an indication of the stability of the sources. Staff then propose an estimate of the growth or reduction for each of the revenues based upon the NCLM report and/or our history with a given revenue (among other factors). These estimates are then reflected on the Revenue budget worksheet.

General Fund Revenues: Overview

General Fund revenues are budgeted at \$4,699,929 which is a 6.6% (\$329,658) decrease from the current³⁵ FY 2016-17 budget of \$5,029,587. Much of this decrease from FY 16-17 to FY 17-18 is related to \$300,000 in loan proceeds received in FY 2016-17 for automated trash pickup equipment. Notably, FY 2015-16 finished with \$4,590,432 in revenues.

As fund balance reserves, loan proceeds, and transfers from the 30 Fund can distort the analysis of reoccurring revenues, the below chart provides a clearer picture of revenues:

	FY 14-15	FY 15-16	FY 16-17	FY 17-18
Budgeted	\$4,748,209	\$5,613,045	\$5,029,587	\$4,699,929
Budgeted - No Loan Proceeds, 30 Fund Transfers, Fund Balance	\$4,139,913	\$4,271,712	\$4,207,458	\$4,244,879
Actual Revenues - No Loan Proceeds	\$4,198,413	\$4,230,432	\$4,255,000 ³⁶	N/A
Actual Revenues	\$4,198,413	\$4,590,432	\$4,555,000 ³⁷	N/A

Overall, revenues are mixed. Town ad valorem property tax revenue, the Town's largest revenue source, is projected to slightly increase 0.5% in FY 2017-18 to \$1,718,000 from FY 2016-17 initial projections. Notably,

³⁴ "FY 17-18 Revenue Projections", NC League of Municipalities, Chris Nida, Director of Research & Policy Analysis.

³⁵ \$5,029,587 budgeted for General Fund FY 2016-17 as of 5/22/17.

³⁶ Projected as of 5/24/17.

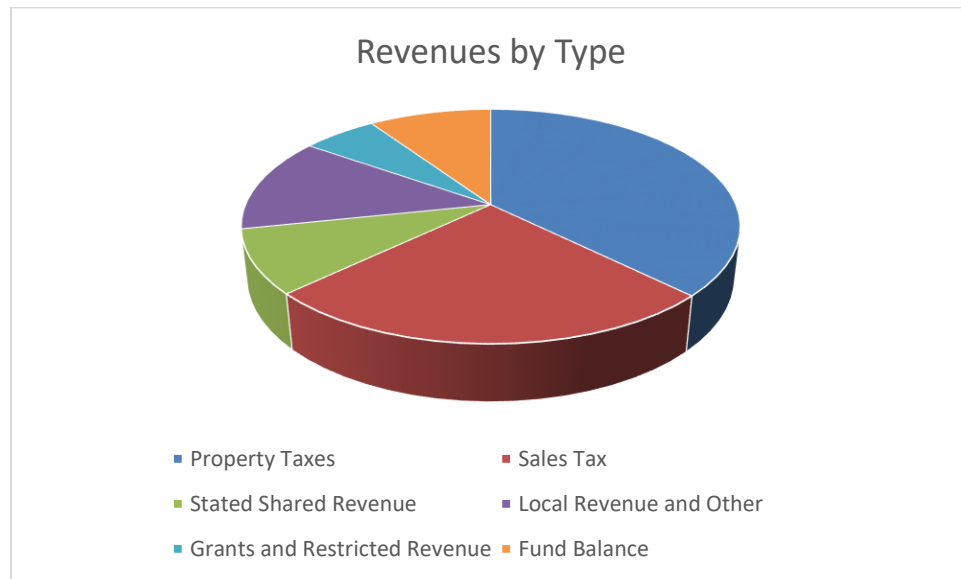
³⁷ Projected as of 5/24/17.

FY 2015-16 actual collections were about \$1,726,111. However, because the overall property tax collection rate fell from 95.01% in FY 2014-15 to 94.33% in FY 2015-16, this proposal takes a conservative approach. The next largest revenue, sales tax, is projected to increase by about 1.3% in comparison to FY 2016-17 projections. This is largely due to a projected statewide increase but no local growth. Notably, projected FY 2016-17 sales tax revenues grew approximately 13.5% from FY 2015-16 due to the State expanding sales tax base.

Other larger revenue sources are either flat or even declining including electricity sales tax (0%), Powell Bill revenues (-1.2%), and refuse collection revenues (-1.1%). Notably, the Town received \$300,000 in loan proceeds for FY 2016-17 related to automatic trash pickup equipment. However, the FY 2017-18 budget includes no loan proceeds.

Below is a snapshot of General Fund revenues for FY 2017-18:

REVENUE	FY 14/15 BUDGET		FY 15/16 BUDGET		FY 16/17 BUDGET		FY 17/18 Adopted Budget
	Year End Budget	Actual Expenditure	Year End Budget	Actual Expenditure	Year End Budget	As of 03/31/2017	
10 Fund	\$4,748,209	\$4,198,419	\$5,613,045	\$4,590,437	\$5,029,587	\$3,989,451	\$4,619,929



General Fund Revenues: National, State, & Local Economic Conditions

Because the Town's revenues are heavily dependent on economic conditions, this section discusses the national, state, and local economies and related assumptions. Please note that the national and state discussion reiterates heavily from the FY 2017-18 Revenues Projections memo prepared by the N.C. League of Municipalities.

National Economy

Other than expanding the sales tax base, the State recently has made relatively little structural change in local revenues structures.³⁸ More significant change has occurred on the federal level, where a new presidential administration began in January.³⁹ As of April 2017, there have been few obvious economic setbacks with the Federal Reserve raising interest rates and February's national unemployment rate at 4.7 percent is consistent with recent months.⁴⁰ In PwC's annual survey of CEOs, there was a percentage increase to 56% of U.S. CEOs who are "Very confident" in revenue growth over the next 3 years.⁴¹ Further, the American Institute of CPAs' Economic Outlook survey for the first quarter 2017 found higher optimism for the next 12 months of the U.S. economy than at any point since 2004.⁴² February's Consumer Confidence Index increased from January and is at a 15-year high.⁴³ However, it remains to be seen how federal decisions on a host of issues – including healthcare, infrastructure spending, the federal budget, and the tax code, to name a few – impact economic performance and optimism.⁴⁴ But heading into April 2017, the national economy appears relatively strong.⁴⁵

State Economy

Much of the same can be said for North Carolina, though perhaps tempered somewhat from an overall economic perspective.⁴⁶ Wells Fargo noted that the number of nonfarm payroll jobs in North Carolina declined by 6,600 in January, though revised data still showed our State adding almost 100,000 jobs overall in 2016.⁴⁷ Dr. Michael Walden of N.C. State reported that his index of economic indicators rose slightly in January of 0.4%.⁴⁸ John Connaughton of UNC-Charlotte most recently projected a 2.3% increase in real Gross State Product from 2016 to 2017.⁴⁹ The Carolinas Survey of Business Activity from the Federal Reserve Bank of Richmond was positive, with its index for general business conditions increasing in February to its highest point since last April.⁵⁰

The statewide sales tax totals are perhaps even more encouraging.⁵¹ Even while Wells Fargo was noting the State's January decline in jobs, it cited the construction sector for adding more than 1,000.⁵² One of the more positive indicators in Dr. Walden's report was a 20 percent increase in building permits from December 2016 to

³⁸ FY 17-18 Revenue Projections", NC League of Municipalities, Chris Nida, Director of Research & Policy Analysis; <https://www.nclm.org/SiteCollectionDocuments/Legislative/2017%20Revenue%20Projections/TAXBASIS%202017.pdf>.

³⁹ FY 17-18 Revenue Projections", NC League of Municipalities, Chris Nida, Director of Research & Policy Analysis;

⁴⁰ FY 17-18 Revenue Projections", NC League of Municipalities, Chris Nida, Director of Research & Policy Analysis;

⁴¹ FY 17-18 Revenue Projections", NC League of Municipalities, Chris Nida, Director of Research & Policy Analysis;

⁴² FY 17-18 Revenue Projections", NC League of Municipalities, Chris Nida, Director of Research & Policy Analysis;

⁴³ FY 17-18 Revenue Projections", NC League of Municipalities, Chris Nida, Director of Research & Policy Analysis; <https://www.nclm.org/SiteCollectionDocuments/Legislative/2017%20Revenue%20Projections/TAXBASIS%202017.pdf>.

⁴⁴ FY 17-18 Revenue Projections", NC League of Municipalities, Chris Nida, Director of Research & Policy Analysis;

⁴⁵ FY 17-18 Revenue Projections", NC League of Municipalities, Chris Nida, Director of Research & Policy Analysis;

⁴⁶ FY 17-18 Revenue Projections", NC League of Municipalities, Chris Nida, Director of Research & Policy Analysis;

⁴⁷ FY 17-18 Revenue Projections", NC League of Municipalities, Chris Nida, Director of Research & Policy Analysis; <https://www.nclm.org/SiteCollectionDocuments/Legislative/2017%20Revenue%20Projections/TAXBASIS%202017.pdf>.

⁴⁸ FY 17-18 Revenue Projections", NC League of Municipalities, Chris Nida, Director of Research & Policy Analysis;

⁴⁹ FY 17-18 Revenue Projections", NC League of Municipalities, Chris Nida, Director of Research & Policy Analysis;

⁵⁰ FY 17-18 Revenue Projections", NC League of Municipalities, Chris Nida, Director of Research & Policy Analysis;

⁵¹ FY 17-18 Revenue Projections", NC League of Municipalities, Chris Nida, Director of Research & Policy Analysis;

⁵² FY 17-18 Revenue Projections", NC League of Municipalities, Chris Nida, Director of Research & Policy Analysis;

January 2017.⁵³ Non-construction-related sales continue to rise strongly and steadily, but construction-related sales are almost at the point of finally reaching pre-recession levels.⁵⁴

Housing statistics for the State as a whole declined less significantly this winter as compared to previous years and already signaling a strong rebound to begin 2017.⁵⁵ Meanwhile, while we continue to see variation around the State, housing prices in all the MSAs measured increased in December as compared to the prior year.⁵⁶ Continued demand even with a continued increase in inventory can only be seen as positive construction-related sales tax revenue and for the economy as a whole.⁵⁷

Local Economy

While the statewide economy appears to be strong as a whole, there has largely been an increasing economic gap between the urban metropolitan areas and the smaller rural areas. While counties like Mecklenburg and Wake have rapid population growth, counties like Anson show a population decline. This conflict is evidenced by a recent legislative debate which can be generally described as being over whether to change the sales distribution method to benefit less prosperous areas at the expense of more prosperous areas. Ultimately, the General Assembly came to compromise via an expansion of additional repair, installation, and maintenance services which would be statutorily distributed to certain (less prosperous) areas, but not take funds away from other communities.

Like many rural communities, the Town of Wadesboro's local economy is struggling in some facets. As discussed in the "Community Profile" section, Wadesboro was a thriving textile town until about the early 1990's when it felt the effects of the decline of the U.S. textile industry. The State recognizes these economic challenges by labeling Anson County as a "tier-1" economically distressed area. Indeed, the Town and Anson County have faced as declining populations as shown below:

	Apr-10	Jul-15	Growth	Growth %
Wadesboro	5,813	5,562	-251	-4.32%
Anson County	26,948	26,155	-793	-3.91%

Further, the U.S. Census Bureau estimates that the 2015 occupancy rate of Wadesboro's housing units was 83.5% which is a decline from 87.9% in 2010. In comparison, the 2015 national rate was 87.7%.

While there are some encouraging signs including a relatively strong statewide economy and increasing sales tax revenue, it is still unclear that Wadesboro will see steady revenue growth due to an improvement in local economic conditions. If the Town does not see its local economy start to steadily improve, it will likely mean long-term concerns regarding whether revenues will be sufficient to sustain current service levels.

⁵³ FY 17-18 Revenue Projections", NC League of Municipalities, Chris Nida, Director of Research & Policy Analysis;

⁵⁴ FY 17-18 Revenue Projections", NC League of Municipalities, Chris Nida, Director of Research & Policy Analysis;

⁵⁵ FY 17-18 Revenue Projections", NC League of Municipalities, Chris Nida, Director of Research & Policy Analysis;

⁵⁶ FY 17-18 Revenue Projections", NC League of Municipalities, Chris Nida, Director of Research & Policy Analysis;

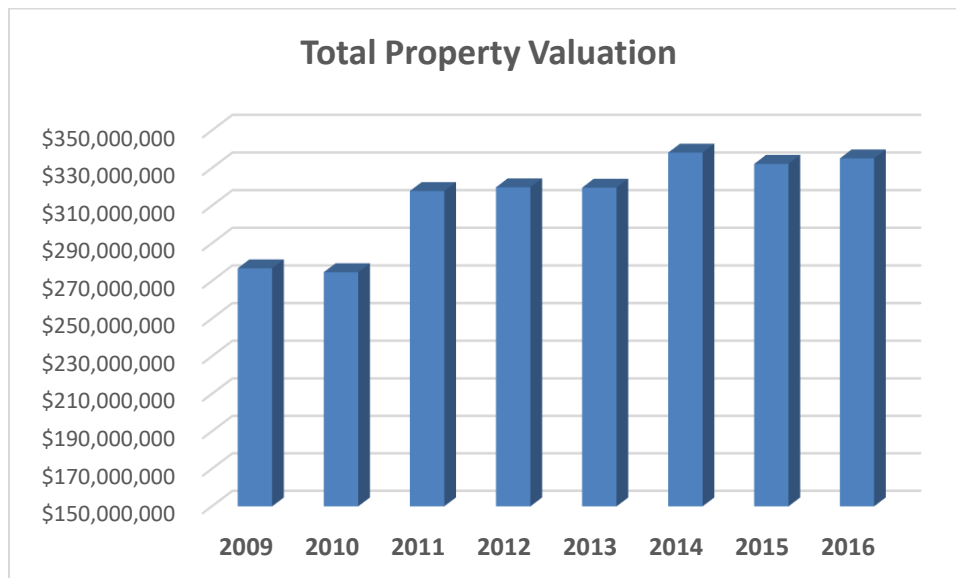
⁵⁷ FY 17-18 Revenue Projections", NC League of Municipalities, Chris Nida, Director of Research & Policy Analysis;

General Fund Revenues: Major Revenue Sources & Projection Analysis

Property Tax

Amongst the Town's revenue sources, the largest is Ad Valorem property taxes. Ad Valorem, from the Latin phrase meaning "according to value," is levied upon the property, and measured by the value of the property, not the owner's ability to pay. This tax is levied against real and personal property and motor vehicle tax bases. The tax base consists of real property (land, buildings, and other improvements to land); personal property (boats, business equipment, etc.); property of public service companies (electric, telephone, railroads, etc.); and motor vehicles. State law requires that the tax rate be uniform unless the legislature grants the locality permission to establish a special service district.

State law mandates that property values be reevaluated at least every eight years. The next reevaluation is scheduled for 2018. The Town's tax base value is determined by assessments performed by the Anson County Tax Assessor's office. Given Anson County's declining population and economic struggles, it is certainly within the realm of possibility that this upcoming reevaluation could cause overall values to remain the same or even decrease. This below chart shows the Town's property valuations with the growth from FYE 2010 to FYE 2011 being largely attributed to the 2010 reevaluation:



State law limits the tax rate a locality may charge to \$1.50 per \$100 of valuation. For FY 2016-17, the Town tax rate is \$0.556. The Town's tax rate history as compared to overall property valuation is shown below:

<i>Fiscal Year End</i>	2009	2010	2011	2012	2013	2014	2015	2016
Total Property Valuation	\$276,737,699	\$274,681,108	\$317,810,599	\$319,793,468	\$319,586,275	\$338,205,335	\$332,239,431	\$335,128,216
Tax Rate	\$0.580	\$0.580	\$0.496	\$0.496	\$0.496	\$0.546	\$0.546	\$0.546

The substantial growth shown in property valuation from FYE 2010 to FYE 2011 is mostly due to a higher property reevaluation that took effect FYE 2011. As shown in the graph below, the higher property values did

not result in increased revenues because the Town lowered its tax rate from \$0.58 to \$0.496 intending the new rate to bring in the same amount of revenue (“revenue neutral”⁵⁸).

<i>Fiscal Year End</i>	FY 2015-16	FY 2014-15	FY 2013-14	FY 2012-13	FY 2011-12	FY 2010-11	FY 2009-10
Current Year Collected	\$1,726,111	\$1,723,507	\$1,555,455	\$1,459,885	\$1,454,216	\$1,465,761	\$1,484,607
Amount Per Penny of Rate	\$31,614	\$31,566	\$31,360	\$29,433	\$29,520	\$29,552	\$25,769

While this new \$0.496 tax rate was intended to be revenue-neutral for FY 2011-12, the FY 2011-12 Budget Message notes this new rate brought in less revenue than before the reevaluation. Therefore, property values increased but revenues were projected to decrease. As such, the recommended FY 2010-11 Budget Message proposed a 1 cent rate increase which was rejected. For FY 2014-15, the tax rate was increased 5 cents to \$0.546. For FY 2016-17, the tax rate was increased 1 cent to \$0.556 to help fund a new fire station. For FY 2017-18, the tax rate is proposed to remain unchanged at \$0.556.

Anson County currently collects Town property taxes on most real and personal property in exchange for a 4% fee. Previously, Anson County also collected Town motor vehicle taxes. However, in September of 2013, motor vehicle tax collections transitioned to being collected by the State on behalf of counties and municipalities using the “Tag and Tax Together” program. This program requires taxpayers to pay their motor vehicle taxes at the same time they pay their vehicle registration fees. This new program significantly increases both collection percentage and revenues.

As shown in the below charts, the Town’s overall property collection rate is significantly below the rates of both the population and statewide groups.⁵⁹ For FY 2015-16, the Town had the ninth lowest overall collection percentage in the state for municipalities between 2,500 to 9,999 population without an electrical system.⁶⁰

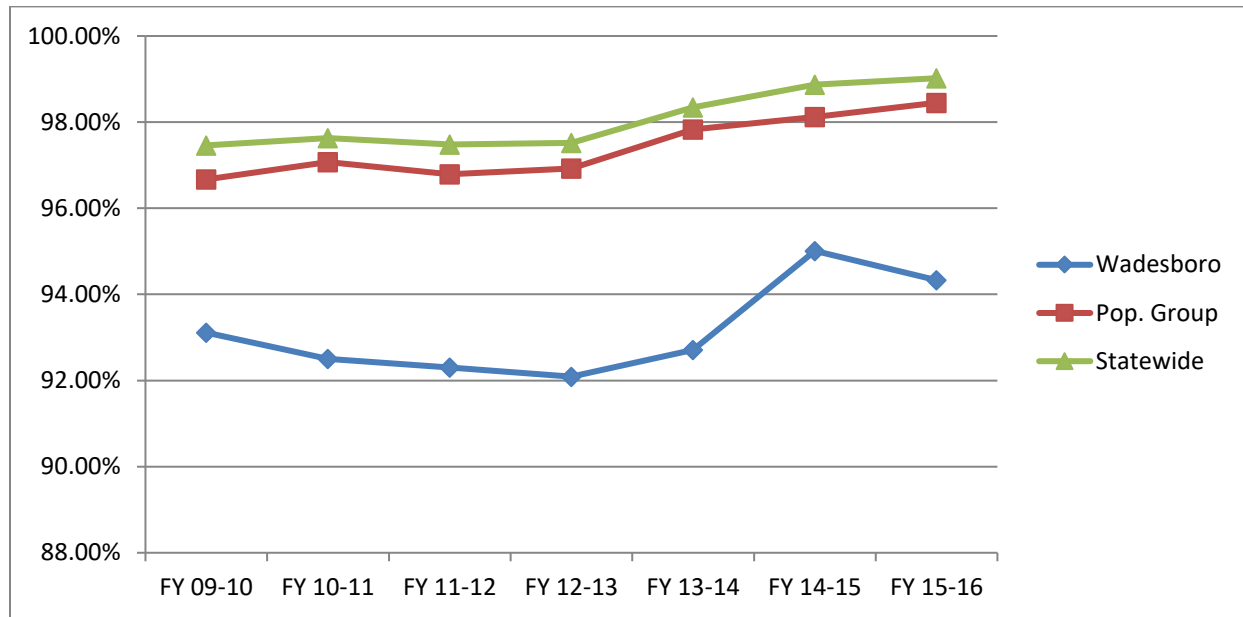
Total Property Tax Collection %

	Wadesboro	Pop. Group	Statewide
FY 09-10	93.11%	96.67%	97.46%
FY 10-11	92.50%	97.07%	97.63%
FY 11-12	92.30%	96.79%	97.48%
FY 12-13	92.09%	96.92%	97.52%
FY 13-14	92.71%	97.83%	98.34%
FY 14-15	95.01%	98.12%	98.87%
FY 15-16	94.33%	98.45%	99.02%

⁵⁸ G.S. 159-11(e) defines the revenue-neutral rate as the rate that is estimated to produce revenue for the next fiscal year equal to the revenue that would have been produced for the next fiscal year by the current tax rate if no revaluation had occurred.

⁵⁹ Memorandum #2017-15: Management of Cash and Taxes and Fund Balance Available – Municipalities for Fiscal Year ended June 30, 2016; NC State and Local Government Finance Division and the Local Government Commission. Sharon Edmundson, Director, Fiscal Management Section (April 26, 2017) (compared to units without electrical systems that have populations 2,500 to 9,999).

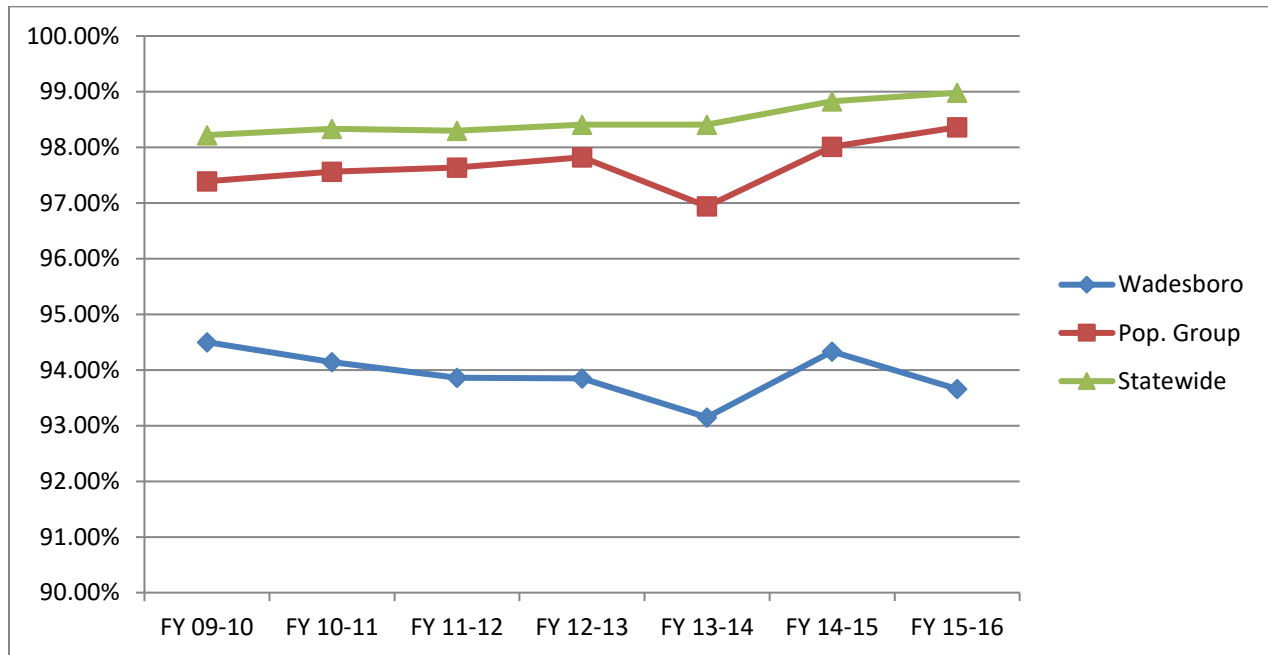
⁶⁰ Memorandum #2017-15: Management of Cash and Taxes and Fund Balance Available – Municipalities for Fiscal Year ended June 30, 2016; NC State and Local Government Finance Division and the Local Government Commission. Sharon Edmundson, Director, Fiscal Management Section (April 26, 2017) (compared to units without electrical systems that have populations 2,500 to 9,999).



The following charts shown property tax collection percentage excluding motor vehicles:

Tax Excluding Vehicles

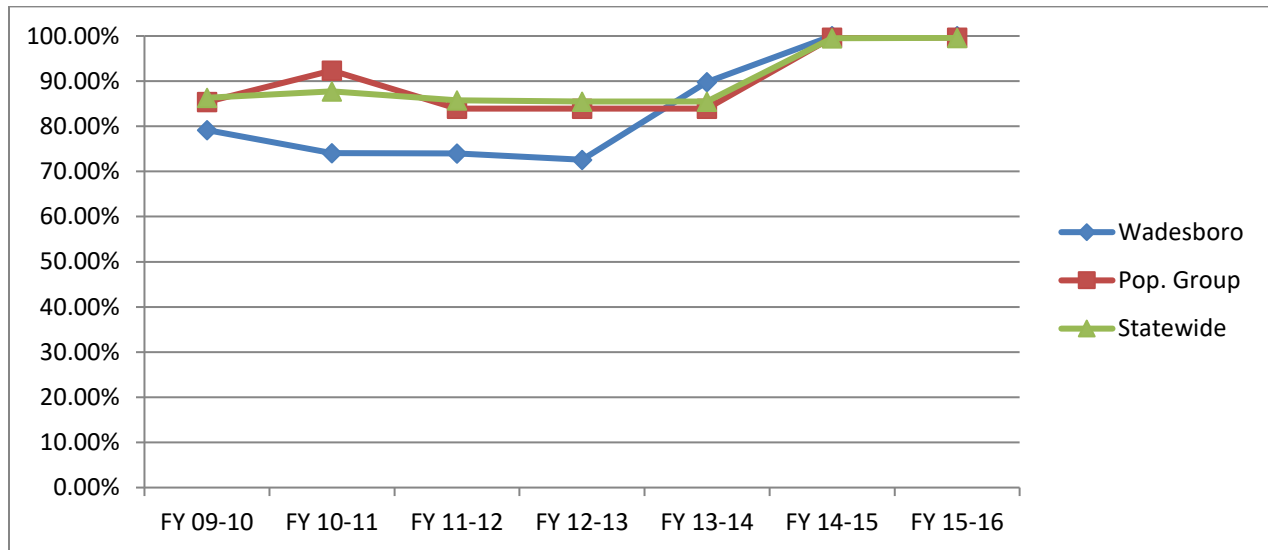
	Wadesboro	Pop. Group	Statewide
FY 09-10	94.50%	97.39%	98.22%
FY 10-11	94.14%	97.56%	98.33%
FY 11-12	93.86%	97.64%	98.30%
FY 12-13	93.85%	97.82%	98.41%
FY 13-14	93.15%	96.94%	98.41%
FY 14-15	94.33%	98.01%	98.83%
FY 15-16	93.66%	98.36%	98.98%



As mentioned above, the new “Tax and Tag Together” program has significantly increased motor vehicle tax collection percentage. This is shown in the chart below:

Motor Vehicle Tax Collection %

	Wadesboro	Pop. Group	Statewide
FY 09-10	79.14%	85.43%	86.35%
FY 10-11	74.07%	92.35%	87.77%
FY 11-12	74.02%	83.92%	85.76%
FY 12-13	72.60%	83.92%	85.49%
FY 13-14	89.82%	83.92%	85.49%
FY 14-15	99.99%	99.63%	99.52%
FY 15-16	100.00%	99.66%	99.59%



Property valuation, tax rate, and tax collection percentage all affect the amount of revenues the Town receives. The Town's recent property tax revenues are shown below:

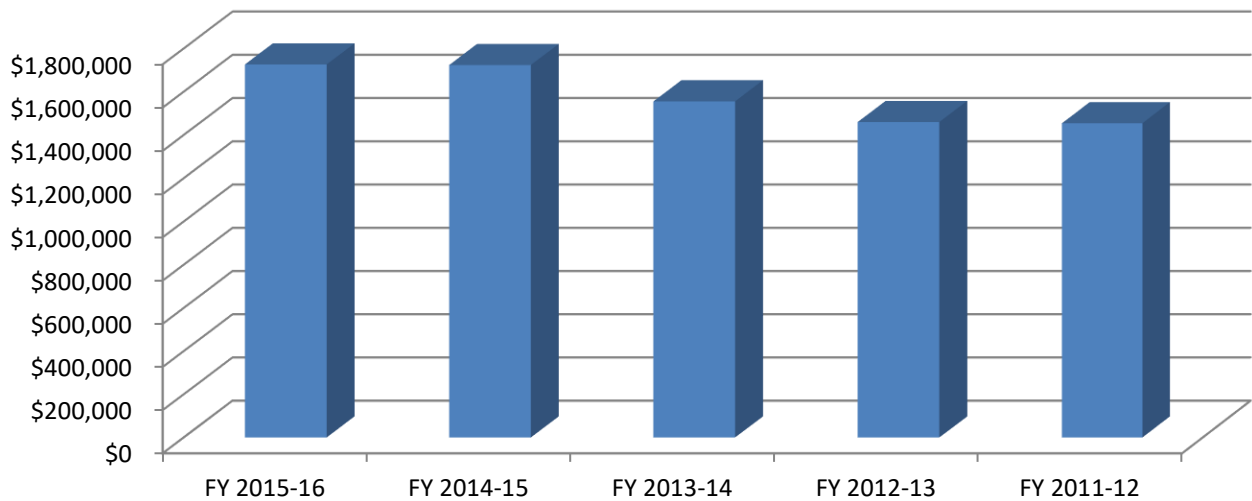
Town Property Tax Revenues

	FY 2015-16	FY 2014-15	FY 2013-14	FY 2012-13	FY 2011-12	FY 2010-11
Current Year Collected	\$1,726,111	\$1,723,507	\$1,555,455	\$1,459,885	\$1,454,216	\$1,465,761
Amount Per Penny	\$31,614	\$31,566	\$31,360	\$29,433	\$29,520	\$29,552
CY Uncollected @ 6/30	(\$103,689)	(\$90,484)	(\$122,259)	(\$125,930)	(\$122,075)	(\$118,777)
Previous Years Collected	\$80,138	\$81,937	\$97,084	\$102,241	\$125,424	\$96,128
Property Excl. Vehicle	\$1,530,881	\$1,504,884	\$1,359,283	\$1,364,789	\$1,371,990	\$1,370,260
Motor Vehicles	\$195,230	\$218,651	\$196,172	\$95,097	\$92,226	\$95,501

In 2014-15, tax revenues increased which is to be expected because of the 5 cent tax rate increase. However, the amount per penny actually collected increased. Additionally, the amount per penny actually collected increased in FY 2015-16. These increases can be largely attributed to the effectiveness of the motor vehicle "Tax and Tag" tax collection system discussed above.

This graph shows only property tax revenues collected for the current fiscal year:

Current Year Property Tax Collected



This FY 2017-18 Budget Proposal projects \$1,718,000 in current year ad valorem tax revenues which is a modest increase of \$8,000 (0.5%). This estimate is based on four reasons/assumptions, all of which highlight this budget's conservative approach. First, because both FY 2015-16 (\$1,726,111) and FY 2014-15 (\$1,723,507) finished higher than this FY 2017-18 projection even though there was an additional ad valorem tax increase of one cent for FY 2016-17 (to help pay for the fire station). Second, the collection of current year revenues for FY 2016-17 at 4/30/17 was approximately \$1,680,000 while the same revenues for FY 2015-16 at 4/30/16 was approximately \$1,674,000, and the same revenues for FY 2014-15 at 4/30/15 was \$1,637,000. Third, property tax collection dropped in FY 2015-16. Fourth, local economic challenges make me assume the Town could see a decline in collection.

The statewide average for FY 2015-16 was \$0.4560 compared to Wadesboro's current FY 2016-17 rate of \$0.556 from the same fiscal year.⁶¹ However, this is not an "apples to apples" comparison because property values can differ greatly across the State.

Fire District Tax

The Wadesboro Town Fire Department provides fire protection service to the Wadesboro Rural Fire District. This Rural Fire District extends beyond the Wadesboro Town limits and encompasses approximately 10,000 people. A fire district ad valorem tax of 9.6 cents per \$100 of valuation is assessed on property outside of the Wadesboro Town limits but inside the Rural Fire District. This property is assessed and collected in the same manner as other Ad Valorem taxes as described above. Notably, the Anson County Commissioners increased this tax rate 2 cents in FY 2016-17 to help fund the new fire station.

⁶¹ Memorandum #2017-15: Management of Cash and Taxes and Fund Balance Available – Municipalities for Fiscal Year ended June 30, 2016; NC State and Local Government Finance Division and the Local Government Commission. Sharon Edmundson, Director, Fiscal Management Section (April 26, 2017) (compared to units without electrical systems that have populations 2,500 to 9,999); Memorandum #2016-17: Management of Cash and Taxes and Fund Balance Available – Municipalities for Fiscal Year ended June 30, 2015; NC State and Local Government Finance Division and the Local Government Commission. Sharon Edmundson, Director, Fiscal Management Section (May 5, 2016) (compared to units without electrical systems that have populations 2,500 to 9,999); Memorandum #2015-11: Management of Cash and Taxes and Fund Balance Available – Municipalities for Fiscal Year ended June 30, 2014; NC State and Local Government Finance Division and the Local Government Commission. Sharon Edmundson, Director, Fiscal Management Section (March 31, 2015) (compared to units without electrical systems that have populations between 2,500 to 9,999).

For FY 2016-17, the Town budgeted \$217,000 but this projection was already exceeded at 4/30/17 with estimated revenue at approximately \$237,000. To maintain a conservative posture based on above information, the FY 2017-18 Budget Proposal projects a \$220,000 in fire district tax revenue.

Sales Tax

The next largest source of revenue comes from the sales tax we all pay. There are essentially two tax types, the sales tax on the retail sale or lease of tangible personal property and on rental of hotel and motel rooms, and the Use Tax, an excise tax on the right to use or consume property in North Carolina or elsewhere.

All local sales taxes are pooled by the State and shared, in accordance with statutory formulas, by all 100 counties. Each county, in turn, shares their portion of the sales tax proceeds with the incorporated cities and towns in the county.

These two types of Sales Tax are currently collected in the form of four separate taxes referenced here by the enabling portion of the State Tax code:

Article 39: 1% tax – returned directly to the County in which the goods were delivered.

Article 40: 1/2% tax – placed in a statewide pool and allocated among the Counties on a per capita basis, this tax, effective in October of 2008, is now distributed on a point of delivery basis in a manner similar to Article 39.

Article 42: 1/2% tax – originally placed in a statewide pool and allocated among the counties on a per capita basis, this tax, effective in October of 2008, is now distributed on a point of delivery basis in a manner similar to Article 39.

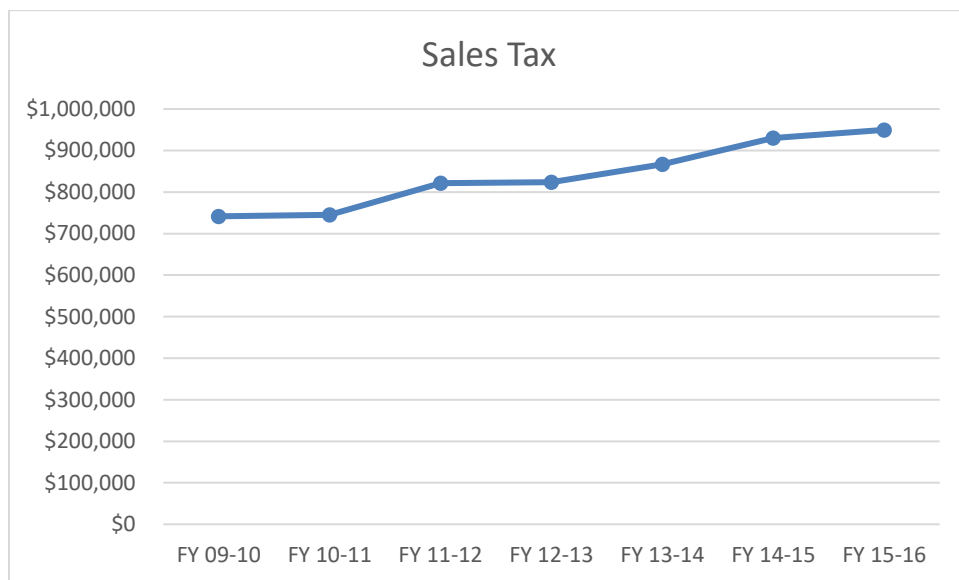
Article 44 – As of October 1, 2008, this was reduced to a 1/4% tax with the proceeds all being returned to the County of origin. The Town no longer receives proceeds under this tax. However, the counties are required to hold cities harmless for these changes.

N.C.G.S. 105-524 - The 2015 state budget, Session Law 2015-241, established a “distribution of additional sales tax revenue for economic development, public education, and community colleges” in Article 44 under G.S. 105-524. As of April 1, 2016, the distribution was scheduled to work as follows: Annually, a total of \$84.8 million would be deducted proportionally from sales tax revenues derived from Articles 39, 40, and 42, in 12 equal installments over the fiscal year. This \$84.8 million would be distributed to counties based on percentages specified in G.S. 105-524(c). An additional \$17.6 million of state funds would be added to local sales taxes annually. Each month, one-twelfth of that amount would be distributed to counties with 50 percent of the funds being distributed under Article 39, 25 percent under Article 40, and 25 percent under Article 42. G.S. 105-524(c) specifies that a “county must use the revenue it receives under this section for economic development, public education, and community college purposes,” although it does not specifically reference cities. The \$84.8 million reallocated under this article is scheduled to increase annually by the same amount as total local sales tax collections increased, beginning in July 1, 2017. Unless otherwise legislatively changed, the state’s \$17.6 million contribution remains constant.

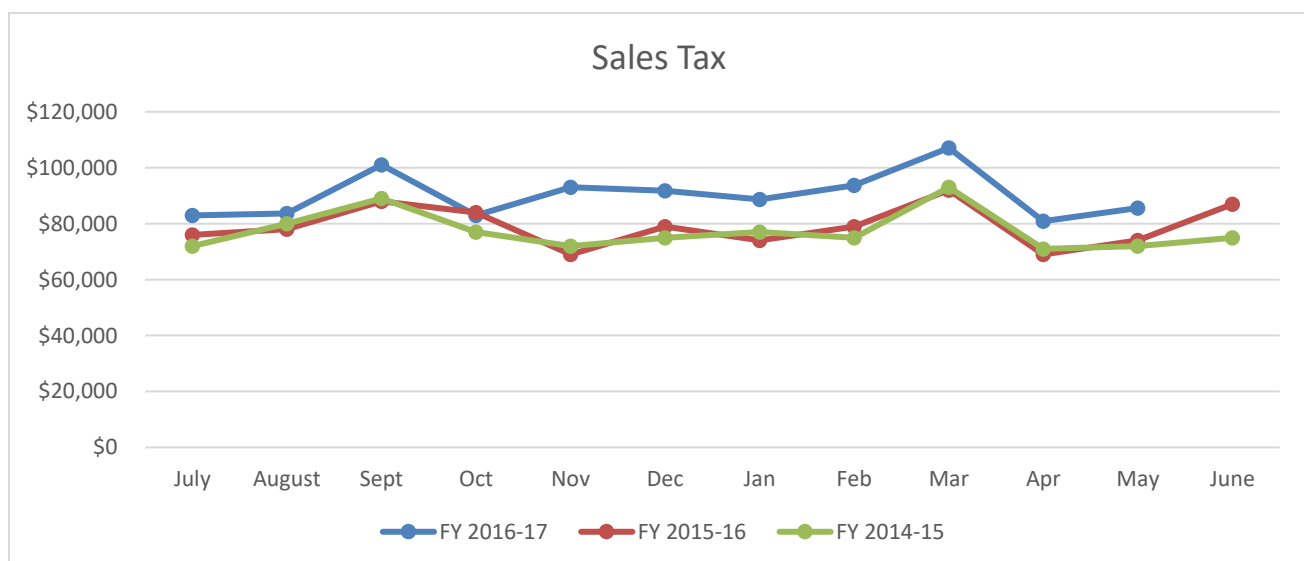
Once a local County receives these proceeds, it distributes them to the localities within that County by one of two methods: per capita or ad valorem. The method is determined by the County Commissioners. Anson County uses the per capita method. The County, at its discretion, may change the distribution method during the month of April each year.

The Town tracks these components and attempt to be alert to significant trends as they occur. We also attend economic briefings that allow us to maintain a state and national perspective on the factors that might impact our local economy, and thus our revenue.

As shown in the chart below, Town sales tax revenues have increased over the past several fiscal years.



An improved statewide economy and G.S. 105-524 have significantly increased monthly sales tax revenues for the Town in the current FY 2016-17 significantly over the previous two fiscal years. This performance is shown in the chart below:



The Town's FY 2016-17 sales tax revenues are projected to at least meet, if not exceed, the budgeted amount of \$1,020,000. To provide a budget estimate for FY 2017-18, the NC League of Municipalities Revenue Memo and sales tax calculator were used as guide.⁶² However, the Town lowered the growth variables and per capita County percentage significantly to ensure a conservative estimate was reached. As a result, the conservative amount budgeted for FY 2017-18 is approximately \$1,092,658. This estimate uses 1% local growth from FY 15-16 to FY 16-17 (County growth was 3.6% at time of League memorandum) and projects 0% in local growth from FY 16-17 to FY 17-18. For State sales tax growth, the Town projects 2% growth from FY 15-16 to FY 16-17 and 2% growth from FY 16-17 to FY 17-18. In comparison, the League's projections were 4.75% and 4.25%.

Loan Proceeds

The Town does not have any loan proceeds budgeted in the FY 2017-18 Budget.

Refuse Collection Revenue

The Town charges a monthly fee for household trash collection. Only businesses making alternative arrangements for a dumpster are allowed to opt out of this fee. Residential customers cannot opt out of the fee.

Notably, declining population trends are concerning for long-term garbage revenues. However, the changeover to automated trash pickup may help modestly increase this revenue line item for two reasons. First, this new collection method allowed the Town to discover customers who were receiving sanitation services but not paying the required fee. Second, there could be increased funds from the new (optional) non-residential fee.

The FY 2016-17 Budget projected revenues at \$369,000 with actual revenues now projected to finish at approximately \$370,300. Please keep in mind these revenues are accounted for using the accrual method (along with water and sewer revenues) so this is the amount billed and not funds collected. To maintain our conservative posture, the total revenue estimated is \$369,000 which includes \$364,000 for normal fees and \$5,000 in fees for those customers who opt to purchase a second trash can. There is a corresponding \$5,000 in 10-580-57 Misc. Expense for purchasing cans but these cans will not be purchased unless the corresponding customer fees are received.

Utilities Electrical Franchise Tax

This revenue is distributed quarterly. Effective July 1, 2014, the general sales tax rate is applied to the sale of electricity. From the proceeds of that tax, 44 percent is allocated to be distributed to cities and towns. Each city receives a franchise tax share and an ad valorem share of these proceeds. The franchise tax share is equivalent to the electricity franchise tax distribution that each city received as its quarterly distribution in FY 2013-14. If there is insufficient revenue to provide each municipality with the same distribution that it received in FY 2013-14, then every municipality's distribution will be reduced proportionally. If there is excess sales tax revenue after distributing every municipality's franchise tax share, then each municipality will receive an ad valorem

⁶² "FY 17-18 Revenue Projections", NC League of Municipalities, Chris Nida, Director of Research & Policy Analysis.

share. The excess sales tax revenue will be distributed based on each city's ad valorem taxes levied as a percentage of all cities' ad valorem taxes levied. [G.S. 105164.44K].

Using the N.C. League's memorandum/formula as a guideline, the predictive number is approximately \$286,287. However, to maintain a conservative posture, this budget includes a \$275,000 budget prediction.

Sales Tax on Piped Natural Gas

This revenue is distributed quarterly. Using, the N.C. League's memorandum/formula, the predictive number is approximately \$12,254.64. However, this revenue source has recently been especially unpredictable. As a result, this Budget proposal includes a very conservative estimate of \$7,000.

Powell Bill

Powell Bill revenues are State-shared revenues restricted for road maintenance. In past years, Powell Bill funds for the upcoming year could be projected based on sale of gasoline, because the amount of funds for the program was based on a percentage of gas tax revenues.⁶³ That is no longer the case. Two years ago, the General Assembly eliminated the tie between the gas tax and Powell Bill funds and instead made the Powell Bill a direct appropriation of state dollars. As it is an odd-numbered year, the State is again developing a two-year budget this year to cover the 2017-2018 biennium. The Senate – which is beginning the budget process this year – has not yet released its proposed budget. The League has not received any indication that Powell funds would be increased or decreased in the Senate's budget proposal, so it projects that the total funds will remain consistent at approximately \$147.5 million. Notably, Governor Cooper used that figure in his proposed budget, although the General Assembly is under no obligation to adopt that proposal.

To receive funds, a municipality must maintain public streets within its jurisdiction that are not part of the State highway system. There are additional eligibility requirements including that the municipality must have conducted an election within the preceding four years, that there is an ad valorem tax or other funds for operating expenses, and that the municipality comply with certification requirements. The State requires that cities must spend their Powell Bill funds "primarily for the resurfacing of streets" (G.S. 136-41.3).

The formula for calculating Powell Bill distributions has not changed from previous years.⁶⁴ Of the funds available each year, 75 percent is allocated among eligible municipalities based on their population. The remaining 25 percent is allocated based on the number of city-maintained street system miles in each municipalities. The Town receives these funds in two equal payments around October and January.

The Town received approximately \$176,000 in FY 2016-17 and \$180,000 for FY 2015-16. Using the League's formula, the Town's projection is approximately \$174,140. This number is calculated with \$109,793.88 (5,562 x \$19.74) for the per capita portion of the formula plus \$64,346.33 (39.90 x \$1,612.69) for the local street mileage portion of the formula. The decreasing revenues are the result of population declines in Wadesboro combined with likely population increases and new roads in other jurisdictions.

⁶³ "FY 17-18 Revenue Projections", NC League of Municipalities, Chris Nida, Director of Research & Policy Analysis;
<https://www.ncml.org/SiteCollectionDocuments/Legislative/2017%20Revenue%20Projections/TAXBASIS%202017.pdf>.

⁶⁴

School Resource Police Officer Reimbursement

The Town contracts with Anson County School System to provide two full-time officers to Wadesboro public schools. Anson County provides payment for the equivalent of 10 out of 12 months of the total cost of each officer. Notably, the remaining 2 months (summer vacation) are paid for by the Town. These reimbursement funds are typically paid in in December.

The Town received \$93,502.50 for FY 2016-17 and \$91,401 for FY 2015-16. While projected personnel costs could be higher in FY 2016-17, this budget maintains a conservative posture by projecting \$90,500.

Telecommunications Tax

The Telecommunications tax revenue comes from a pool created by a percentage of the telecommunications sales tax imposed by all 100 counties (after a set amount is deducted) and is also shared by municipalities.

Legislation passed during the 2001 session repealed the utility franchise tax on telephone companies and replaced it with a sales tax on telecommunications of 6 percent (now 8.0 percent) of gross receipts.⁶⁵ Included in gross receipts are receipts from local, intrastate, interstate, toll, private, and mobile telecommunications services; charges for directory assistance, call forwarding, call waiting, and similar services; customer access line charges billed to subscribers for access to the intrastate or interstate inter-exchange network; and charges billed to a pay telephone provider who uses the telecommunications service to provide pay telephone service [G.S. 105-164.3, -164.4, -164.4B, -164.16, -164.20, -164.27A, -164.44F].

The amount of the tax the Secretary of Revenue must distribute quarterly to municipalities is currently 18.7 percent of the net proceeds of the tax, minus \$2,620,948. (This deduction is 1/4 of the annual amount by which the distribution to cities of the franchise tax on telephone companies was required to be reduced beginning in FY 1995-96 as a result of the "freeze deduction.")⁶⁶ Cities incorporated before January 1, 2001, receive a proportionate share of the amount to be distributed to all cities incorporated before that date. The quarterly share is based on the amount of telephone gross receipts franchise taxes attributed to the city under G.S. 105-116.1 for the same quarter that was the last quarter in which taxes were imposed on telephone companies under repealed G.S. 105-120 (franchise or privilege tax on telephone companies).

The Town's share of the pool is determined by the proportion our old franchise fee contributed to the pool when it was created in 2001. Therefore, the Town's share of the pool remains constant, but the pool can fluctuate based upon taxes collected. This revenue is distributed quarterly to municipalities.

The League predicts that annual statewide telecommunications revenues for FY 2016-17 will decrease by 1%. Further, the League predicts telecommunications taxes will decline by 7% in FY 2017-18. In making this prediction, the League sites the trend of customers abandoning landline telephone service and going solely mobile. Using the League's formula, the prediction would be little over \$37,000. However, this proposal includes \$36,500 to maintain our conservative approach.

Video Programming Tax

⁶⁵ <https://www.ncslm.org/SiteCollectionDocuments/Legislative/2017%20Revenue%20Projections/TAXBASIS%202017.pdf>

⁶⁶ <https://www.ncslm.org/SiteCollectionDocuments/Legislative/2017%20Revenue%20Projections/TAXBASIS%202017.pdf>

To replace the local cable franchise fee revenues that were lost when the State took over the franchising of video programming, G.S. 105-164.44I requires the NC Department of Revenue to distribute part of the state sales tax collected on video programming and telecommunications services to counties and cities on a quarterly basis.⁶⁷ Local governments receive 23.6 percent of the sales tax collections from video programming service, an additional 7.7 percent of the existing telecommunications sales tax, and 37.1 percent of sales tax collections on satellite television service.

Each city's proportionate share of these new revenues is the base amount for that city compared to the base amount for all other cities and counties. The base amount of a city or county that imposed a cable franchise tax before July 1, 2006 is the amount of cable franchise tax and Public, Educational, and Governmental (PEG) channel subscriber fee revenue the unit certified in 2007 to DOR that it had imposed during the first six months of the 2006-07 fiscal year.⁶⁸ The base amount for a city or county that did not impose a cable franchise tax before July 1, 2006, is \$2 multiplied by the most recent annual population estimate for that unit.

For subsequent fiscal years, the Secretary must multiply the amount of a city's or county's share for the preceding year by the percentage change in its population for that fiscal year and add the result to the city or county's share for the preceding fiscal year to obtain the county's or city's adjusted amount. Each city or county's proportionate share for that year is its adjusted amount compared to the sum of the adjusted amounts for all counties and cities. These funds may be used for general public purposes, with one exception. A city or county that imposed subscriber fees in fiscal year 200607 for the operation and support of PEG channels must use the video programming funds distributed to it for support of PEG channels in the same proportion as the subscriber fees were of total franchise and tax and subscriber revenue during the first six months of the 2006-07 fiscal year.

The League reports that statewide video programming revenues have decreased year over year for four of the last five fiscal years.⁶⁹ The League primarily attributes that decline to cable TV customers "cutting the cord" in favor of streaming services. The League projects the statewide annual distribution will increase by 2.5% in FY 2016-17 and then decrease by 1% in FY 2017-18. Using this formula, the resulting number is just under \$35,000. However, this proposal includes a budgeted number of \$32,500 due to the trends described above, the desire to maintain a conservative posture in forecasting revenues, and the Town's declining population. Notably, while this distribution is not based directly on population, population change is a factor in the annual formula.

ABC Revenue/Beer and Wine Tax

The State levies license and excise taxes on liquor and also excise taxes on beer and wine.⁷⁰ G.S. 105-113.82 provides for the distribution of 20.47 percent of state beer tax collections to local governmental units in which beer is legally sold. It further provides for the distribution of 49.44 percent of the state tax collections for taxes on unfortified wine and 18 percent of collections for taxes on fortified wine to local governmental units in which wine is legally sold. Funds are distributed among local governments on a per capita basis. These distributions use incorporated municipal populations and the unincorporated population of counties to determine their respective per capita shares.

⁶⁷ <https://www.ncdm.org/SiteCollectionDocuments/Legislative/2017%20Revenue%20Projections/TAXBASIS%202017.pdf>

⁶⁸ <https://www.ncdm.org/SiteCollectionDocuments/Legislative/2017%20Revenue%20Projections/TAXBASIS%202017.pdf>

⁶⁹ League Memo

⁷⁰

The League reports that state alcoholic beverage tax collections through the end of February 2017 were up nearly 5 percent over the previous year, but DOR officials have indicated that beer and wine sales tax distributions for the current fiscal year will be similar to those of last year. The League also projects a 1% increase in beer and wine revenues. In FY 2015-16, the Town received about \$24,700. However, because this Wadesboro has a declining population, the FY 2017-18 Budget proposal budgets \$24,000 to be conservative.

For ABC revenues, the Town took in \$23,000 in FY 2015-16. The FY 2017-18 proposal includes a conservative projection of \$21,000.

Fire Department FEMA Grant

The Fire Department reports a good chance of being awarded a FEMA grant for a variety of fire equipment. This expenditure is a total of \$62,510 including a \$2,976 local commitment. The actual grant revenue portion budgeted is \$59,534.

COPS Personnel Grant

Previously, the Wadesboro Police Department had been awarded a federal COPS grant to cover personnel costs of 75% of a position for each of the next 3 years. In FY 2016-17, the Police Department reported that they stood a good chance of receiving another grant. However, the federal government only gave out a much smaller number of COPS grants in FY 2016-17 than in previous years as it was unclear the funding level that would be set with the new federal administration. Ultimately, the Town (like many other jurisdictions) did not receive the grant. The Town anticipates filing this application again for 2017. There are no COPS grant funds budgeted for FY 2017-18.

Fund Balance Reserves

For simple illustrative purposes, fund balance can be basically described as the Town's savings account. (See page 69 for a more detailed breakdown). During budget workshops, the Town Council supported budgeting the following in fund balance reserves for the following:

- \$200,480 – Carryover of FY 2016-17 street resurfacing projects that are anticipated to be completed by August 2017. Specifically, this will come from the portion of Fund Balance reserved for Powell Bill purposes and will cover the following projects:
 - \$76,930 – Highland Drive
 - \$68,040 – Old Lilesville Road
 - \$36,260 – Hargrave Street
 - \$19,250 – Anson Apparel Shirt Road
- \$184,036 – Retiree Health Insurance – The Council opted to use reserve funds to cover the cost of retiree health insurance for FY 2017-18 but will reconsider this framework for FY 2018-19.
- \$20,534 – Contingency Funds

This amount totals \$405,050. As discussed in the budget message, it is concerning to budget a non-reoccurring revenue to fund a reoccurring revenue for retiree health insurance. Still, it is possible that these funds will not

be spent as the Town's revenue projections are conservative and recent history shows every dollar budgeted during a fiscal year is typically not spent.

General Fund: Complete Revenues

REVENUE	FY 14/15 BUDGET		FY 15/16 BUDGET		FY 16/17 BUDGET		FY 17/18 Adopted Budget
	Year End Budget	Actual Revenue	Year End Budget	Actual Revenue	Year End Budget	As of 03/31/2017	
10-290-00 INTEREST ON MM INVESTMENTS			\$-	\$1,031	\$300	\$2,664	
10-301-00 TAXES BUDGET YEAR 2000	\$-	\$-	\$-	\$-			
10-301-01 TAX BUDGET YEAR 01	\$-	\$-	\$-	\$-			
10-301-02 TAXES BUDGET YEAR 2002	\$-	\$-	\$-	\$-			
10-301-03 TAXES BUDGET YR 2003	\$-	\$-	\$-	\$-			
10-301-04 Taxes Budget Year 2004	\$-	\$-	\$-	\$-			
10-301-05 TAXES BUDGET YEAR 2005	\$-	\$398	\$-	\$-			
10-301-06 TAXES CURRENT YEAR 2006	\$-	\$794	\$-	\$249			
10-301-07 Taxes Current Year 2007	\$-	\$794	\$-	\$375	\$-	\$14	
10-301-08 Taxes Budget Year 08	\$-	\$1,565	\$-	\$635		\$359	
10-301-09 Tax Budget Yr 2009	\$-	\$1,768	\$-	\$3,095		\$425	
10-301-10 TAXES BUDGET YR 2010	\$-	\$2,924	\$-	\$2,597		\$673	
10-301-11 TAXES BUDGET YR 2011	\$-	\$7,347	\$-	\$3,862		\$5,278	
10-301-12 TAXES BUDGET YEAR 2012	\$-	\$10,564	\$-	\$9,480		\$4,117	
10-301-13 TAXES BUDGET YEAR 2013		\$45,062		\$14,433		\$9,764	
10-301-14 TAXES BUDGET YEAR 2014	\$1,585,000	\$1,723,507	\$1,585,000	\$37,111	\$-	\$14,134	
10-301-15 TAXES BUDGET YEAR 2015				\$1,642,370	\$1,710,000	\$28,728	
10-301-16 TAXES BUDGET YEAR 2016				\$65,229	\$-	\$1,610,550	
10-301-20 REFUNDS	\$-	\$-	\$-	\$(3,194)		\$(3,120)	
10-301-17 TAXES BUDGET YEAR 2017						\$13,353	\$1,718,000
10-301-30 INTEREST ON TAXES	\$15,000	\$21,562	\$15,000	\$17,752	\$15,000	\$15,309	\$15,000
10-301-90 TAXES OTHER PRIOR YEAR	\$76,000	\$-	\$65,000	\$-	\$60,000	\$-	\$60,000
10-301-99 TAXES BUDGET YEAR 99	\$-	\$-	\$-	\$-			
10-304-00 FEE/RETURNED CHECK 10	\$-	\$100	\$-	\$-			
10-305-00 GROSS RECEIPT VEH RENT	\$-	\$-	\$-	\$-			
10-306-00 GOLF CART PERMIT	\$40	\$80	\$40	\$120	\$40	\$20	
10-309-00 PAYMENT IN LIEU OF TAX	\$-	\$8,562	\$11,400	\$8,562	\$8,562	\$9,774	\$8,562
10-310-00 MISC REV POLICE	\$500	\$1,695	\$17,160	\$13,300	\$5,650	\$1,198	\$500
10-311-00 MISC REV FIRE	\$-	\$20,656	\$-	\$1,168	\$3,100	\$-	\$3,500
10-312-00 SALARY REIMBURSEMENT-DR	\$-	\$-	\$-	\$-	\$-	\$-	
10-320-00 SOLID WASTE DIS TAX	\$2,800	\$3,673	\$3,100	\$3,585	\$3,200	\$2,856	\$3,200
10-325-00 PRIVILEGE LICENSE	\$9,000	\$2,110	\$-	\$475	\$-	\$85	\$-
10-328-00 FRANCHISE TAX CABLEVIS	\$7,000	\$5,121	\$4,000	\$7,939	\$3,680	\$7,118	\$5,000
10-328-50 LOAN PROCEEDS	\$-	\$-	\$360,000	\$60,000	\$132,704	\$300,000	

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(CONT'D FROM PREVIOUS PAGE) REVENUE	FY 14/15 BUDGET		FY 15/16 BUDGET		FY 16/17 BUDGET		FY 17/18 Adopted Budget
	Year End Budget	Actual Revenue	Year End Budget	Actual Revenue	Year End Budget	As of 03/31/2017	
10-329-00 INTEREST ON INVESTMENT	\$200	\$1,679	\$200	\$2,291	\$-	\$418	\$50
10-330-00 FIRE INSPECTION FEE	\$4,500	\$4,050	\$4,000	\$3,640	\$4,000	\$2,100	\$2,500
10-331-00 RENT REC'D PROPERTY	\$-	\$-	\$-	\$-	\$-	\$-	
10-334-00 EMPLOYEE SERVICE CHARG	\$160	\$132	\$100	\$66	\$50	\$226	\$100
10-335-00 MISC. REVENUE	\$12,390	\$9,245	\$8,000	\$3,595	\$108,740	\$15,775	\$1,000
10-336-00 DONATIONS/MAIN STREET	\$-	\$-	\$-	\$-	\$-	\$-	
10-337-00 FRANCHISE TAX	\$185,000	\$259,949	\$195,000	\$280,423	\$275,000	\$203,226	\$275,000
10-337-02 EXCISE TAX NATURAL GAS	\$15,000	\$19,339	\$8,000	\$23,003	\$18,000	\$6,418	\$7,000
10-338-00 TELCOMMUNICATIONS TAX	\$44,000	\$47,677	\$44,000	\$41,065	\$40,000	\$30,380	\$36,500
10-340-00 TRANS HOLD HARM REV	\$-	\$-	\$-	\$-	\$-	\$-	
10-341-00 BEVERAGE TAX DISTRIBUT	\$24,000	\$27,147	\$24,000	\$24,740	\$25,000	\$-	\$24,000
10-342-00 Fireman-Onbehalf Pymts	\$12,400	\$6,576	\$12,400	\$-	\$12,400	\$-	\$12,400
10-343-00 POWELL BILL	\$563,000	\$189,575	\$588,000	\$576,076	\$175,000	\$188,208	\$174,000
10-344-00 VIDEO PROGRAM DIST	\$35,000	\$36,866	\$35,000	\$34,773	\$32,000	\$26,076	\$32,500
10-345-00 LOCAL OPTION SALES TAX	\$850,000	\$248,708	\$890,000	\$250,161	\$1,020,000	\$194,838	\$1,092,658
10-345-01 LOCAL OP. SALES TAX 1/	\$-	\$389,951	\$-	\$397,630	\$-	\$312,402	
10-345-02 ART.44,LOCAL OPT TAX	\$-	\$291,540	\$-	\$302,071	\$-	\$317,652	
10-347-00 ABC REVENUE	\$18,700	\$24,500	\$20,000	\$23,000	\$21,000	\$14,400	\$21,000
10-350-00 DEPTJUST/STIMULUS JAG	\$-	\$-	\$-	\$-	\$-	\$-	
10-351-00 ARREST FEES	\$1,500	\$2,160	\$1,500	\$1,769	\$1,500	\$878	\$1,500
10-352-00 PARKING VIOLATIONS	\$250	\$200	\$150	\$75	\$150	\$-	\$75
10-353-00 CODE & ORDIN VIOLA	\$150	\$100	\$150	\$75	\$100	\$50	\$75
10-354-00 ANIMAL CONTROL FINE	\$25	\$-	\$25	\$25	\$25	\$-	\$25
10-359-00 REFUSE COLLECTION REVE	\$355,000	\$356,888	\$372,000	\$369,488	\$368,000	\$277,428	\$369,000
10-359-01 CUSTOMER ADDITIONAL TRASHCAN						\$930	\$2,000
10-369-01 REZONING & VARIANCE FE	\$2,500	\$2,075	\$2,500	\$2,275	\$2,500	\$1,450	
10-369-02 FALSE BURGLAR ALARMS	\$-	\$-	\$-	\$-	\$-		
10-369-03 FALL FESTIVAL REVENUES	\$10,000	\$13,923	\$13,000	\$8,079	\$8,000	\$20	
10-383-00 SALE OF FIXED ASSETS	\$500	\$-	\$100	\$-	\$50		
10-384-00 TRANSFER FROM WATER	\$-	\$-	\$-	\$-	\$-		\$0
10-385-00 Transfer To Cap Prog F	\$-	\$-	\$-	\$-	\$-		
10-385-02 DEMOLITION GRANT	\$-	\$-	\$-	\$-	\$-		
10-386-00 PEDESTRIAN PLAN GRANT	\$23,000	\$20,483	\$-	\$-	\$-		

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(CONT'D FROM PREVIOUS PAGE) REVENUE	FY 14/15 BUDGET		FY 15/16 BUDGET		FY 16/17 BUDGET		FY 17/18 Adopted Budget
	Year End Budget	Actual Revenue	Year End Budget	Actual Revenue	Year End Budget	As of 03/31/2017	
10-397-00 Community Grants-Police	\$-	\$-	\$-	\$-	\$10,000	\$2,649	
10-397-02 Community Grants-Fire	\$15,200	\$21,050	\$10,000	\$4,130	\$17,500	\$9,500	\$6,000
10-397-03 FIRE DISTRICT TAX	\$125,000	\$182,137	\$170,000	\$181,270	\$217,000	\$222,103	\$220,000
10-397-07 CONTROL SUB. TAX DISTB	\$3,000	\$1,111	\$1,000	\$3,788	\$1,500	\$869	\$1,000
10-397-09 TSF TO CAP PROJ FUND		\$-		\$-	\$-		
10-397-10 RESOURCE OFFICER REIMB	\$86,600	\$95,134	\$90,000	\$91,400	\$91,401	\$93,503	\$90,500
10-397-11 FEMA GRANT-FIRE	\$-	\$-	\$49,400	\$50,239	\$21,850	\$20,667	\$59,534
10-397-12 PROPOSED CITY PARK REV	\$-	\$-	\$-	\$-	\$-		
10-397-13 GOVERNORS HWY SAF PROG	\$-	\$-	\$-	\$-	\$-		
10-397-14 FIRE DEPT GRANT-USDA	\$-	\$-	\$-	\$-	\$-		
10-397-15 OSFM-FIRE GRANT	\$20,435	\$18,932	\$-	\$-	\$-		
10-397-16 DRUG FORFEITURES	\$-	\$-	\$-	\$-	\$-		
10-397-17 FMGLOBAL GRANT-FIRE	\$-	\$-	\$-	\$-	\$-		
10-397-18 COPS EQUIPMENT GRANT	\$-	\$-	\$-	\$-	\$-		
10-397-19 BULLET PROOF VEST PART	\$-	\$-	\$-	\$1,766	\$-	\$4,525	\$2,200
10-397-20 GHSP-PERSONNEL	\$-	\$-	\$-	\$-	\$-		
10-397-21 GHSP-EQUIPMENT	\$-	\$-	\$-	\$-	\$-		
10-397-22 COPS PERSONNEL GRANT	\$22,893	\$48,592	\$24,037	\$-	\$20,000		
10-397-23 FIREFIGHTERS BURN CHILD	\$1,000	\$975	\$-	\$16,518	\$-		
10-397-24 GET ALARM GRANT-FIRE	\$-	\$-	\$-	\$-	\$-		
10-397-25 CARE TO SHARE GRANT-FIRE	\$-	\$-	\$-	\$-	\$-		
10-397-26 BULLEX FIRE GRANT	\$-	\$-	\$-	\$-	\$-		
10-397-27 UNC FIRE PREVENTION		\$-	\$-	\$-	\$-		
10-397-28 NC FORESTRY GRANT-FIRE		\$358	\$-	\$-	\$-		
10-399-00 FUND BALANCE APPROPRIATI	\$608,296	\$-	\$981,333	\$-	\$595,085		\$375,050
10-399-09 SALE OF AIR PACKS-FIRE	\$-	\$-	\$-	\$-	\$-		
10-399-10 SALE OF SURPLUS PROPER	\$13,000	\$18,324	\$8,150	\$5,329	\$1,000	\$18,237	\$500
10-399-30 TRAILER FEE REVENUE	\$150	\$635	\$250	\$1,408	\$450	\$786	
10-399-40 CLERK OF COURT RESTITU	\$20	\$126	\$50	\$95	\$50	\$438	
TOTALS	\$4,748,209	\$4,198,419	\$5,613,045	\$4,590,437	\$5,029,587	\$3,989,451	\$4,619,929
Property Taxes	\$2,021,562		43.76%				
Sales Tax	\$1,092,658		23.65%				
Stated Shared Revenue	\$375,000		8.12%				
Local Revenue and Other	\$508,925		11.02%				
Grants and Restricted Revenue	\$246,734		5.34%				

Town of Wadesboro, North Carolina
FY 2017-2018 Annual Budget

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Fund Balance

\$375,050

8.12%

General Fund Expenditures

General Fund Expenditures: Introduction

The General Fund is broken down into 9 budgetary departments based upon the functions and services the Town of Wadesboro provides. What follows is an overall analysis followed by a more specific overview at each department. While each expenditure overview does not try to cover everything for all each budgetary department within the General Fund, it provides some highlights of the more significant expenditures and programs being proposed. These projects, including certain expenditures that are departures from past practices, are summarized in the following pages. After each expenditure highlight, each budgetary department's full line-item budget follows.

General Fund Expenditures: Overview

For FY 2017-18, the General Fund expenditures are proposed at \$4,699,929 which is a 6.6% (\$329,658) decrease from the current⁷¹ FY 2016-17 budget of \$5,029,587. As noted in the Budget Message, this decrease is largely due to the FY 2016-17 Budget including several large capital expenditures related to fire station design-build, police station renovations, automatic trash pickup implementation, and Tollison Building demolition. The below chart provides an overall snapshot:

EXPENSE	FY 14/15 BUDGET		FY 15/16 BUDGET		FY 16/17 BUDGET		FY 17/18 Adopted Budget
	Year End Budget	Actual Expenditure	Year End Budget	Actual Expenditure	Year End Budget	As of 03/31/2017	
Administration	\$643,973	\$690,905	\$697,485	\$626,020	\$971,208	\$629,026	\$724,701
Incentive Grants	\$90,000	\$-	\$-	\$-	\$-	\$-	\$-
Police	\$1,915,555	\$1,795,071	\$2,318,836	\$2,035,056	\$2,109,277	\$1,437,075	\$1,993,874
Fire	\$390,417	\$342,161	\$450,366	\$373,486	\$479,567	\$290,432	\$512,223
Garage	\$103,716	\$94,092	\$86,784	\$76,896	\$93,149	\$61,982	\$97,750
Street	\$382,593	\$327,583	\$585,758	\$507,610	\$453,479	\$302,612	\$389,630
Powell Bill	\$621,000	\$86,937	\$549,777	\$498,306	\$307,000	\$22,834	\$374,480
Sanitation	\$403,122	\$362,196	\$812,911	\$596,167	\$552,151	\$409,873	\$450,680
Park	\$30,483	\$20,419	\$25,081	\$19,823	\$27,591	\$12,900	\$26,591
Contingency	\$204,350	\$-	\$86,048	\$-	\$36,165	\$-	\$50,000

Total	\$4,785,209	\$3,719,364	\$5,613,046	\$4,733,364	\$5,029,587	\$3,166,734	\$4,619,929
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The following chart⁷² shows proposed expenditures as it related to capital expenditures and FY 16-17 projections:

	FY 14-15	FY 15-16	FY 16-17	FY 17-18
Budgeted	\$4,748,209	\$5,613,045	\$5,029,587	\$4,699,929
Budgeted - No Capital Items	\$4,182,479	\$4,187,358	\$4,709,350	\$4,576,719
Actual/Proj. Expenditures - No Capital Items	\$3,513,652	\$3,081,990	\$4,308,549	N/A
Actual/Proj. Expenditures	\$3,719,332	\$4,722,380	\$4,555,000	N/A

⁷¹ \$5,029,587 budgeted for General Fund FY 2016-17 as of 5/22/17.

⁷² Projected as of 5/24/17. Capital Items include capital outlays and contributions to the bridge.

Administration Expenditures

Function: The Administration Department's main function is the support, oversight, and management of Town operations and providing support to the Town Council. This department includes funding for various other miscellaneous functions including property tax collection costs, legal expenses, a portion of auditing costs, almost all retiree health insurance costs, election expenses, and celebration expenses such as the Christmas parade.

Staffing: This department consists of 4 full-time employees (Town Manager, Town Clerk, Office Manager/Accountant, and Accounting Clerk) and 1 part-time employee (Uptown Director). Legal services are provided on a contractual basis with Mr. Aaron Bates of Bates Law Firm, PLLC in Wadesboro. Notably, the compensation and expenses for the Mayor and Town Council are budgeted in the Administration Department.

FY 2017-18 Budget: The Administration budget decreases by approximately 25.4% (\$246,507) compared to FY 2016-17. The main reason for the reason is FY 2016-17 includes \$233,265 in total for transfers to capital projects with one example being a transfer from reserves to the fire station project fund. If this \$233,265 is removed from FY 2016-17, then FY 2017-18 expenditures would be a decrease of \$13,242. Notable expenditures include about \$142,084 for almost all retiree health insurance,⁷³ \$35,328 for active employee health insurance, \$11,000 of the \$16,000 cost for the design/implementation of a performance management and pay system, \$5,000 to go toward AEDP economic development efforts in Wadesboro, and \$5,000 for election expenses. Additionally, this proposal includes approximately \$2,192 for a 3% market-based increase for employees making below 20% of the average market comparable pay-rate.

⁷³ One pre-65 retiree who worked in the 30 Fund during his active service has this employee's health insurance budgeted out of the 30 Fund.

420 - Administration FISCAL YEAR 2017-18

EXPENDITURES	FY 14/15 BUDGET		FY 15/16 BUDGET		FY 16/17 BUDGET		FY 17/18 Adopted Budget
	Year End Budget	Actual Expenditure	Year End Budget	Actual Expenditure	Year End Budget	As of 03/31/2017	
10-420-01 FEES PAID-ELEC. OFFICA	\$27,644	\$27,644	\$27,644	\$27,644	\$27,920	\$23,243	\$27,920
10-420-02 SALARIES AND WAGES	\$188,990	\$185,256	\$184,651	\$183,929	\$204,533	\$151,370	\$209,150
10-420-04 PROFESSIONAL SERVICES	\$47,681	\$38,279	\$50,000	\$45,627	\$54,300	\$37,167	\$43,050
10-420-05 FICA EXPENSE	\$16,120	\$15,656	\$16,204	\$15,628	\$17,784	\$13,309	\$18,145
10-420-06 GROUP INSURANCE	\$105,900	\$103,776	\$148,137	\$134,878	\$170,356	\$112,724	\$177,412
10-420-07 RETIREMENT	\$21,851	\$21,096	\$20,721	\$20,465	\$16,838	\$17,265	\$23,275
10-420-08 UNEMPLOYMENT INSURANCE	\$11,000	\$10,671	\$5,120	\$-	\$14,700	\$-	\$13,000
10-420-09 LIFE INSURANCE	\$935	\$735	\$810	\$755	\$650	\$565	\$710
10-420-10 UNEMPLOYMENT RESERVES PMT	\$62	\$-	\$3,330	\$3,330	\$96	\$95	-
10-420-11 TELEPHONE & POSTAGE	\$8,200	\$7,722	\$9,200	\$7,835	\$8,600	\$5,852	\$10,240
10-420-12 WEBSITE EXPENSE	\$2,500	\$2,123	\$250	\$28	\$250	\$15	\$150
10-420-13 UTILITIES	\$5,000	\$4,494	\$6,100	\$3,990	\$6,100	\$3,362	\$5,200
10-420-14 TRAVEL AND TRAINING	\$13,750	\$12,840	\$18,000	\$17,579	\$16,500	\$9,523	\$14,800
10-420-15 MAINT. & REPAIR BUILDI	\$1,000	\$271	\$13,000	\$12,065	\$2,300	\$3,070	\$2,000
10-420-16 MAINT. & REPAIR EQUIPM	\$1,500	\$1,298	\$2,347	\$953	\$2,500	\$2,138	\$5,600
10-420-17 MAINT. REPAIR VEHICLE	\$-	\$-	\$-	\$-	\$-	\$-	\$-
10-420-20 WORKPLACE SAFETY COMPLIANCE	\$1,000	\$232	\$1,000	\$647	\$1,000	\$61	\$1,000
10-420-21 EQUIPMENTAL RENTAL	\$3,100	\$1,712	\$3,300	\$2,762	\$3,600	\$1,516	\$1,000
10-420-26 ADVERTISING	\$4,300	\$2,857	\$4,300	\$2,796	\$4,300	\$1,877	\$4,300
10-420-28 ELECTION EXPENSE	\$-	\$-	\$8,250	\$6,326	\$-	\$-	\$5,000
10-420-30 GASOLINE AND OIL	\$-	\$-	\$-	\$-	\$-	\$-	\$-
10-420-31 TIRES	\$-	\$-	\$-	\$-	\$-	\$-	\$-
10-420-33 SUPPLIES AND MATERIALS	\$14,500	\$13,856	\$17,000	\$16,234	\$14,000	\$6,380	\$14,000
10-420-34 CELEBRATION EXPENSE	\$20,750	\$18,220	\$18,234	\$11,648	\$21,000	\$6,000	\$13,000
10-420-36 CONTRACTED SERVICES	\$92,750	\$79,997	\$84,000	\$79,793	\$99,900	\$72,596	\$94,025
10-420-48 DUES AND SUBSCRIPTIONS	\$11,525	\$11,436	\$13,845	\$12,227	\$14,192	\$11,900	\$19,224
10-420-49 LEASE ON PROPERTY	\$-	\$-	\$-	\$-	\$-	\$-	
10-420-50 SETTLEMENT EXPENSE	\$-	\$-	\$-	\$-	\$-	\$-	
10-420-53 MISC. EXPENSE	\$2,315	\$1,798	\$7,692	\$6,177	\$6,124	\$230	\$500
10-420-54 INSURANCE AND BONDS	\$16,600	\$13,936	\$20,600	\$9,868	\$22,000	\$9,843	\$22,000
10-420-71 CAPITAL OUTLAY-LAND	\$25,000	\$25,000	\$-	\$-	\$-	\$-	
10-420-72 Capital Outlay-Bldg	\$-	\$-	\$-	\$-	\$-	\$-	
10-420-73 CAP/OUT COMM DEVEL	\$-	\$-	\$-	\$-	\$8,400	\$-	

10-420-74 CAPITAL OUTLAY-EQUIPME	\$-	\$-	\$3,750	\$2,836	\$-	\$-	
10-420-75 INSURANCE REIMBURSEMEN	\$-	\$-	\$-	\$-	\$-	\$-	
10-420-81 DEBT-SERVICE PRINCIPAL	\$-	\$-	\$-	\$-	\$-	\$-	
10-420-82 DEBT-SERVICE INTEREST	\$-	\$-	\$-	\$-	\$-	\$-	
10-420-91 PAYMENT/CO. PARKING FI	\$-	\$-	\$-	\$-	\$-	\$-	
10-420-93 CONT. TO MAIN STREET	\$-	\$-	\$10,000	\$-	\$-	\$-	
10-420-94 CONT. TO HISTORICAL SO	\$-	\$-	\$-	\$-	\$-	\$-	
10-420-95 Transfer To Cap Proj	\$-	\$90,000	\$-	\$-	\$171,002	\$138,925	
10-420-96 TRANSFER TO WATER & SE	\$-	\$-	\$-	\$-	\$-	\$-	
TOTALS	\$643,973	\$690,905	\$697,485	\$626,020	\$908,945	\$629,026	\$724,701

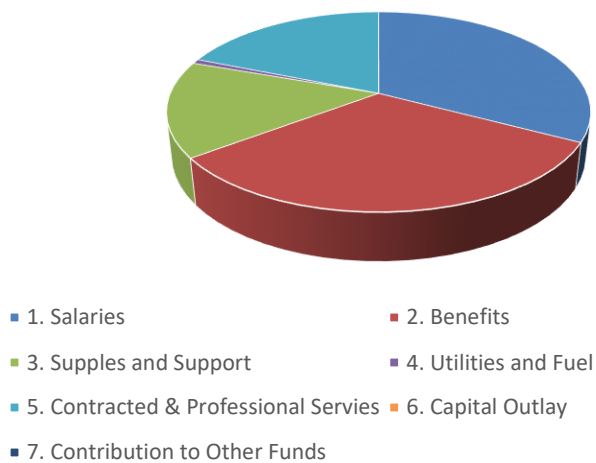
1. Salaries	\$237,070	32.7%
2. Benefits	\$232,542	32.1%
3. Supples and Support	\$112,814	15.6%
4. Utilities and Fuel	\$5,200	0.7%
5. Contracted & Professional Servies	\$137,075	18.9%
6. Capital Outlay		
7. Contribution to Other Funds		

Market-Based Salary Difference

Increase \$2,192

Total \$724,701

Administration: Expenses by Type



Incentive Grant Expenditures

Function: This budgetary department's core function is to be an accounting tool for tracking what are often incentive payments for economic development projects, economic tax rebate incentives, etc.

Staffing: None.

FY 2017-18 Budget: No funds are included in this budgetary department.

**490 - INCENTIVE GRANT(s)
FISCAL YEAR 2017-18**

	FY 14/15 BUDGET		FY 15/16 BUDGET		FY 16/17 BUDGET		FY 17/18 Adopted Budget
EXPENDITURES	Year End Budget	Actual Expenditure	Year End Budget	Actual Expenditure	Year End Budget	As of 12/31/2016	
10-490-60 INCENTIVE GRANT(S)	\$90,000	\$-	\$-	\$-	\$-	\$-	\$-
TOTALS	\$90,000	\$-	\$-	\$-	\$-	\$-	\$-

1. Salaries
2. Benefits
3. Supplies and Support
4. Utilities and Fuel
5. Contracted & Professional Servies
6. Capital Outlay
7. Contribution to Other Funds

Fire Expenditures

Function: The Fire Department's main functions include providing fire protection, inspections, and prevention education to the Town of Wadesboro and surrounding rural fire district. Starting June 1, 2016, the Town's fire insurance rating was upgraded to a 5 and the rural fire district was upgraded to a 5/9E. The Fire Department worked hard to lower this rating, which has resulted in decreased insurance payments for many businesses and homeowners in the city limits, and also those in the rural fire district within 1000 feet of a fire hydrant. The biggest setback to improving the rating further is the water distribution system in Town which is an expensive fix. Still, Chief Sessions reports that getting another fire apparatus would be significant in potential further upgrades.

Staffing: The Fire Department has two full-time positions including a fire chief and firefighter along with about 29 dedicated volunteer firefighters. There is also funding for a part-time dispatcher. Due to workload, a full-time Fire Chief was first hired in 1985. Also, the full-time firefighter's duties include fire safety education, vehicle/equipment maintenance, and fire inspections. His job also requires him to dispatch at least one shift a week to cut down on overtime expenses; however, he often dispatches more due to turnover and dispatcher being out on leave. Volunteers make an extensive time commitment and are the heart of the fire department. Just imagine if the Town had to provide full-time employees for fire response. Despite nationwide trends, WFD has been able to maintain a healthy number of volunteers. Still, these national trends are concerning.

FY 2017-18 Budget: Overall, the Fire Department's budget increases by 13.1% (\$62,656) due largely to a FEMA grant and an expenditure for a vehicle exhaust system. The Town Council's top individual priority was getting a new fire truck aimed to upgrading again the fire insurance rating. During the budget workshops, it was decided that there were insufficient funds to purchase such a fire truck. However, this budget proposal includes a \$50,000 transfer from the Water & Sewer Fund which would help the Town save towards a fire truck.

Other expenditure highlights include \$62,510 (all but \$2,976 is a FEMA grant) for rescue/wildlife turnout gear and a rescue boat. Chief Sessions reports that rescue/wildlife calls account for approximately 1/3 of average call volume. Also, the Town did not receive the State OSFM grant which would have been a \$30,000 local commitment and \$30,000 grant. However, this proposal includes this \$30,000 to go toward a vehicle exhaust system for the new fire station. It may cost more than \$30,000 but the Town's fire station capital project fund has an additional \$5,000 if needed. Additionally, the Fire Department typically gets various grants throughout the year. As such, there is \$6,000 included for a community grant but will not be spent unless awarded to the Town. Also, this proposal includes approximately \$1,854 for a 3% market-based increase for employees making below 20% of the average market comparable pay-rate.

530 - FIRE
Fiscal Year 2017-18

EXPENDITURES	FY 14/15 BUDGET		FY 15/16 BUDGET		FY 16/17 BUDGET		FY 17/18 Adopted Budget
	Year End Budget	Actual Expenditure	Year End Budget	Actual Expenditure	Year End Budget	As of 03/31/2017	
10-530-02 SALARIES	\$155,328	\$129,661	\$162,638	\$125,532	\$166,852	\$101,790	\$173,060
10-530-05 FICA EXPENSE	\$11,975	\$9,717	\$12,442	\$9,303	\$12,765	\$7,645	\$13,250
10-530-06 GROUP INSURANCE	\$13,200	\$12,768	\$13,842	\$13,776	\$14,835	\$11,124	\$17,670
10-530-07 RETIREMENT	\$10,241	\$6,474	\$10,781	\$7,063	\$11,679	\$5,836	\$12,050
10-530-09 LIFE INSURANCE	\$320	\$269	\$302	\$282	\$296	\$212	\$320
10-530-11 TELEPHONE AND POSTAGE	\$3,500	\$2,717	\$4,000	\$3,511	\$5,000	\$2,235	\$8,340
10-530-13 UTILITIES	\$10,600	\$8,915	\$12,908	\$9,663	\$16,000	\$8,301	\$14,000
10-530-14 TRAVEL AND TRAINING	\$2,500	\$2,226	\$3,750	\$3,601	\$5,000	\$4,168	\$4,000
10-530-15 MAINT. REPAIR BUILDIN	\$2,750	\$2,252	\$3,700	\$1,277	\$2,800	\$1,649	\$3,000
10-530-16 MAINT. AND REPAIR-EQUI	\$7,500	\$6,599	\$9,000	\$7,058	\$9,000	\$7,852	\$13,178
10-530-17 MAINT. & REPAIR VEHICL	\$16,000	\$15,479	\$9,000	\$8,460	\$12,000	\$5,831	\$12,000
10-530-18 MAIN-SUPPLIES-GRANT	\$53,800	\$14,370	\$16,500	\$16,218	\$1,000	\$997	\$6,000
10-530-19 BULLEX EQUIP-GRANT	\$353	\$64	\$-	\$-	\$-	\$-	
10-530-20 WORKPLACE SAFETY COMPLIANCE	\$1,000	\$995	\$3,500	\$3,168	\$3,500	\$822	\$3,500
10-530-30 GASOLINE OIL	\$6,300	\$5,688	\$5,820	\$3,714	\$8,000	\$2,059	\$8,000
10-530-31 TIRES	\$3,500	\$3,140	\$3,400	\$1,710	\$2,500	\$-	\$4,000
10-530-33 SUPPLIES AND MATERIALS	\$13,950	\$13,758	\$16,325	\$16,907	\$27,689	\$21,835	\$16,000
10-530-35 UNIFORMS	\$1,700	\$1,615	\$2,000	\$1,616	\$3,178	\$2,966	\$4,000
10-530-36 CONTRACTED SERVICES	\$13,350	\$12,841	\$14,150	\$13,034	\$89,775	\$79,807	\$13,000
10-530-37 Onbehalf Pymts-Fireman	\$12,400	\$6,576	\$12,400	\$-	\$12,400	\$-	\$12,400
10-530-48 DUES & SUBSCRIPTIONS	\$2,200	\$1,275	\$2,500	\$1,681	\$2,500	\$2,340	\$2,600
10-530-49 DEBT PRINCIPAL DUE	\$6,400	\$6,388	\$36,193	\$36,414	\$-	\$-	\$55,000
10-530-50 DEBT INTEREST DUE	\$1,788	\$1,782	\$1,485	\$985	\$5,569	\$-	\$32,345
10-530-53 MISC. EXPENSE	\$-	\$-	\$-	\$-	\$-	\$-	
10-530-54 INSURANCE AND BONDS	\$18,540	\$16,572	\$15,540	\$11,595	\$22,000	\$11,342	\$22,000
10-530-55 LOAN PAYMENT SUNTRUST	\$11,410	\$11,406	\$11,410	\$11,406	\$-	\$-	
10-530-72 CAPITAL OUTLAY-BUILDING	\$-	\$-	\$9,200	\$9,200	\$-	\$-	
10-530-74 CAPITAL OUTLAY-EQUIPME	\$9,812	\$48,614	\$57,580	\$56,312	\$43,529	\$11,621	\$62,510
10-530-75 INSURANCE REIMBURSEMEN	\$-	\$-	\$-	\$-	\$-	\$-	
10-530-91 CONT. TO FIRE DEPT. FU	\$-	\$-	\$-	\$-	\$-	\$-	
TOTALS	\$390,417	\$342,161	\$450,366	\$373,486	\$477,867	\$290,432	\$512,223

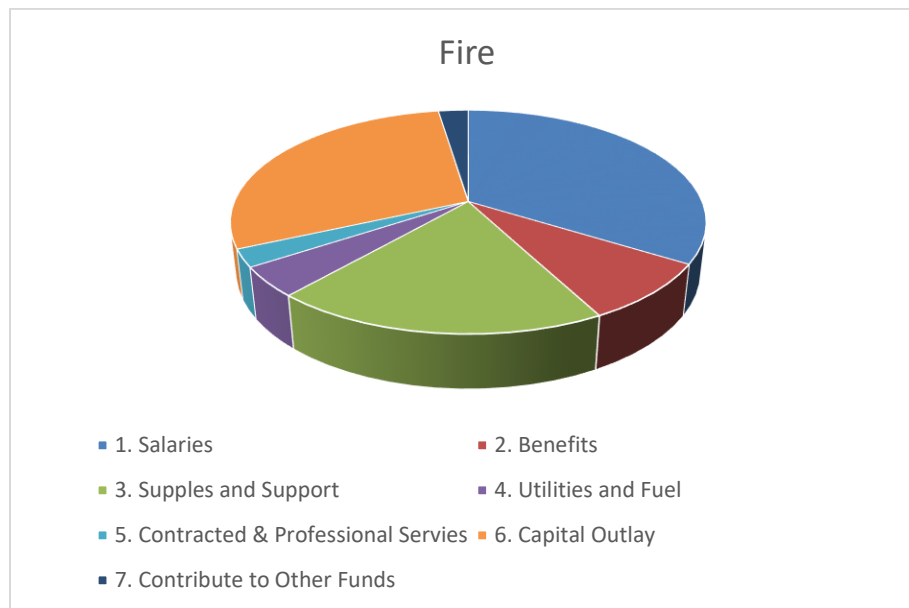
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1. Salaries	\$173,060	33.8%
2. Benefits	\$43,290	8.5%
3. Supplies and Support	\$98,618	19.3%
4. Utilities and Fuel	\$22,000	4.3%
5. Contracted & Professional Services	\$13,000	2.5%
6. Capital Outlay	\$149,855	29.3%
7. Contribute to Other Funds	\$12,400	2.4%

Market Based-Salary Increase
\$1,855

Total \$512,223



Police Expenditures

Function: The Police Department's main function is to protect life and property 24 hours a day/365 days per year. Other responsibilities include criminal activity investigation, answering a wide range of service calls, accident investigation, business/safety escorts, school security, and serving criminal processes and subpoenas.

Staffing: To handle these responsibilities, the Police Department has 29 full-time positions (24 sworn officers, 4 dispatchers, 1 records clerk). However, for FY 2017-18, the Council decided to fund one position only after January 2018 due to the COPS grant expiring. In comparison, in 2002 the Police Department maintained 18 positions with 30 total positions authorized due to the annexation. In 2005, the police department was recruiting to fill 4 of the 22 authorized positions. However, it is my understanding that the police did not have SRO officers at that time. Since 2013, the Town has not had a full staff at the police department and getting to a full-staff is one of Chief Spencer's top priorities.

FY 2017-18 Budget: The Police Department's proposed budget for FY 2017-18 decreases by 5.5% (\$115,403) due largely to the police station renovations (\$135,000) in FY 2016-17. Expenditure highlights moving the County animal control payment from administration to police due to the new contract and 5 bullet-proof vests at a total cost of \$2,400 (\$2,200 coming from grant). Notably, the Town purchased a new interview camera system for the police in May 2017, which was a police budget request for FY 2017-18.

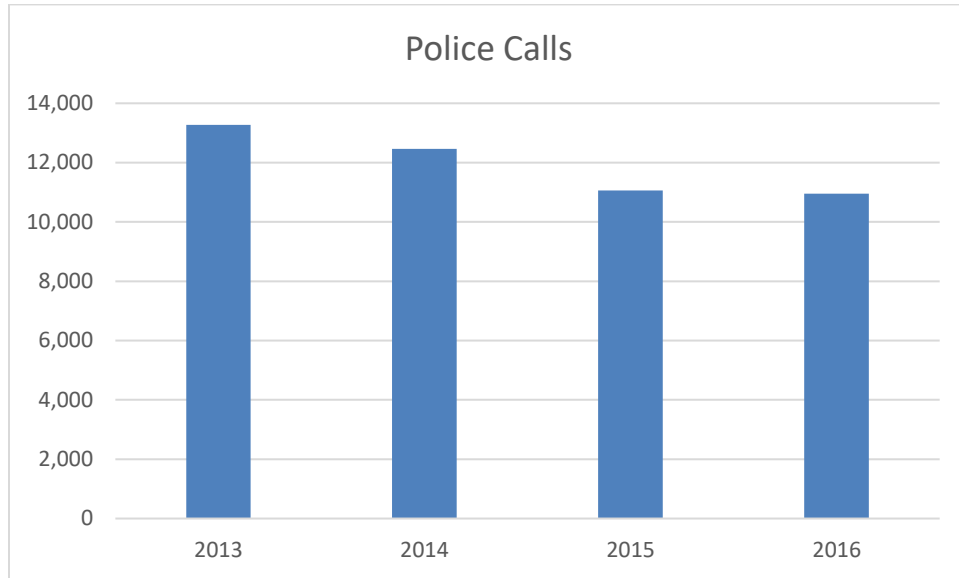
Notably, the Town had two police vehicles scheduled for replacement per the CIP. However, they were removed during the budget workshops. It is worthwhile to note that the Town previously decided to provide a separate vehicle for each individual patrol officer by purchasing 19 vehicles from 2009-2011. Of these 19 total vehicles, 14 were purchased using what is likely a one-time revenue source ("drug money"). These purchases are now problematic because, as these vehicles start to reach the end of their useful life (est. 5 years), the same funding is unavailable to replace these vehicles. As a result, the Town cannot sustain the current number of police vehicles. Therefore, the police fleet will be continued to downsize so that patrol officers are now mostly sharing vehicles. Still, the Town needs to start purchasing vehicles to avoid having to purchase a large number in a relatively short time period.

The below graph shows total police call volume from calendar year 2013 - 2016⁷⁴; please note that going back to 2012 would show a sharp increase in calls due to the coding policy of the previous Police Chief. Unfortunately, this only gives us a three-year sample size. However, because viewing pre-2013 numbers would not be comparing "apples to apples", the numbers shown only go back to 2013. Regardless, police call volume has consistently decreased from the period of 2013 – 2016.

Police Call Volume Data

	Calls
2013	13,268
2014	12,463
2015	11,064
2016	10,958

⁷⁴ Total volume as reported in dispatching software.



510 - POLICE FISCAL YEAR 2017-18

	FY 14/15 BUDGET		FY 15/16 BUDGET		FY 16/17 BUDGET		FY 17/18 Adopted Budget
EXPENDITURES	Year End Budget	Actual Expenditure	Year End Budget	Actual Expenditure	Year End Budget	As of 03/31/2017	
10-510-02 SALARIES AND WAGES	\$1,176,322	\$1,133,854	\$1,199,637	\$1,125,118	\$1,191,814	\$823,946	\$1,195,100
10-510-05 FICA EXPENSE	\$91,519	\$81,402	\$91,775	\$83,591	\$91,174	\$59,677	\$91,430
10-510-06 GROUP INSURANCE	\$196,292	\$179,730	\$200,709	\$173,290	\$215,093	\$140,180	\$251,800
10-510-07 RETIREMENT	\$142,269	\$133,871	\$139,741	\$129,840	\$150,941	\$101,284	\$152,620
10-510-09 LIFE INSURANCE	\$4,118	\$3,474	\$3,582	\$3,104	\$3,690	\$2,461	\$3,865
10-510-10 RESOURCE OFFICER	\$-	\$-	\$-	\$-	\$-	\$-	
10-510-11 TELEPHONE AND POSTAGE	\$22,000	\$20,858	\$27,500	\$25,866	\$21,000	\$16,673	\$23,000
10-510-13 UTILITIES	\$6,000	\$4,687	\$7,152	\$4,668	\$8,000	\$6,477	\$8,500
10-510-14 TRAVEL AND TRAINING	\$7,000	\$5,262	\$8,000	\$7,988	\$8,000	\$4,940	\$12,750
10-510-15 MAINT. & REPAIR BLDGS.	\$2,000	\$1,540	\$3,700	\$3,552	\$2,600	\$1,603	\$3,000
10-510-16 MAINT. & REPAIR EQUIP.	\$16,800	\$16,852	\$22,000	\$21,774	\$16,085	\$13,404	\$27,364
10-510-17 MAINT. & REPAIR VEHICL	\$9,500	\$9,368	\$11,000	\$9,484	\$12,000	\$6,926	\$12,000
10-510-20 WORKPLACE SAFETY COMPLIANCE	\$1,000	\$970	\$1,300	\$1,127	\$2,000	\$902	\$2,000
10-510-21 EQUIPMENT RENTALS	\$-	\$-	\$-	\$-	\$-	\$-	\$-
10-510-30 GASOLINE & OIL	\$75,000	\$49,565	\$58,436	\$30,193	\$80,000	\$17,220	\$72,000
10-510-31 TIRES	\$6,000	\$5,807	\$7,000	\$6,383	\$6,000	\$5,089	\$7,000
10-510-32 SUPPLIES-FEDERAL ASSET	\$-	\$-	\$-	\$-	\$-	\$-	
10-510-33 SUPPLIES AND MATERIALS	\$20,800	\$20,689	\$19,200	\$17,013	\$20,090	\$21,495	\$21,000
10-510-35 MAIN SUPPLIES STIM-JAG	\$-	\$-	\$-	\$-	\$-	\$-	
10-510-36 UNIFORMS	\$6,000	\$5,876	\$8,000	\$7,513	\$8,400	\$4,835	\$10,800
10-510-45 CONTRACTED SERVICES	\$1,010	\$926	\$7,795	\$6,766	\$12,501	\$9,071	\$9,737
10-510-49 LEASES	\$2,758	\$2,758	\$10,425	\$10,420	\$9,850	\$4,300	\$3,753
10-510-53 DUES AND SUBSCRIPTIONS	\$800	\$645	\$800	\$381	\$800	\$443	\$1,155
10-510-54 INSURANCE & BONDS	\$71,000	\$62,769	\$69,350	\$62,804	\$79,500	\$60,679	\$81,000
10-510-55 LOAN PAYMENT SUNTRUST	\$10,501	\$10,497	\$10,500	\$10,497	\$-	\$-	
10-510-57 MISC. EXPENSE	\$1,400	\$940	\$5,750	\$5,742	\$2,000	\$2,520	\$4,000
10-510-72 CAPITAL OUTLAY			\$144,892	\$144,891	\$135,000	\$127,491	
10-510-73 CAPITAL OUTLAY-FEDERAL ASSET	\$3,000	\$2,895	\$80,000	\$80,000	\$-	\$-	
10-510-74 CAPITAL OUTLAY-EQUIPTM	\$36,260	\$34,130	\$180,242	\$62,951	\$32,739	\$5,459	
10-510-75 INSURANCE REIMBURSEMEN	\$-	\$-	\$-	\$-	\$-	\$-	
10-510-76 K-9 UNIT SUPPLIES	\$5,706	\$5,706	\$-	\$-	\$-	\$-	
10-510-77 SUPPLIES-GHSP	\$-	\$-	\$-	\$-	\$-	\$-	

Town of Wadesboro, North Carolina
FY 2017-2018 Annual Budget

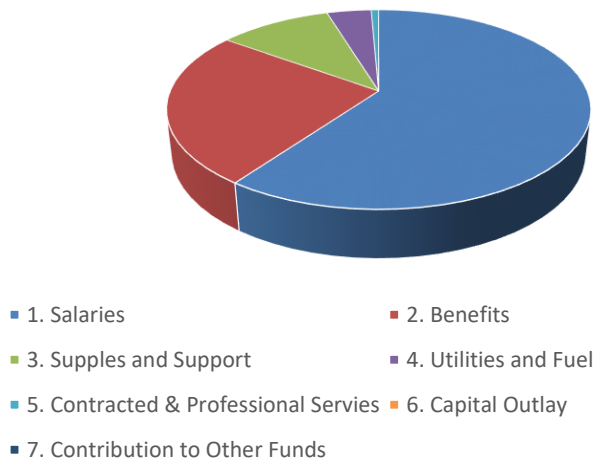
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10-510-78 EQUIPMENT-COPS GRANT	\$-	\$-	\$100	\$100	\$-	\$-	
10-510-79 K-9 CONTRIBUTION TO SHERIFF	\$500	\$-	\$250	\$-	\$-	\$-	
TOTALS	\$1,915,555	\$1,795,071	\$2,318,836	\$2,035,056	\$2,109,277	\$1,437,075	\$1,993,874

1. Salaries	\$1,195,100	59.9%
2. Benefits	\$499,715	25.1%
3. Supples and Support	\$205,069	10.3%
4. Utilities and Fuel	\$80,500	4.0%
5. Contracted & Professional Servies	\$13,490	0.7%
6. Capital Outlay	0	
7. Contribution to Other Funds		

Total \$1,993,874

Police - Expense by Type



Garage Expenditures

Function: The Garage expenditure department's function is to provide maintenance and repair of Town vehicles and equipment.

Staffing: There is one Fleet Maintenance Manager position allocated for this department. While there is one mechanic, public works staff (including the public services director) all pitch in as needed. Notably, some work is contracted out when current staff do not have the knowledge and/or tools to complete the job, or when it is cost-efficient to do so.

FY 2017-18 Budget: Overall, expenditures increase 4.9% (\$4,601) due largely to increasing health insurance costs and a capital outlay (R134 unit). Expenditure highlights include \$6,500 allocated for a R134 recovery unit. This is required by law as part of certain A/C servicing work.

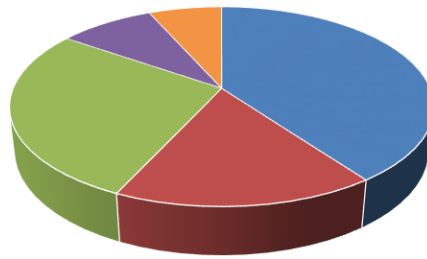
555 - Garage FISCAL YEAR 2017-18

EXPENDITURES	FY 14/15 BUDGET		FY 15/16 BUDGET		FY 16/17 BUDGET		FY 17/18 Adopted Budget
	Year End Budget	Actual Expenditure	Year End Budget	Actual Expenditure	Year End Budget	As of 03/31/2017	
10-555-02 SALARIES AND WAGES	\$38,157	\$35,946	\$38,757	\$37,417	\$38,495	\$27,885	\$39,100
10-555-05 FICA EXPENSE	\$2,919	\$2,667	\$2,965	\$2,830	\$2,945	\$2,087	\$2,995
10-555-06 GROUP INSURANCE	\$6,600	\$6,384	\$7,370	\$6,888	\$7,417	\$5,562	\$8,850
10-555-07 RETIREMENT	\$4,224	\$3,954	\$4,224	\$4,004	\$4,374	\$3,162	\$4,530
10-555-09 LIFE INSURANCE	\$150	\$114	\$115	\$114	\$118	\$86	\$125
10-555-11 TELEPHONE AND POSTAGE	\$2,000	\$1,961	\$2,500	\$2,014	\$2,000	\$1,726	\$2,500
10-555-13 UTILITIES	\$7,500	\$5,937	\$6,300	\$5,437	\$7,500	\$4,155	\$7,500
10-555-15 MAINT. & REPAIR BUILDI	\$2,000	\$1,091	\$1,600	\$1,478	\$2,300	\$1,263	\$2,300
10-555-16 MAIN&REP EQUIP	\$500	\$478	\$750	\$521	\$750	\$267	\$1,000
10-555-17 MAINT. & REPAIR-VEHICL	\$750	\$503	\$750	\$481	\$750	\$56	\$750
10-555-20 WORKPLACE SAFETY	\$1,000	\$540	\$1,500	\$72	\$1,500	\$63	\$1,400
10-555-30 GASOLINE AND OIL	\$1,000	\$-	\$200	\$37	\$1,000	\$25	\$1,000
10-555-31 TIRES	\$500	\$-	\$800	\$371	\$800	\$-	\$1,000
10-555-35 CONTRACTED SERVICES	\$1,608	\$-	\$1,608	\$9,544	\$900	\$-	\$900
10-555-33 SUPPLIES AND MATERIALS	\$7,450	\$9,900	\$9,300	\$399	\$8,500	\$7,121	\$8,500
10-555-36 UNIFORMS	\$2,800	\$1,072	\$2,800	\$1,150	\$2,800	\$893	\$2,000
10-555-54 INSURANCE AND BONDS	\$4,900	\$3,895	\$4,645	\$3,591	\$6,000	\$3,817	\$6,800
10-555-74 CAPITAL OUTLAY-EQUIPME	\$19,658	\$19,650	\$600	\$548	\$5,000	\$3,814	\$6,500
TOTALS	\$103,716	\$94,092	\$86,784	\$76,896	\$93,149	\$61,982	\$97,750

1. Salaries	\$39,100	40.0%
2. Benefits	\$16,500	16.9%
3. Supples and Support	\$27,150	27.8%
4. Utilities and Fuel	\$8,500	8.7%
5. Contracted & Professional Servies	0	
6. Capital Outlay	\$6,500	6.6%
7. Contribution to Other Funds		

Total \$97,750

Shop - Expense by Type



- 1. Salaries
- 2. Benefits
- 3. Supplies and Support
- 4. Utilities and Fuel
- 5. Contracted & Professional Services
- 6. Capital Outlay
- 7. Contribution to Other Funds

Street/Powell Bill

Note: Street maintenance related expenditures are separated into two expenditure departments within the General Fund: “Street” and “Powell Bill” to properly account for State-shared revenues.

Function: The primary functions of these two departments are to provide general street and right-of-way maintenance services for approximately 40 miles of Town streets including street repair, regulatory sign installations, pavement markings, mowing, litter control, and sidewalk maintenance; to provide inclement weather street maintenance, i.e. ice and snow removal, hurricane and other types of storm clean-up; and to contract for street resurfacing and marking in accordance with the Street Paving Priority Plan.

Each year the length of roadway we pave varies as does the cost of the work. Therefore, the overall expenditures in these departments each year is driven largely by the cost of the work needed under our plan, the cost to contract for the work, and where the current projects fit within the plan. Any funding from the State, under the Powell Bill, not used in a given year is can be used in subsequent years but remains restricted for only valid Powell Bill purposes.

Staffing: To carry out these functions, the Town allocates funding for 4 full-time positions and contracts out large-scale street resurfacing projects. \$24,000 of salaries is budgeted in Powell Bill while the remaining salaries and benefits are budgeted in the Street Department.

FY 2017-18 Budget: Overall, the Street Department budget decreases by about \$63,849 due largely to several vehicle capital expenditures in FY 2016-17. However, the Powell Bill budget increases by 22% (\$67,480) due to the carryover of FY 2016-17 resurfacing projects.

One of the Town Council’s top priorities is street maintenance. As a result, this proposal includes \$309,480 for street resurfacing includes \$200,480 for FY 2016-17 resurfacing projects, \$92,000 in new street resurfacing projects, and \$18,000 for crack sealant. Streets are resurfaced in accordance with the street paving priority plan. The delayed FY 2016-17 street resurfacing projects that are in the FY 2017-18 budget are all or a portion of the following streets:

- \$76,930 – Highland Drive
- \$68,040 - Old Lilesville Road
- \$36,260 – Hargrave Street
- \$19,250 – Anson Apparel Shirt Road

In addition to the resurfacing work described above, other expenditure highlights include \$25,000 for general street maintenance and \$10,000 for bridge maintenance work on Old Lilesville Road and Burns Street.

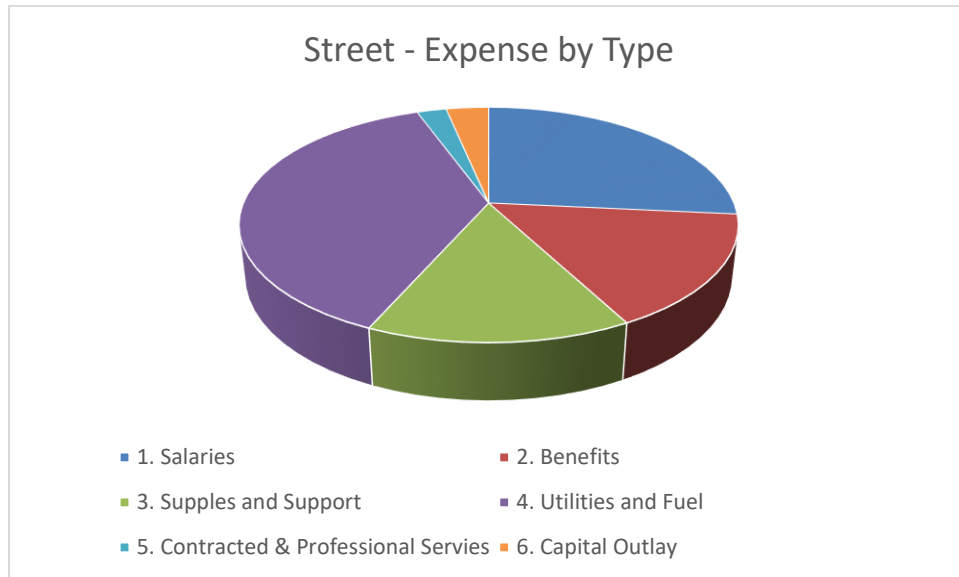
560 - STREET

Fiscal Year 2017-18

EXPENDITURES	FY 14/15 BUDGET		FY 15/16 BUDGET		FY 16/17 BUDGET		FY 17/18 Adopted Budget
	Year End Budget	Actual Expenditure	Year End Budget	Actual Expenditure	Year End Budget	As of 03/31/2017	
10-560-02 SALARIES AND WAGES	\$82,065	\$74,332	\$98,542	\$86,514	\$99,107	\$93,154	\$103,370
10-560-04 PROFESSIONAL SERVICES	\$-	\$-	\$-	\$-	\$-	\$-	
10-560-05 FICA EXPENSE	\$9,721	\$9,497	\$10,171	\$9,772	\$9,418	\$6,873	\$9,660
10-560-06 GROUP INSURANCE	\$26,400	\$25,004	\$27,684	\$26,404	\$29,668	\$22,248	\$35,350
10-560-07 RETIREMENT	\$14,067	\$12,731	\$14,451	\$12,625	\$13,986	\$10,562	\$14,620
10-560-09 LIFE INSURANCE	\$460	\$402	\$407	\$379	\$404	\$303	\$430
10-560-11 TELEPHONE AND POSTAGE					\$1,000	\$200	\$1,000
10-560-13 UTILITIES	\$148,000	\$131,386	\$140,000	\$121,757	\$141,400	\$85,570	\$136,000
10-560-14 TRAVEL AND TRAINING	\$200	\$-	\$500	\$384	\$500	\$400	\$1,000
10-560-15 MAINT. & REPAIR SIDEWA	\$3,400	\$-	\$6,400	\$1,155	\$6,000	\$2,700	\$6,000
10-560-16 MAINT. & REPAIR EQUIPM	\$5,000	\$6,052	\$9,200	\$9,220	\$9,500	\$7,845	\$9,500
10-560-17 MAINT. & REPAIR-VEHICL	\$5,000	\$1,781	\$6,000	\$2,286	\$6,000	\$2,548	\$6,000
10-560-20 WORKPLACE SAFETY COMPLIANCE	\$-	\$-	\$2,800	\$65	\$2,000	\$379	\$2,000
10-560-30 GASOLINE AND OIL	\$11,000	\$7,037	\$8,852	\$5,521	\$11,300	\$3,322	\$11,300
10-560-31 TIRES	\$3,000	\$1,568	\$3,000	\$2,695	\$3,000	\$131	\$3,000
10-560-33 SUPPLIES AND MATERIALS	\$13,700	\$7,120	\$14,000	\$9,753	\$14,000	\$7,571	\$14,000
10-560-36 UNIFORMS	\$2,500	\$3,500	\$4,000	\$3,953	\$3,000	\$2,741	\$3,250
10-560-45 CONTRACTED SERVICES	\$3,900	\$2,762	\$12,000	\$12,102	\$6,000	\$5,009	\$6,200
10-560-52 RIGHT-OF-WAY COST	\$2,000	\$1,924	\$2,600	\$2,585	\$2,650	\$2,298	\$2,650
10-560-53 PEDESTRIAN PLAN GRANT	\$23,000	\$20,483	\$-	\$-	\$-	\$-	
10-560-54 INSURANCE AND BONDS	\$13,180	\$10,427	\$11,980	\$5,726	\$11,500	\$6,793	\$11,500
10-560-57 MISC. EXPENSE	\$-	\$-	\$-	\$-	\$-	\$-	
10-560-73 CAPITAL OUTLAY-OTHER I	\$-	\$-	\$187,223	\$169,658	\$17,965	\$15,677	
10-560-74 CAPITAL OUTLAY-EQUIPME	\$-	\$-	\$24,948	\$24,540	\$52,381	\$25,945	\$12,100
10-560-81 DEBT SER PRINCIPAL	\$-	\$-	\$-	\$-	\$-	\$-	
10-560-82 811 LOCATE	\$1,000	\$476	\$1,000	\$516	\$700	\$343	\$700
10-560-83 TASTE OF PEE DEE LIGHTING	\$15,000	\$11,101	\$-	\$-	\$-		
TOTALS	\$382,593	\$327,583	\$585,758	\$507,610	\$441,479	\$302,612	\$389,630

1. Salaries	\$103,370	26.5%
2. Benefits	\$61,060	15.7%
3. Supplies and Support	\$56,250	14.4%
4. Utilities and Fuel	\$147,300	37.8%

5. Contracted & Professional Servies	\$8,850	2.3%
6. Capital Outlay	\$12,800	3.3%
7. Contribution to Other Funds		

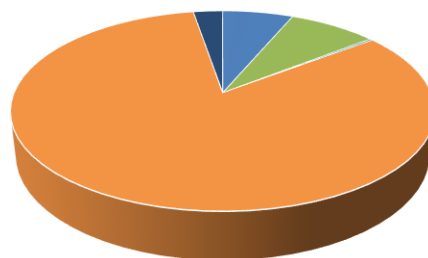


570 - POWELL
FISCAL YEAR 2017-18

EXPENDITURES	FY 14/15 BUDGET		FY 15/16 BUDGET		FY 16/17 BUDGET		FY 17/18 Adopted Budget
	Year End Budget	Actual Expenditure	Year End Budget	Actual Expenditure	Year End Budget	As of 03/31/2017	
10-570-02 SALARIES AND WAGES	\$45,000	\$45,000	\$35,000	\$35,000	\$24,000	\$-	\$24,000
10-570-04 MAP PREPARATION	\$1,000	\$262	\$1,000	\$300	\$1,000	\$396	\$1,000
10-570-15 MAINT. & REPAIR STREET	\$70,000	\$16,634	\$29,000	\$8,084	\$50,000	\$8,004	\$25,000
10-570-42 MAINT. & REPAIR SIDEWA	\$5,000	\$2,994	\$13,000	\$13,000	\$5,000	\$1,649	\$5,000
10-570-91 CONTRIBUTION TO BRIDGE	\$475,000	\$3,848	\$346,777	\$342,740	\$25,000	\$12,557	\$10,000
10-570-74 CAPITAL OUTLAY	\$25,000	\$18,199	\$31,000	\$10,390	\$-	\$-	
10-570-75 STREET RESURFACING	\$-	\$-	\$94,000	\$88,792	\$70,000	\$228	\$309,480
TOTALS	\$621,000	\$86,937	\$549,777	\$498,306	\$175,000	\$22,834	\$374,480

1. Salaries	\$24,000	6.4%
2. Benefits		
3. Supplies and Support	\$30,000	8.0%
4. Utilities and Fuel		
5. Contracted & Professional Servies	\$1,000	0.3%
6. Capital Outlay	\$309,480	82.6%
7. Contribute to Other Funds	\$10,000	2.7%

Powell Bill - Expense by Type



- 1. Salaries
- 2. Benefits
- 3. Supplies and Support
- 4. Utilities and Fuel
- 5. Contracted & Professional Servies
- 6. Capital Outlay
- 7. Contribute to Other Funds

Sanitation Expenditures

Function: The Sanitation Department's main functions include curbside trash and yard debris pickup. The Town offers once weekly trash pickup and can dispose of this trash and yard debris for free at the County Landfill. Other functions include furniture pickup, household appliance pickup, dump-type trailer drop-off/pickup, snow mitigation, and helping other departments as needed. Notably, the lack of funding for a functional street sweeper has reduced this service, but the Town still contracts out this service prior to certain Uptown events and other times.

Staffing: This budget proposal continues funding for 6 full-time positions. Prior to FY 2014-15, the Town maintained 8 full-time positions and 1 part-time position. However, the Town previously cut trash service from twice per week to once weekly and has incorporated automated trash pickup. While this initial upfront-cost was significant, it is predicted to be cheaper in the long-run, more efficient, increase staff safety, reduce unsightly trash piles on trash day, and has already shown to allow manpower to be dedicated to other services.

FY 2017-18 Budget: Overall, expenditures by about 18.4% (\$101,471) due to the purchase of automated trash pickup equipment in FY 2016-17. Expenditure highlights include 7% (\$2,100) of the total cost for a public services pickup truck that is on its third transmission. Also, this budget includes \$5,000 to purchase trash cans for customers who want an additional can(s). However, this money will not be spent unless this revenue is received. Notably, a new limb truck was one of the Council's top priorities. Indeed, the Town received both quotes for equipment and financing. However, the decision was made not to purchase such a truck during the budget workshop.

580 - SANITATION

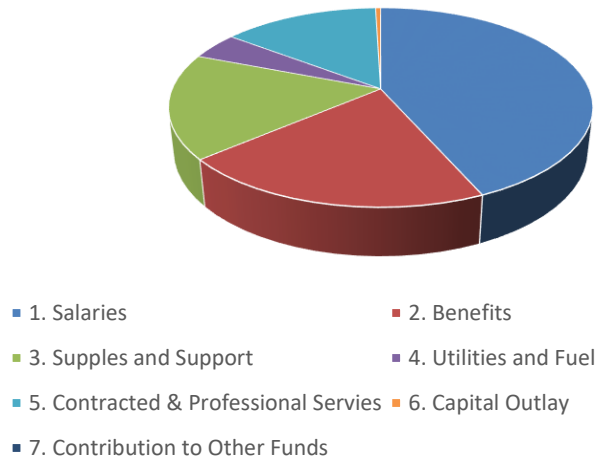
FISCAL YEAR 2017-18

EXPENDITURES	FY 14/15 BUDGET		FY 15/16 BUDGET		FY 16/17 BUDGET		FY 17/18 Adopted Budget
	Year End Budget	Actual Expenditure	Year End Budget	Actual Expenditure	Year End Budget	As of 03/31/2017	
10-580-02 SALARIES AND WAGES	\$207,486	\$191,400	\$188,879	\$179,192	\$189,976	\$132,890	\$195,455
10-580-05 FICA EXPENSE	\$15,873	\$14,010	\$14,449	\$13,292	\$14,534	\$9,717	\$14,865
10-580-06 GROUP INSURANCE	\$39,600	\$36,176	\$41,526	\$37,310	\$44,502	\$30,900	\$53,005
10-580-07 RETIREMENT	\$21,494	\$20,386	\$20,511	\$19,174	\$21,516	\$15,082	\$22,500
10-580-09 LIFE INSURANCE	\$800	\$572	\$605	\$544	\$609	\$418	\$655
10-580-11 TELEPHONE AND POSTAGE					\$1,000	\$461	\$1,000
10-580-13 UTILITIES	\$-	\$-		\$-	\$-	\$-	
10-580-14 TRAVEL AND TRAINING	\$100	\$93	\$650	\$368	\$300	\$184	\$500
10-580-15 MAINT. & REPAIR BUIDLI	\$-	\$-	\$-	\$-	\$-	\$-	
10-580-16 MAIN&REP EQUIP	\$3,500	\$3,572	\$4,900	\$4,842	\$5,000	\$1,639	\$5,000
10-580-17 MAINT. & REPAIR VEHICL	\$16,000	\$16,359	\$14,500	\$8,775	\$19,000	\$9,940	\$19,000
10-580-20 WORKPLACE SAFETY COMPLI					\$-	\$725	\$1,000
10-580-30 GASOLINE AND OIL	\$17,000	\$20,335	\$15,425	\$9,732	\$20,500	\$9,289	\$20,000
10-580-31 TIRES	\$6,000	\$4,891	\$7,000	\$5,950	\$7,000	\$4,014	\$7,000
10-580-33 SUPPLIES AND MATERIALS	\$5,500	\$7,110	\$6,500	\$6,189	\$5,500	\$4,598	\$5,500
10-580-34 CHEMICALS	\$-	\$-	\$-	\$-	\$-	\$-	
10-580-36 UNIFORMS	\$4,000	\$3,505	\$6,500	\$6,781	\$6,500	\$3,109	\$5,000
10-580-45 CONTRACTED SERVICES-WA	\$500	\$3,271	\$950	\$845	\$750	\$139	\$750
10-580-48 LEASE PYMT INTEREST	\$-	\$-	\$-	\$-	\$-	\$-	
10-580-49 LEASE PYMT/GARBAGE TRU	\$11,547	\$11,546	\$61,800	\$11,725	\$45,675	\$30,649	\$57,090
10-580-50 LEASE PYMT-INTEREST	\$1,289	\$1,290	\$1,200	\$1,110	\$950	\$936	\$760
10-580-54 INSURANCE AND BONDS	\$26,340	\$20,975	\$26,340	\$26,188	\$29,000	\$19,278	\$29,000
10-580-55 LOAN PAYMENT SUNTRUST	\$2,701	\$2,700	\$2,701	\$2,700	\$-	\$-	
10-580-57 MISC. EXPENSE	\$-			\$-	\$-	\$-	\$5,000
10-580-60 HOUSE DEMOLITION GRANT	\$17,892	\$-	\$-	\$-	\$-	\$-	
10-580-74 CAPITAL OUTLAY-EQUIP.	\$-	\$-	\$390,475	\$254,768	\$134,339	\$131,856	\$2,100
10-580-91 PAYMENT-COUNTY LANDFIL	\$5,500	\$4,005	\$8,000	\$6,682	\$5,500	\$4,049	\$5,500
TOTALS	\$403,122	\$362,196	\$812,911	\$596,167	\$552,151	\$409,873	\$450,680

1. Salaries	\$195,455	43.4%
2. Benefits	\$92,025	20.4%
3. Supples and Support	\$77,000	17.1%
4. Utilities and Fuel	\$20,000	4.4%

5. Contracted & Professional Servies	\$64,100	14.2%
6. Capital Outlay	\$2,100	0.5%
7. Contribution to Other Funds		

Sanitation - Expense by Type



Parks & Recreation Expenditures

Function: The Town operates two parks: the “new” City Park and the City Pond Park which is the City’s drinking water reservoir. The “new” City Park is open year-around while the City Pond is open on the weekends from the last week of March to the third week in October.

Staffing: Parks have one part-time employee in the City Pond Caretaker. Mowing is contracted out at City Park. Otherwise, public works employees maintain the parks in addition to regular duties. Given recent personnel reductions, keeping these parks up can be a struggle at times.

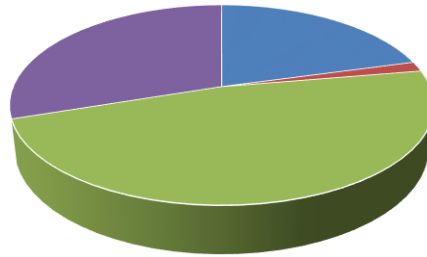
FY 2017-18 Budget: Overall, expenditures decrease by 3.6% (\$1,000).

620 - PARKS FISCAL YEAR 2017-18

	FY 14/15 BUDGET		FY 15/16 BUDGET		FY 16/17 BUDGET		
EXPENDITURES	Year End Budget	Actual Expenditure	Year End Budget	Actual Expenditure	Year End Budget	As of 03/31/2017	FY 17/18 Adopted Budget
10-620-02 SALARIES AND WAGES	\$5,325	\$5,003	\$5,463	\$4,948	\$5,518	\$2,780	\$5,518
10-620-05 FICA EXPENSE	\$408	\$383	\$418	\$392	\$423	\$213	\$423
10-620-06 GROUP INSURANCE	\$-	\$-	\$-	\$-	\$-		
10-620-07 RETIREMENT	\$-	\$-	\$-	\$-			
10-620-09 LIFE INSURANCE	\$-	\$-	\$-	\$-			
10-620-11 TELEPHONE AND POSTAGE	\$1,600	\$741	\$1,000	\$849	\$850	\$683	\$850
10-620-13 UTILITIES	\$7,200	\$6,521	\$7,800	\$6,484	\$8,000	\$5,275	\$8,000
10-620-15 MAINT. & REPAIR BUILDI	\$1,000	\$40	\$1,000	\$198	\$1,300	\$562	\$1,300
10-620-16 MAINT. & REPAIR EQUIPM	\$1,000	\$68	\$1,400	\$1,386	\$1,000	\$5	\$1,000
10-620-20 WORKPLACE SAFETY COMP.	\$-	\$-	\$-	\$-	\$300	\$25	\$300
10-620-33 SUPPLIES	\$5,000	\$3,739	\$2,550	\$1,668	\$4,750	\$1,029	\$3,750
10-620-36 CONTRACTED SERVICES	\$8,200	\$3,225	\$5,000	\$3,740	\$4,700	\$2,190	\$4,700
10-620-54 INSURANCE AND BONDS	\$750	\$699	\$450	\$158	\$750	\$138	\$750
10-620-71 CAPITAL OUTLAY-LAND	\$-		\$-	\$-	\$-	\$-	
10-620-74 CAPITAL OUTLAY-EQUIPME	\$-		\$-	\$-	\$-	\$-	
10-620-91 CIVIC CONTRIBUTION	\$-		\$-	\$-	\$-	\$-	
10-620-93 CONTRIBUTION LITTLE LE	\$-		\$-	\$-	\$-	\$-	
TOTAL	\$30,483	\$20,419	\$25,081	\$19,823	\$27,591	\$12,900	\$26,591

1. Salaries	\$5,518
2. Benefits	\$423
3. Supplies and Support	\$12,650
4. Utilities and Fuel	\$8,000
5. Contracted & Professional Servies	
6. Capital Outlay	
7. Contribution to Other Funds	
Total	\$26,591

Parks - Expense by Type



- 1. Salaries
- 2. Benefits
- 3. Supplies and Support
- 4. Utilities and Fuel
- 5. Contracted & Professional Services
- 6. Capital Outlay
- 7. Contribution to Other Funds

Contingency

Function: Contingency can be used to address any unforeseen events or to take advantage of any opportunities, such as a local commitment for a potential FEMA grant from a fire ladder truck.

Staffing: None.

FY 2017-18 Budget: Contingency is budgeted at \$100,000 which is a 33.3% (\$25,000) increase from FY 2016-17. The reason for this increase is that it includes \$50,000 to be transferred from the Water & Sewer Fund to try to build up savings for a fire truck purchase in the future. The Finance Officer will wait until closer to the end of FY 17-18 and, if prudent, will transfer the funds to the General Fund. Also, there is \$50,000 for general contingency purposes.

General Fund: Contingency

**CONTINGENCY FUND - GENERAL FUND
FISCAL YEAR 2017-18**

	FY 14/15 BUDGET		FY 15/16 BUDGET		FY 16/17 BUDGET		FY 17/18 Adopted Budget
EXPENDITURES	Year End Budget	Actual Expenditure	Year End Budget	Actual Expenditure	Year End Budget	As of 12/31/2016	
10-999-00	\$204,350	\$-	\$86,048	\$-	\$49,865	\$-	\$50,000

1. Salaries
2. Benefits
3. Supplies and Support
4. Utilities and Fuel
5. Contracted & Professional Services
6. Capital Outlay
7. Contribution to Other Funds

General Fund: Fund Balance

Fund Balance is simply defined as the amount of assets in excess of liabilities in a given fund. The North Carolina Local Government Commission (LGC) monitors the level of fund balance each locality maintains as a sign of their relative financial strength. One significant benchmark the LGC uses is 8% of total expenditures, below which they express concern to the locality and direct action to increase the balance.

The benefits of having a healthy fund balance include enabling the Town to meet our financial obligations without interruptions due to cash flow, improving our credit rating, generating investment income, eliminating the need for short-term borrowing, and providing a reserve of funds to respond to emergencies or opportunities.

Per our local policies, the Town will seek to maintain an available fund balance to expenditures ratio of between 35% and 40%. Once the 40% mark is realized, all revenue in excess of expenditures realized at the end of any given fiscal year may be assigned as capital reserves.

Wadesboro at the end of the end of FY 2015-16, had an available fund balance of the General Fund of \$2,010,255, while the total fund balance was \$2,494,361. The available fund balance was 42.57% of the General Fund, while the statewide comparable average⁷⁵ for FY 2015-16 was 73.14% (\$2,964,699).

Both the FY 2015-16 and FY 2016-17 Budget Messages predicted that future tax increases combined with service reductions will be likely be necessary to offset future operating deficits and maintain critical service levels, unless there is tax base growth. The three major reasons for this prediction were decreasing population/economic trends, long-delayed capital purchases, and rising healthcare insurance costs especially for retirees. The FY 2016-17 budget also predicted approximately \$208,900 would be used that year from fund balance, but noted that such the accuracy of such predictions is difficult. This was predicted based on the following expenditures budgeted from fund balance reserves:

- \$111,000 – Police Renovations
- \$40,000 – Fire Station Expenses
- \$26,500 – Street Pickup Truck
- \$25,000 – Convert Street Sweeper into Dump Truck
- \$6,400 – HWY 74 E Streetlights – reoccurring
- \$45,271 – General Operations
- \$75,000 – Contingency Funds

During the current FY 2016-17, the Town added the following expenditures have been added using increased allocations of fund balance reserves:

- \$5,565 – Carryover FY 15-16 - “Welcome to Wadesboro” Signage, 2nd payment
- \$1,496 – Carryover FY 15-16 - Remainder of Gas Pump Costs
- \$12,400 – Carryover FY 15-16 - Duke LED streetlight conversion charge
- \$6,930 – Per auditor – take gas pump charge out of FY 16-17
- \$35,527 – Fire Station – Brick West Wall, stone wainscoat on back.
- \$12,000 – Fire Station – Increased Cost due to Phase 2 Environmental
- \$50,263 – Fire Station – brick remainder of building (back and east wall)
- \$132,000 – Fund balance Powell Bill reserves – additional street resurfacing costs

⁷⁵ Population 2,500 – 9,999.

These budget amendments equal \$256,181, which brings the total fund balance allocation for FY 2016-17 to \$595,085. Still, the Town is predicted to not use any fund balance reserves in FY 2016-17 because revenues have been higher and expenditures lower than anticipated as of 5/26/17, and because \$200,480 in street resurfacing projects will not be completed until FY 2017-18.

For FY 2017-18, this budget proposal uses fund balance to fund all or a portion of the following items:

- \$200,480 – Carry-over of FY 2016-17 Street Resurfacing Projects
- \$184,036 – Retiree Health Insurance
- \$20,534 – Contingency Funds

The budgeting of \$405,050 in fund balance reserves is concerning, especially because \$184,036 is for a reoccurring revenue. However, it should be noted that \$200,480 of this amount is simply for street resurfacing projects that are now expected to be completed a little later (August 2017) than originally anticipated.

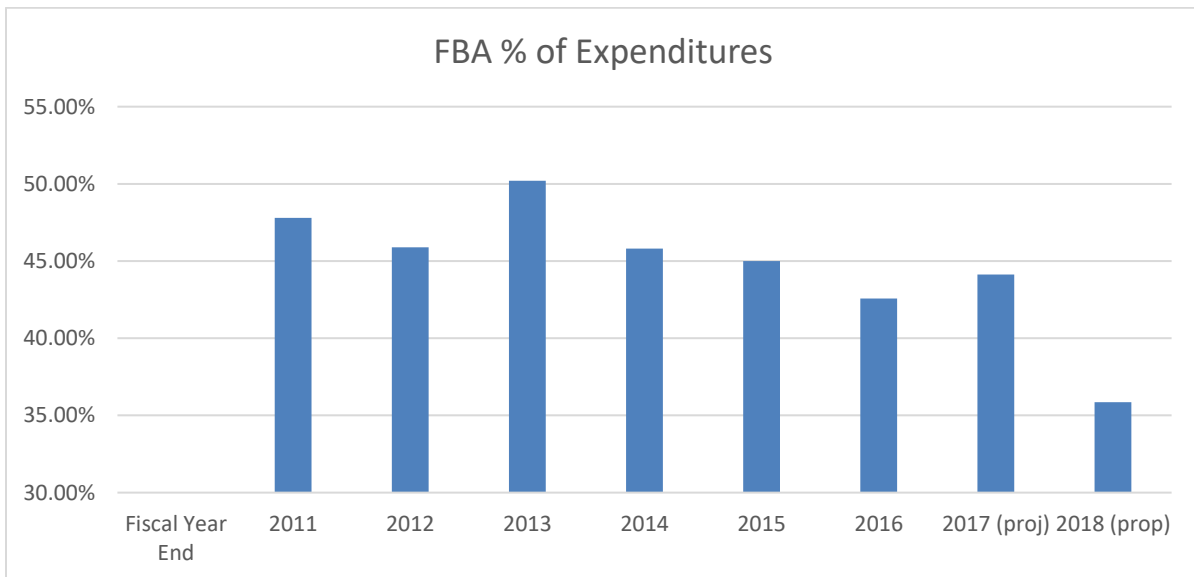
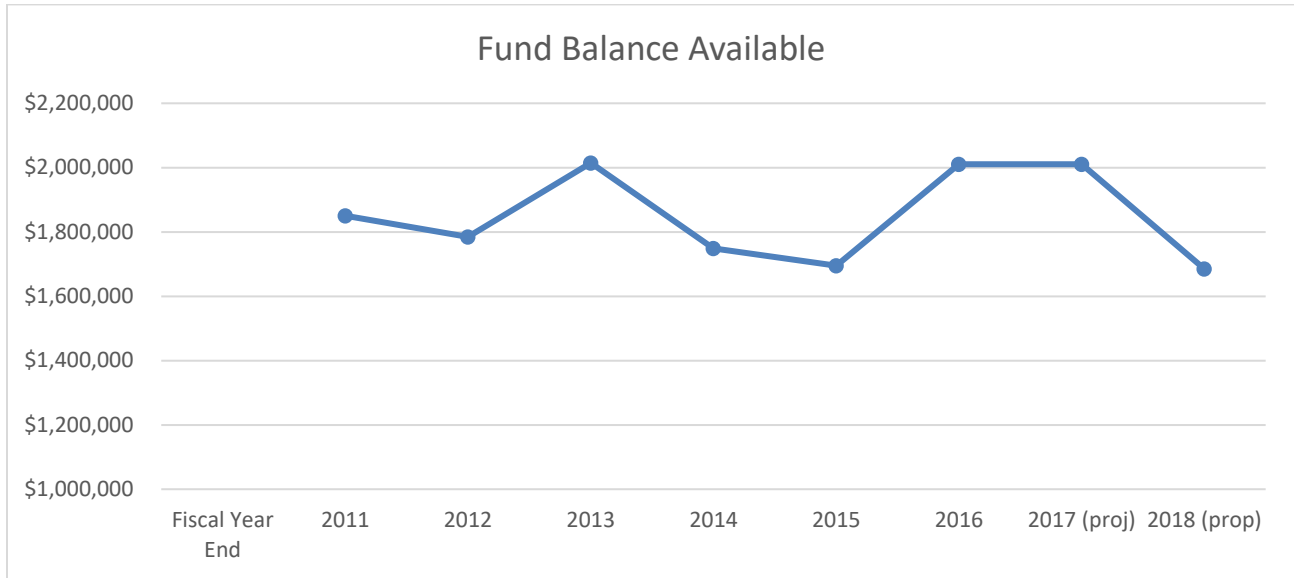
Also, recent history shows there are two reasons why the Town has not expended the total amount of fund balance reserves in previous fiscal years. First, the Town has often not actually expended the total amount of budgeted expenditures. During a fiscal year, the Town seeks to be prudent with budgeted funds. Second, several important revenues have exceeded projections in recent years due to conservative budgeting and improved economic factors. If these two factors reoccur in FY 2017-18, the Town should not spend the entire amount of fund balance reserves budgeted unless there is an unforeseen occurrence.

Still, while it is likely that the Town will not actually expend the total amount of fund balance reserves budgeted, it is possible that these funds could be spent. If that happens, it is possible for the Town to drop below the 35% ratio of available fund balance to expenditures set by our own policies. As a result, the Town will continue to be cautious in both monitoring revenues and being fiscally conservative with expenditures through FY 2017-18. Due to the number of both local and broader variables involved, predicting fund balance usage accurately is difficult. With that being understood, this proposed FY 2017-18 budget is predicted to use between \$250,000 to \$400,000 in fund balance reserves barring an unforeseen event. If the Town were to use \$325,000 of fund balance in FY 2017-18, this would amount to a projected 35.86% ratio of available fund balance to expenditures. While still within the Town's 35% policy minimum, it is a significant decrease from projected FY 2016-17 levels.

A chart showing fund balance changes and projections is shown below:⁷⁶

<i>Fiscal Year End</i>	2011	2012	2013	2014	2015	2016	2017 (proj)	2018 (prop)
Fund Balance Available	\$1,850,280	\$1,785,065	\$2,014,569	\$1,748,525	\$1,695,571	\$2,010,255	\$2,010,255	\$1,685,255
FBA % of Expenditures	47.80%	45.90%	50.20%	45.80%	45.00%	42.57%	44.13%	35.86%
Total Fund Balance	\$2,668,397	\$2,560,708	\$2,412,123	\$2,143,850	\$2,089,760	\$2,494,361	\$2,494,361	\$2,169,361
Net Change FB from Prior FY	(\$195,952)	(\$107,689)	(\$148,585)	(\$268,273)	(\$54,090)	\$479,081	\$0	(\$325,000)

⁷⁶ For illustrative purposes, projected FYE 2016 takes 5/24/16 expenses \$3,809,000 and adds \$600,000 in anticipated costs until FYE 2016 = \$4,409,000. For FYE 2017 expenditure projections, used \$4,409,000 + \$1,140,000 for fire station = \$5,549,000



Water & Sewer Fund

In addition to the General Fund which covers all typical government operations, the Town of Wadesboro operates an enterprise fund regarding water and sewer service. The Town is charged with operating this enterprise fund like a private business where the cost of the service is recovered primarily through user charges.

Water & Sewer Fund Revenues: Introduction

The Town receives revenue from a variety of different sources including local revenues, grants, and State-shared revenues. In predicting revenues for the upcoming fiscal year, the Town uses a variety of formulas, trend information, resources, and tools; such prediction mechanisms and assumptions are discussed under each individual revenue. One example of a predictive tool is the UNC School of Government's water and sewer rate dashboard.⁷⁷ This report is commonly relied on by many North Carolina municipalities in benchmarking rates.

While water and sewer revenues have been historically more predictable than General Fund revenues, there is still the possibility of a major industry closing along with natural variation in customer usage. As a result, it is important to note that revenue predictions are an inexact science. Because of this reality, this budget proposal takes a conservative approach to revenue projections.

This section outlines the basis for the budget numbers used in the Water & Sewer Revenue budget. Each major revenue source is explained below to give some background on the revenue source, and to give the reader an indication of the stability of the sources. Staff then propose an estimate for each of the revenues based upon a variety of factors including our history with a given revenue (among other factors). These estimates are then reflected on the Revenue budget worksheet.

Water & Sewer Fund Revenues: Overview

For FY 2017-18, expenditures are budgeted at \$3,011,920 which is a 0.5% (\$14,548) increase from the current FY 2016-17 Budget. This proposal uses \$375,895 in fund balance reserves to balance the FY 2017-18 Budget. In comparison, the FY 2016-17 Enterprise fund currently balances the budget using \$412,372 in fund balance.

Below is a snapshot of revenues overall:

REVENUE	FY 14/15 BUDGET		FY 15/16 BUDGET		FY 16/17 BUDGET		FY 17/18 Adopted Budget
	Year End Budget	Actual Expenditure	Year End Budget	Actual Revenue	Current Budget	As of 03/31/2017	
30 Fund	\$2,825,300	\$4,466,247	\$2,813,785	\$2,759,053	\$2,997,372	\$2,021,154	\$3,041,920

⁷⁷ <http://www.efc.sog.unc.edu/reslib/item/north-carolina-water-and-wastewater-rates-dashboard>

With fund balance appropriations removed, FY 2017-18 revenues are projected to decrease by 0.4% (\$24,568) compared to projected FY 2016-17 revenues.⁷⁸ The chart below shows recent fiscal years:

	FY 14-15	FY 15-16	FY 16-17	FY 17-18
Budgeted	\$2,825,300	\$2,813,785	\$2,997,372	\$3,011,920
Budgeted - No Fund Balance	\$2,504,000	\$2,615,025	\$2,585,000	\$2,636,025
Actual/Proj. Revenues	\$2,611,456	\$2,671,921	\$2,645,855	N/A

Water & Sewer Fund: Major Revenue Sources & Projection Analysis

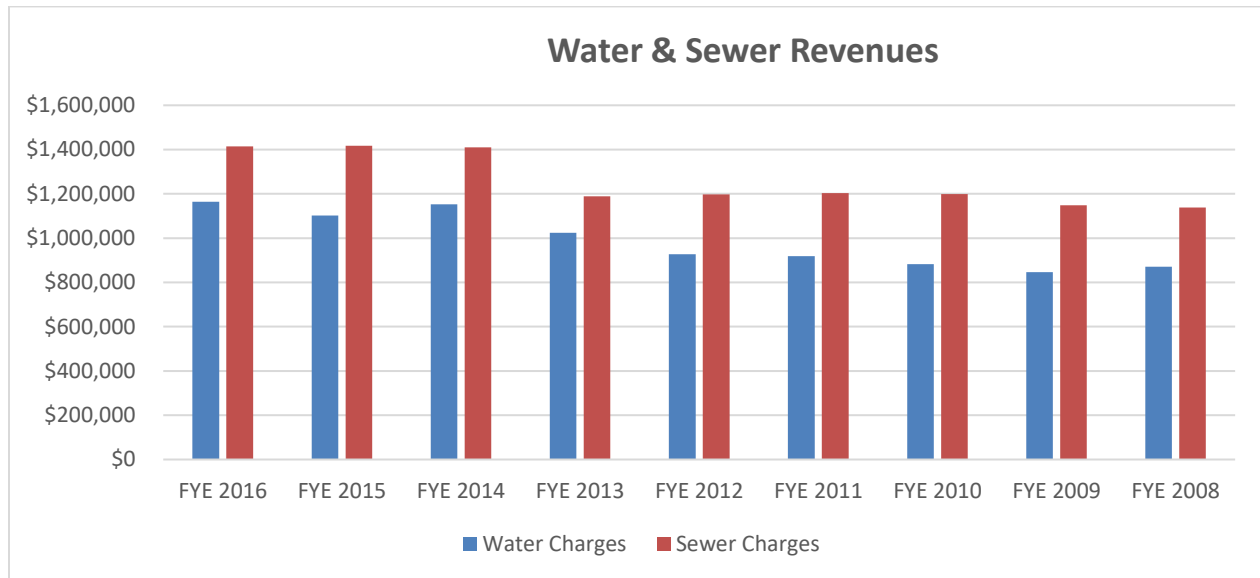
Water & Sewer Revenues

Amongst the Enterprise Fund's revenues, the largest are water and sewer charges for service. There is a base rate for a minimum service up to a certain usage amount. After that there is a flat rate based on usage. Previously, there was a declining rate structure which was essentially a bulk discount where the more gallons used meant the cheaper the rate. However, the Town moved from a declining rate structure to a flat rate structure beginning in FY 2013-14 as a condition of accepting a grant. The Town currently has an industrial rate but just one user that qualifies for this rate based on consumption.

The below graph and charts shows recent performance of these revenues:

	Water Charges	Sewer Charges
FYE 2016	\$1,163,655	\$1,413,997
FYE 2015	\$1,101,808	\$1,416,590
FYE 2014	\$1,153,004	\$1,409,801
FYE 2013	\$1,023,889	\$1,188,503
FYE 2012	\$927,125	\$1,197,197
FYE 2011	\$918,741	\$1,203,378
FYE 2010	\$882,915	\$1,199,193
FYE 2009	\$846,892	\$1,148,405
FYE 2008	\$870,354	\$1,137,728

⁷⁸ Operating revenues shown. Unless noted otherwise, revenues do not include other financing sources including loan proceeds, transfers from other funds, sale of capital assets, transfers to/from other funds, and special items. FY 14-15 and FY 15-16 include audited numbers. FY 16-17 has not been audited yet because the fiscal year is not yet over, so it is possible these numbers could change based on how the auditor wants to categorize certain items.



For FYE 2016, the Town's total water and sewer rate charges were approximately \$2,577,652 which is an increase from FYE 2015 (\$2,518,398). The Town relies heavily on its lone industrial user for revenue which typically accounts for over 20% of all usage. If this user were to reduce consumption or even cease operations, then revenue would likely decrease significantly. This is another reason why attracting more business/industry to Wadesboro is so important. Notably, FYE 2014 increases shown are largely due to significant rate increases.

For FY 2017-18, water and sewer rates are not increased unless the County raises its rates. Previously, for FY 2016-17, water and sewer rates were not increased. In comparison, FY 2015-16 water rates were increased to help fund for application costs for grants; however, sewer rates remained the same.

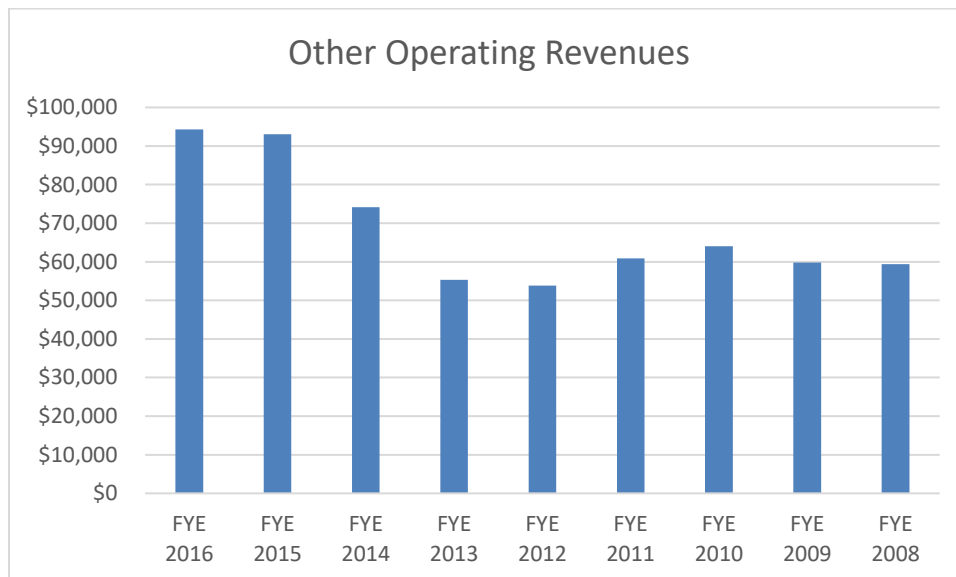
At 5/26/17, water revenues are ahead of last year's pace and on pace to exceed budgeted projections. Sewer revenues are about the same, but have exceeded projections each of the previous three fiscal years. However, to maintain our conservative posture toward revenues and based on the above described trends, water revenues are projected at slightly less than FY 2016-17 totals (\$1,160,000), and sewer revenues are projected at \$1,400,000.

Other Operating Revenues: Late Fees, Reconnections/Tap Fees

The Town charges a for late payment on a bill, water/sewer tap fees, and reconnection charges. In FY 2013-14, the Town raised several of these fees including raising the late fee from \$5 to \$10. These increases led to significant increases in these revenues, which were about \$1,100 more in FYE 2016 as indicated in the chart and graph below:

Other Operating Revenues

FYE 2016	\$94,269
FYE 2015	\$93,058
FYE 2014	\$74,136
FYE 2013	\$55,366
FYE 2012	\$53,848
FYE 2011	\$60,903
FYE 2010	\$64,037
FYE 2009	\$59,785
FYE 2008	\$59,380



Beginning about July 1, 2017, the Town will be transitioning to cutting off utility service after one month of non-payment (currently it is two). In anticipation of this, billing staff are working with customers to get caught up and these efforts, while they are helping our customers, may have had the unintended consequence of decreasing both late fees and reconnection charges. Hopefully, these efforts will result in higher water and sewer revenues collections.

Regarding late fees, the Town's software shows about \$51,000 at 5/26/17 for FY 2016-17. In comparison, there was approximately \$67,000 in FY 2015-16 at 5/20/16. At 5/26/15, the late fees were also about \$67,000 for FY 2014-15. To maintain a conservative approach to revenues, this budget estimates approximately \$58,000 in late fees, which is about a 29.8% decrease from the most recently completed fiscal year (FY 2015-16).

Regarding Tap & Connection fees, three most recent completed fiscal years (FY 2013-14, FY 2014-15, and FY 2015-16) all show this revenue exceeding \$19,000. At 5/26/17, the current FY 2017-18 budget shows approximately \$13,000 in tap and connection fee revenue. In comparison, the FY 2015-16 budget at 5/26/16 shows approximately \$18,500 and finished around \$21,550. At 5/26/15, the FY 2014-15 budget shows approximately \$17,100 in tap and connection fees. To maintain our conservative posture and based on the

above described trends, this budget projects revenues at \$17,000 for FY 2016-17, which about a 21.1% decrease from the most recently completed fiscal year (FY 2015-16).

Fund Balance Appropriation (Cash Reserves)

Overall, expenditures exceed revenues by \$375,895. Based on Council feedback, this budget proposal uses reserve funds to fund all or a portion of the following items:

- \$175,000 – USDA Infrastructure Projects – Engineering, Surveying, etc.
- \$50,000 – Fire Truck Savings – Transfer to General Fund
- \$50,000 – Contingency Funds
- \$25,800 – Public Services Pickup – 66% Water, 20% Sewer
- \$25,000 – Distribution Valve Replacement & General Improvements
- \$25,000 – Radio Reader Replacement Program
- \$15,000 – Water Plant/Distribution System Separation
- \$10,000 – Hess Sewer Line Project
- \$95 – Performance Management & Performance Pay System

Water & Sewer Fund: Complete Revenues

**WATER-SEWER FUND REVENUE
FISCAL YEAR 2017-18**

REVENUE	FY 14/15 BUDGET		FY 15/16 BUDGET		FY 16/17 BUDGET		FY 17/18 Adopted Budget
	Year End Budget	Actual Revenue	Year End Budget	Actual Revenue	Year End Budget	As of 03/31/2017	
30-290-00 INTEREST ON INVESTMENT	\$-	\$(8,020)	\$-	\$(2,791)	\$-	\$(176)	
30-302-00 CREDIT CARD FEE	\$1,000	\$20	\$25	\$-	\$-		\$25
30-328-00 LOAN PROCEED	\$-	\$-	\$-	\$-	\$-		
30-333-00 Alumsludge State Grant	\$-	\$84	\$-	\$-	\$-		
30-334-00 CASH DRAWER OVERAGE	\$-	\$1,616	\$-	\$4	\$-	\$252	
30-335-00 Misc Revenue	\$2,000	\$-	\$34,000	\$42,810	\$-	\$6	\$1,000
30-336-00 INTERGOV'T TRANSFER OF ASSETS	\$-	\$1,058,416	\$-	\$-	\$-		
30-337-00 WMD MM INTEREST INCOME	\$-	\$5	\$-	\$3	\$-	\$5	
30-348-00 RURAL CENTER GRANT	\$-	\$-	\$-	\$-	\$-		
30-371-01 WATER REVENUE	\$1,080,000	\$1,106,358	\$1,110,000	\$1,198,242	\$1,110,000	\$902,471	\$1,190,000
30-371-02 SEWER REVENUE	\$1,350,000	\$1,416,591	\$1,390,000	\$1,412,902	\$1,390,000	\$1,063,117	\$1,480,000
30-372-00 W/S LATE PENALTY	\$55,000	\$73,730	\$65,000	\$72,715	\$68,000	\$43,085	\$58,000
30-373-00 TAPS & CONNECTION FEES	\$16,000	\$19,225	\$16,000	\$21,550	\$17,000	\$11,200	\$17,000
30-373-01 RECONNECT AND RET CHECK \$25						\$75	
30-374-00 NCSTATE CONTRACT-CURVE	\$-	\$-	\$-	\$-	\$-		
30-383-00 GAIN ON SALE OF EQUIP.	\$-	\$-	\$-	\$-	\$-		
30-384-00 TSFR TO WATER PLANT FU		\$95,128	\$-	\$-	\$-		
30-399-00 FUND BALANCE APPROPRIA	\$321,300	\$-	\$198,760	\$-	\$412,372		\$295,895
30-399-10 SALE OF SURPLUS PROPER	\$-	\$232	\$-	\$4,211	\$-	\$1,119	
30-600-00 CAPITAL CONTRIBUTIONS	\$-	\$702,862	\$-	\$-	\$-		
30-690-93 CONT. TO CAPITAL PROJE	\$-	\$-	\$-	\$-	\$-		
Total Revenues	\$2,825,300	\$4,466,247	\$2,813,785	\$2,749,646	\$2,997,372	\$2,021,154	\$3,041,920

Water & Sewer Fund Expenditures: Introduction

The Water & Sewer Enterprise Fund is broken down into 4 budgetary departments based upon the functions and services the Town of Wadesboro provides. What follows is an overall analysis followed by a more specific overview at each department. While each expenditure overview does not try to cover everything for all each budgetary department within the Enterprise Fund, it provides some highlights of the more significant expenditures and programs being proposed. These projects, including certain expenditures that are departures from past practices, are summarized in the following pages. After each expenditure highlight, each budgetary department's full line-item budget follows.

Water & Sewer Fund Expenditures: Overview

Budgeted expenditures for FY 2017-18 are proposed to increase by 0.5% (\$14,548) in comparison to the FY 2016-17 Budget. Please note that the FY 2016-17 Budget includes \$218,100 in funding for a water interconnection and fire station contributions, while the FY 2017-18 proposal includes \$225,000 for USDA infrastructure projects and a fire truck. If these items are removed, the FY 2017-18 proposed budgeted increases by 0.3% (\$7,648) in comparison to FY 2016-17.

EXPENSE	FY 14/15 BUDGET		FY 15/16 BUDGET		FY 16/17 BUDGET		FY 17/18 Adopted Budget
	Year End Budget	Actual Expenditure	Year End Budget	Actual Expenditure	Year End Budget	As of 03/31/2017	
Water	\$1,424,191	\$1,158,466	\$1,378,778	\$1,154,335	\$1,641,913	\$1,060,516	\$1,500,820
Sewer	\$1,320,953	\$1,377,106	\$1,415,535	\$1,270,645	\$1,295,459	\$762,261	\$1,491,100
Contingency	\$50,156	\$-	\$19,472	\$-	\$-	\$-	\$50,000
Incentive Grants	\$30,000	\$30,000	\$-	\$-	\$-	\$-	\$-
Total	\$2,825,300	\$2,565,572	\$2,813,785	\$2,424,980	\$2,937,372	\$1,822,777	\$3,041,920

The following chart⁷⁹ shows the proposed FY 2017-18 expenditures as compared to actual/projected from FY 2016-17 and other previous fiscal years.:

	FY 14-15	FY 15-16	FY 16-17	FY 17-18
Budgeted	\$2,825,300	\$2,813,785	\$2,997,372	\$3,011,920
Actual/Proj. Expenditures	\$2,466,288	\$2,518,658	\$2,553,009	N/A

⁷⁹ Projected as of 5/24/17. Capital Items include capital outlays and contributions to the bridge.

Water

Function: The Water Department's main function is to provide water service to approximately 2,200 customers.⁸⁰ The Town maintains approximately 45 miles of water pipes and 250 fire hydrants.⁸¹ Following an engineering study, the Town opted to cease its own water treatment operations and purchase all its water from Anson County. To accommodate this change, the Town and County executed a water purchase agreement in which the County commits to provide the Town with up to 2,600,000 gallons of water per day, which increases 500,000 to 3,100,000 in ten years. Given the Town's average use was 690,000 gallons per day with a max of approximately 1,000,000, this water purchase contract provides some capacity for the Town's future growth.

Staffing: The water department currently funds 8 positions (1 public services director, 2 billing clerks, 1 water quality specialist, and 4 full-time and 1 part-time distribution system employees).

FY 2017-18 Budget: There are several expenditures related to the decision to cease Town water treatment operations and purchase all treated water from Anson County. First, there is a \$455,000 allocation for purchasing water from Anson County. Second, there is \$15,000 for separating the Water plant from the distribution system. Third, there is \$5,000 included for engineer consulting to address storage concerns. This is needed because ceasing water treatment operations also eliminates some storage capacity which is counted toward State minimum requirements.

As discussed in the Budget Message, the Town is working toward addressing numerous infrastructure needs, and there are several expenditure highlights related to these efforts. First, there is \$175,000 split evenly between the water and sewer departments for engineering, surveying, etc. as it relates to the previously submitted USDA applications. This cost is budgeted to come from reserves. Once the Town receives its award from the USDA, it can determine which projects it can afford to pursue. Second, per the Town's water system asset management/capital improvement plan,⁸² \$25,000 is included for distribution valve replacements and general system improvements. Third, there is \$25,000 to continue to replace old water meters with radio meters.

Other expenditure highlights include \$50,000 to be transferred to the General Fund to be reserved for a fire truck, \$19,800 (66%) of the cost to replace a public services pickup truck, \$12,000 of the \$29,000 for audit/financial statement costs, \$5,500 for an updated handheld meter reader, \$8,832 to fund one pre-65 retiree, and \$3,000 to help fund a performance management and performance pay system.

⁸⁰ This is an approximation, it may vary. Also, the Town maintains approximately 45 miles of water lines and 250 fire hydrants.

⁸¹ Pipe sizes range from 1 to 12 inch made of galvanized, cast iron, asbestos cement, PVC, and ductile iron. Pipes date back in some cases to the 1900s.

⁸² The Town had LKC Engineering commission a Water System Asset Management/Capital Improvement Plan that was completed in May 2014.

810 - WATER
FISCAL YEAR 2017-18

EXPENDITURES	FY 14/15 BUDGET		FY 15/16 BUDGET		FY 16/17 BUDGET		FY 17/18 Adopted Budget
	Year End Budget	Actual Expenditure	Year End Budget	Actual Expenditure	Year End Budget	As of 03/31/2017	
30-810-00 WATER DEPT.	\$-		\$-			\$27	
30-810-02 SALARIES AND WAGES	\$354,943	\$321,481	\$309,638	\$298,163	\$317,498	\$207,058	\$328,395
30-810-04 PROFESSIONAL SERVICES	\$23,000	\$5,800	\$35,000	\$530	\$30,000	\$16,845	\$115,500
30-810-05 FICA EXPENSE	\$30,443	\$24,588	\$23,688	\$22,022	\$24,292	\$15,219	\$25,130
30-810-06 GROUP INSURANCE	\$62,600	\$56,160	\$55,368	\$55,098	\$59,348	\$40,126	\$79,500
30-810-07 RETIREMENT	\$42,702	\$37,666	\$32,362	\$32,104	\$34,673	\$21,808	\$36,575
30-810-09 LIFE INSURANCE	\$1,500	\$1,016	\$914	\$911	\$961	\$640	\$1,050
30-810-11 TELEPHONE AND POSTAGE	\$11,500	\$10,757	\$12,832	\$12,109	\$16,000	\$8,608	\$15,380
30-810-13 UTILITIES	\$40,000	\$22,316	\$26,000	\$9,814	\$14,000	\$6,301	\$14,000
30-810-14 TRAVEL AND TRAINING	\$3,000	\$2,191	\$5,000	\$3,669	\$5,000	\$760	\$5,000
30-810-15 MAINT. & REPAIR BUILDI	\$6,600	\$1,647	\$7,400	\$1,702	\$8,300	\$225	\$5,000
30-810-16 MAINT. & REPAIR EQUIPM	\$42,000	\$22,017	\$40,000	\$22,308	\$30,000	\$22,810	\$34,000
30-810-17 MAINT. & REPAIR-VEHICL	\$5,000	\$4,113	\$4,000	\$3,998	\$4,000	\$4,287	\$5,000
30-810-20 WORPLACE SAFETY COMPLIANCE	\$1,000	\$315	\$2,000	\$1,450	\$2,000	\$702	\$2,000
30-810-26 ADVERTISING	\$1,500	\$726	\$1,500	\$-	\$1,500	\$630	\$1,500
30-810-30 GASOLINE AND OIL	\$18,000	\$12,386	\$14,719	\$10,553	\$19,000	\$5,075	\$19,000
30-810-31 TIRES	\$2,500	\$711	\$3,000	\$1,357	\$3,000	\$-	\$3,000
30-810-32 OFFICE SUPPLIES	\$6,500	\$5,296	\$6,500	\$3,604	\$6,500	\$2,521	\$6,500
30-810-33 SUPPLIES AND MATERIALS	\$48,200	\$1,891	\$44,725	\$44,439	\$48,000	\$29,496	\$48,000
30-810-34 CHEMICALS	\$51,000	\$40,982	\$10,200	\$5,049	\$5,000	\$8,533	\$10,000
30-810-36 UNIFORMS	\$7,500	\$6,706	\$4,500	\$4,533	\$10,000	\$3,195	\$8,000
30-810-45 CONTRACTED SERVICES	\$8,000	\$6,407	\$10,000	\$12,324	\$15,700	\$2,853	\$9,360
30-810-46 GROW GREEN COMMITMENT	\$-	\$-		\$-	\$-	\$-	
30-810-48 WATER PURCHASES	\$395,000	\$373,468	\$455,000	\$376,613	\$450,215	\$278,993	\$455,000
30-810-49 METER BOXES	\$23,800	\$-	\$25,000	\$9,422	\$25,000	\$15,662	\$25,000
30-810-51 BAD DEBT EXPENSE	\$-	\$-		\$-	\$-	\$-	
30-810-52 DEBT PRINCIPAL-UPTOWN WATER LINES	\$92,600	\$-	\$92,600	\$92,599	\$92,600	\$92,599	\$92,615
30-810-53 DEBT INTEREST-UPTOWN WATER LINES	\$18,255	\$17,168	\$16,225	\$16,223	\$14,200	\$14,196	\$12,180
30-810-54 INSURANCE AND BONDS	\$26,125	\$20,541	\$26,155	\$18,642	\$28,000	\$16,217	\$28,000
30-810-55 LOAN PAYMENT SUNTRUST	\$5,401	\$201	\$5,401	\$5,400	\$28,000	\$-	
30-810-56 PLANNING GRANT EXPENSE	\$-	\$-	\$-	\$-	\$-	\$-	
30-810-57 MISC.	\$100	\$-		\$-	\$-	\$-	
30-810-59 DEPRECIATION-WATER	\$15,000	\$125,094	\$5,000	\$-	\$5,000	\$-	\$5,000
30-810-62 WATER PLANT PROJECT	\$-	\$-		\$-	\$10,000	\$-	\$15,000

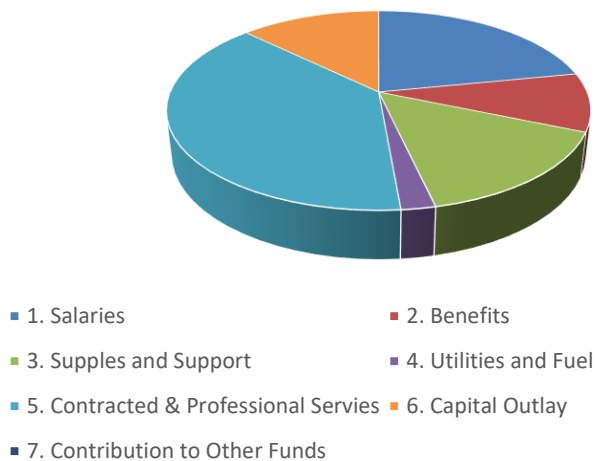
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30-810-72 CAPITAL OUTLAY-BUILDIN	\$-	\$-		\$-	\$-	\$-	
30-810-74 CAPITAL OUTLAY-EQUIPME	\$11,500	\$-	\$24,956	\$19,084	\$48,696	\$1,944	\$25,800
30-810-75 Waterline Ext. Improve	\$-	\$-	\$25,000	\$18,384	\$25,000	\$(12,032)	\$25,000
30-810-76 Water Line Relocation	\$-	\$-	\$10,000	\$8,700	\$-	\$-	
30-810-77 Debt Principal-Water P	\$31,422	\$-	\$32,407	\$32,405	\$31,380	\$27,914	\$33,575
30-810-78 Debt Interest-Water PI	\$4,600	\$4,566	\$3,418	\$3,414	\$3,450	\$1,936	\$2,260
30-810-80 WATER REFUNDS	\$-	\$-		\$-	\$-	\$-	
30-810-91 CONT. TO CDBG PROJECT	\$25,000	\$25,000	\$-	\$-	\$-	\$-	
30-810-92 TRANSFER TO GEN FUND	\$-	\$-	\$-	\$-	\$-	\$-	\$0
30-810-93 FEES FOR CHECK MACHINE	\$7,900	\$7,256	\$8,200	\$7,644	\$7,500	\$7,268	\$9,500
30-810-94 Transfer To Dora Stree	\$-	\$-	\$-	\$-	\$-	\$-	
30-810-95 Transfer To Capital Project	\$-	\$-	\$-	\$-	\$218,100	\$218,100	
30-810-96 TRANSFER TO WATER PLANT PROJECT	\$-	\$-	\$-	\$-	\$-	\$-	
30-810-97 TRANSFER TO UPTOWN WATER LINES	\$-	\$-	\$70	\$68	\$-	\$-	
TOTALS	\$1,424,191	\$1,158,466	\$1,378,778	\$1,154,335	\$1,641,913	\$1,060,516	\$1,500,820

1. Salaries	\$328,395	21.9%
2. Benefits	\$142,255	9.5%
3. Supples and Support	\$225,880	15.1%
4. Utilities and Fuel	\$33,000	2.2%
5. Contracted & Professional Servies	\$579,860	38.6%
6. Capital Outlay	\$191,430	12.8%
7. Contribution to Other Funds	\$0	0.0%
	\$1,500,820	

Water - Expense by Type



Sewer Expenditures

Function: The Sewer Department's main function is providing sewer service to approximately 1,900 customers. The Town maintains its collection system and pays for sewage to be treated at the Anson County Wastewater Facility. The Sewer system dates to the turn of the century, and piping is 4 to 36 inches with varying materials including clay, cast iron, concrete, PVC, and steel. The Town currently operates 9 sewer lift stations with approximately 40 miles of sewer mains. The asset management/CIP identified \$7,165,000 in needed sewer system improvements over the next 20 years.

Staffing: This budget continues funding 3 positions for FY 2017-18.

Inflow and Infiltration Concerns: Average monthly flow is approximately 22 million. As with virtually all sewer systems, inflow and infiltration ("I & I") of water into our sewer mains is costly for the Town. This water is still treated at the County's plant and the Town receives a proportionally higher bill. Decreasing I & I would reduce the Town's sewer bill which is budgeted at \$1,000,000 for FY 2016-17. Notably, the Town has been told it is receiving a \$1,000,000 grant to address sewer overflows.

FY 2017-18: Notably, the Town has been told that it is receiving a \$1,000,000 grant to address sewer overflows. These funds should be received in FY 2017-18 and, following the approval of a capital project fund, will be placed in a project fund.

FY 2017-18 expenditure highlights include \$1,004,000 budgeted to pay for Anson County to treat our wastewater in FY 2017-18, a 0.4% increase from the previous year. This allocation represents approximately 71.2% of the entire sewer budget. Hopefully, there will not be an unusually high amount of rainfall in FY 2017-18 or this allocation may need to be increased. As mentioned above, there is also \$175,000 split evenly between water and sewer for initial work for USDA infrastructure projects. While there are many needs, addressing sewer overflow issues is likely a top priority as the Town has received numerous violations. Other expenditure highlights include \$8,000 for a sewer bypass pump rental in case of emergency, 20% (\$6,000) of the total cost of a pickup, \$10,000 for a relatively minor sewer repair project near the Hess gas station, and \$3,000 to contract for herbicide application on sewer lines aimed at preventing root intrusion, and \$1,000 to help fund a performance management and pay system.

Personnel & Health Insurance: This FY 2017-18 budget proposal includes a \$600 bonus for full-time employees and a proportional bonus for "full-time/part-time" employees at a cost of approximately \$8,193 in the Water & Sewer Fund. Also, the Water & Sewer Fund's portion of health insurance cost for active employees and retirees is approximately \$106,000.⁸³

⁸³ The only pre-65 30 Fund retiree is now having health insurance paid out of 30 Fund.

811-SEWER FISCAL YEAR 2017-18

EXPENDITURES	FY 14/15 BUDGET		FY 15/16 BUDGET		FY 16/17 BUDGET		FY 17/18 Adopted Budget
	Year End Budget	Actual Expenditure	Year End Budget	Actual Expenditure	Year End Budget	As of 03/31/2017	
30-811-02 SALARIES AND WAGES	\$99,079	\$91,166	\$100,879	\$90,731	\$102,949	\$72,398	\$109,725
30-811-04 PROFESSIONAL SERVICES	\$4,000	\$-	\$10,000	\$-	\$30,000	\$10,500	\$97,500
30-811-05 FICA EXPENSE	\$7,580	\$6,549	\$7,718	\$6,557	\$7,957	\$5,095	\$8,400
30-811-06 GROUP INSURANCE	\$19,800	\$19,255	\$20,763	\$19,516	\$22,215	\$16,686	\$26,505
30-811-07 RETIREMENT	\$10,969	\$10,068	\$10,969	\$9,690	\$11,653	\$8,197	\$12,715
30-811-09 LIFE INSURANCE	\$375	\$306	\$306	\$274	\$307	\$222	\$355
30-811-11 TELEPHONE AND POSTAGE	\$1,800	\$1,251	\$1,800	\$498	\$3,800	\$360	\$2,500
30-811-13 UTILITIES	\$14,500	\$12,291	\$15,000	\$13,920	\$16,500	\$9,319	\$16,500
30-811-14 TRAVEL AND TRAINING	\$1,100	\$1,036	\$2,600	\$2,081	\$1,500	\$1,167	\$2,500
30-811-15 MAIN. & REPAIR BLDG	\$1,900	\$288	\$2,900	\$188	\$3,000	\$24	\$3,000
30-811-16 MAIN. & REPAIR EQUIP.	\$38,650	\$36,218	\$20,000	\$19,975	\$21,000	\$12,637	\$25,000
30-811-17 MAIN. & REPAIR VEHICLE	\$2,300	\$1,095	\$3,300	\$2,182	\$3,300	\$3,051	\$3,300
30-811-21 EQUIPMENT RENTAL	\$-	\$-	\$-	\$-	\$2,000	\$-	\$8,000
30-811-20 WORKPLACE SAFETY COMP.	\$1,000	\$315	\$2,500	\$1,450	\$-	\$479	\$2,000
30-811-26 ADVERTISING	\$400	\$352	\$800	\$168	\$800	\$-	\$800
30-811-30 GASOLINE & OIL	\$8,500	\$6,360	\$7,492	\$5,522	\$10,500	\$1,951	\$10,500
30-811-31 TIRES	\$4,600	\$4,488	\$1,500	\$300	\$2,000	\$-	\$2,000
30-811-33 SUPPLIES & MATERIALS	\$18,000	\$15,989	\$17,000	\$16,448	\$17,000	\$12,182	\$17,000
30-811-34 CHEMICALS	\$1,000	\$-	\$2,100	\$-	\$3,000	\$-	\$3,000
30-811-36 UNIFORMS	\$2,300	\$2,300	\$3,050	\$2,601	\$2,300	\$1,775	\$2,300
30-811-42 CONTRACTED SERVICES	\$954,000	\$907,346	\$1,015,000	\$947,649	\$1,008,000	\$591,561	\$1,089,000
30-811-44 MCDONALDS/CREEK SEWER	\$-	\$-	\$25,000	\$25,000	\$-	\$-	\$-
30-811-51 BAD DEBT EXPENSE	\$-	\$4,550	\$15,000	\$-	\$7,500	\$-	\$7,500
30-811-54 INSURANCE & BONDS	\$17,700	\$15,804	\$19,700	\$10,021	\$16,184	\$13,672	\$20,000
30-811-56 PLANNING GRANT EXPENSE	\$-	\$-	\$-	\$-	\$-	\$-	\$-
30-811-57 MISC. EXPENSE	\$-	\$-	\$525	\$505	\$-	\$-	\$-
30-811-59 DEPRECIATION-SEWER	\$-	\$214,620	\$5,000	\$-	\$-	\$-	\$5,000
30-811-74 CAPITAL OUTLAY-EQUIP.	\$21,150	\$-	\$60,233	\$50,994	\$1,994	\$985	\$6,000
30-811-75 CIVITAN PARK SEWER LINE	\$23,300						\$10,000
30-811-81 DEBT SERVICE DUE	\$41,070	\$-	\$-	\$-	\$-	\$-	
30-811-82 DEBT INTEREST DUE	\$880	\$459	\$-	\$-	\$-	\$-	
30-811-83 DEBT HANDLING CHARGES	\$-	\$-	\$-	\$-	\$-	\$-	
30-811-91 CONT. TO CDGB PROJECT	\$25,000	\$25,000	\$-	\$-	\$-	\$-	

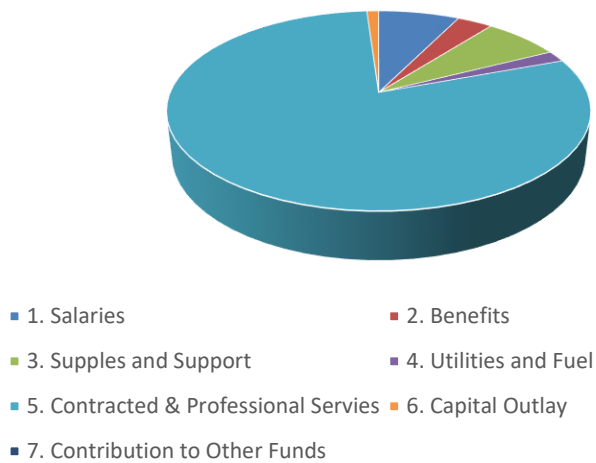
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30-811-92 SEWER LINE ADJ E WADE BR	\$-	\$-	\$44,400	\$44,375	\$-	\$-	
TOTALS	\$1,320,953	\$1,377,106	\$1,415,535	\$1,270,645	\$1,295,459	\$762,261	\$1,491,100

1. Salaries	\$109,725	7.4%
2. Benefits	\$47,975	3.2%
3. Supplies and Support	\$103,900	7.0%
4. Utilities and Fuel	\$27,000	1.8%
5. Contracted & Professional Services	\$1,186,500	79.6%
6. Capital Outlay	\$16,000	1.1%
7. Contribution to Other Funds		
Total	\$1,491,100	

Sewer - Expense by Type



Incentive Grant Expenditures

Function: This budgetary department's core function is to be an accounting tool for tracking what are often incentive payments for economic development projects, economic tax rebate incentives, etc.

Staffing: None.

FY 2017-18 Budget: No funds are included in this budgetary department.

**890 - INCENTIVE GRANT(s)
FISCAL YEAR 2017-18**

	FY 14/15 BUDGET		FY 15/16 BUDGET		FY 16/17 BUDGET		FY 17/18 Adopted Budget
EXPENDITURES	Year End Budget	Actual Expenditure	Year End Budget	Actual Expenditure	Year End Budget	As of 12/31/2016	
30-890-60 INCENTIVE GRANT(S)	30,000.00	30,000.00	\$0	\$0	\$0	\$0	\$0
TOTALS	30,000.00	30,000.00	\$0	\$0	\$0	\$0	\$0

1. Salaries
2. Benefits
3. Supplies and Support
4. Utilities and Fuel
5. Contracted & Professional Services
6. Capital Outlay
7. Contribution to Other Funds

Contingency

Function: Contingency can be used to address any unforeseen events or to take advantage of any opportunities.

Staffing: None.

FY 2017-18 Budget: Contingency is budgeted at \$50,000 which is a decrease of 16.7% (\$10,000) compared to FY 2016-17.

CONTINGENCY FUND FISCAL YEAR 2017-18

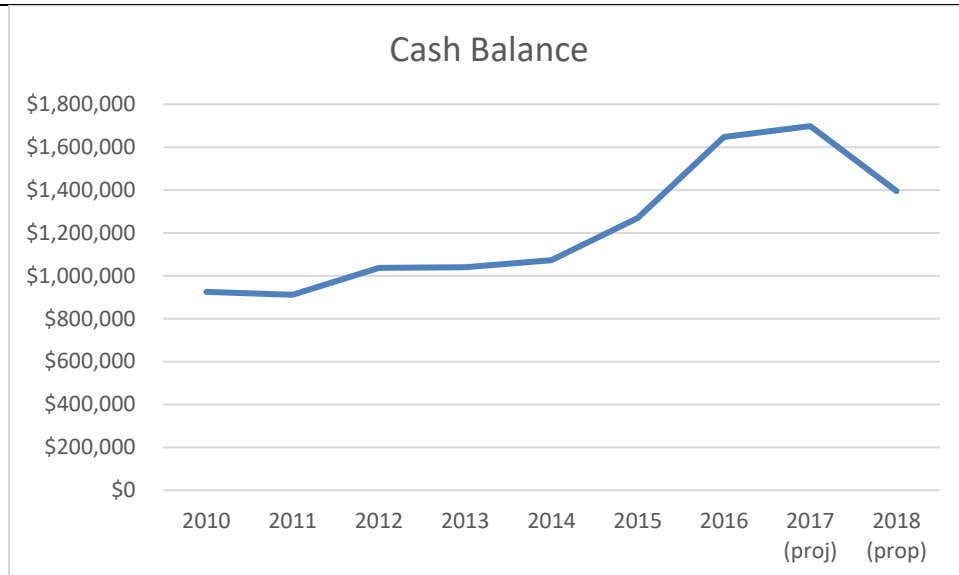
	FY 14/15 BUDGET		FY 15/16 BUDGET		FY 16/17 BUDGET		FY 17/18 Adopted Budget
EXPENDITURES	Year End Budget	Actual Expenditure	Year End Budget	Actual Expenditure	Year End Budget	As of 12/31/2016	
30-999-00	\$50,156	\$-	\$19,472	\$-		\$-	\$50,000

1. Salaries
2. Benefits
3. Supplies and Support
4. Utilities and Fuel
5. Contracted & Professional Services
6. Capital Outlay
7. Contribution to Other Funds

Water & Sewer Fund: Fund/Cash Balance

Similar to the Fund Balance maintained by the General Fund, the amount of cash balance maintained by the Water & Sewer Enterprise Fund is an important measure of financial health. Cash balance is defined for our purposes here as the current assets that are unrestricted cash and cash equivalents. The chart and table below show the cash balance for the Water & Sewer Enterprise Fund.⁸⁴

Fiscal Year Ending	2010	2011	2012	2013	2014	2015	2016	2017 (proj)	2018 (prop)
Cash Balance	\$924,923	\$911,433	\$1,037,513	\$1,039,304	\$1,072,136	\$1,270,457	\$1,647,245	\$1,698,229	\$1,395,586
Cash Balance %/Expend.	39.5%	39.0%	44.7%	43.9%	39.8%	51.5%	65.4%	65.5%	47.3%



Per the above, the Town has steadily increased its cash balance in the Water & Sewer Fund due to our conservative posture. Indeed, this increase has been intentional because, given the long-term and sustain operating losses previously incurred, the Town can start using these funds toward infrastructure projects. Given the long-term and sustained operating losses incurred, these funds can now start being used for the ultimate replacement of system assets. As a result, this budget proposes uses some of those funds toward infrastructure projects.

Based on Council feedback, the FY 2017-18 budget proposal uses cash reserves to fund all or a portion of the following items:

- \$175,000 – USDA Infrastructure Projects – Engineering, Surveying, etc.
- \$50,000 – Fire Truck Savings – Transfer to General Fund
- \$50,000 – Contingency Funds
- \$25,800 – Public Services Pickup – 66% Water, 20% Sewer
- \$25,000 – Distribution Valve Replacement & General Improvements

⁸⁴ For illustrative purposes, this calculation takes a conservative approach by including depreciation. The projected FYE 2017 w/s cash balance % assumes that a 3% increase in operating expenditures from FYE 2016 (\$2,518,658 plus 3% = 2,594,218) with revenues decreasing 1% from FYE 2016 (\$2,671,921 minus 1%=\$2,645,202), which leads to an increase of \$50,984. Also, the projected FYE 2017 w/s cash balance % assumes 3% increase in expenditures from FYE 2017 (\$2,594,218 plus 3% = \$2,672,045 plus \$275,800 which is cost of several notable expenditures from several infrastructure related items = a decrease of \$302,643.

- \$25,000 – Radio Reader Replacement Program
- \$15,000 – Water Plant/Distribution System Separation
- \$10,000 – Hess Sewer Line Project
- \$95 – Performance Management & Performance Pay System

As discussed above, the Town has made a conscious decision to budget \$225,000 from reserves for certain USDA infrastructure projects and a fire truck. If this is removed, the reserves amount budgeted is \$150,895, which is significantly less than previous fiscal years which reported net increases in cash including FY 2015-16 (\$198,760 in budgeted reserves), FY 2014-15 (\$321,300), and FY 2013-14 (\$104,074). Similarly, the current⁸⁵ FY 2016-17 Budget (\$412,372) is projected⁸⁶ to finish with a net cash increase.

There are two general reasons why the Town has had positive cash increases in recent years despite significant significant appropriations from reserve funds. First, the Town did not actually spend the total amount of budgeted expenditures in recent years. Indeed, the Town seeks to be prudent with budgeted funds. Also, a major factor is rainfall, which can drive up sewer bills due to inflow and infiltration. Second, water and sewer revenues in recent years have consistently beat projections. If these two factors reoccur in FY 2017-18, the Town should not spend the entire amount of reserves budgeted unless there there is an unforeseen event.

Still, while recent history has shown us that it is possible the Town does not actually expend the total amount of fund balance reserves budgeted, it is possible that these funds could be spent. Indeed, this budget includes several large items to be paid for from reserves such as engineering for infrastructure projects. The decision to purchase an absolute quantity is more of a binary decision and is less variable-driven as compared to the County sewer line-item which is dependent on rainfall. As a result, this FY 2017-18 budget proposal may be more likely to use a higher percentage of budgeted cash reserves than previous budgets in the amount of \$302,643.

As the Town strives to be responsible operators of our community's utility system, this proposal makes several recommendations given the possible use of \$302,643 in reserves. First, that the Town continue to be cautious in both monitoring revenues and being fiscally conservative with expenditures through FY 2017-18. Second, that the Town allow for sufficient time to pass into FY 2017-18 for the Finance Officer to properly assess FY 2016-17 and the progress of FY 2017-18. Only if the Finance Officer deems it prudent during FY 2017-18 should the Town make the following expenditures totaling \$275,800:

- \$175,000 – USDA Infrastructure Projects – Engineering, Surveying, etc.
- \$50,000 – Fire Truck Savings – Transfer to General Fund
- \$25,800 – Public Services Pickup – 66% Water, 20% Sewer
- \$25,000 – Distribution Valve Replacement & General Improvements

⁸⁵ As of 5/26/17.

⁸⁶ However, this is a low-confidence prediction.

Financial Summaries

Consolidated Revenue Budget Summary

This summary is intended to provide the reader a broad overview of the revenues for the two major funds of the Town of Wadesboro for FY 2017-18.

<u>GENERAL FUND</u>							
REVENUE	FY 14/15 BUDGET		FY 15/16 BUDGET		FY 16/17 BUDGET		FY 17/18 Prop. Budget
	Year End Budget	Actual Revenue	Year End Budget	Actual Revenue	Current Budget	As of 03/31/2017	
Property Taxes	\$1,801,040	\$2,007,164	\$1,846,440	\$1,983,946	\$2,010,602	\$1,931,481	\$2,021,562
Sales Tax	\$850,000	\$930,199	\$890,000	\$949,862	\$1,020,000	\$824,892	\$1,092,658
State Shared Revenue	\$303,000	\$390,978	\$306,000	\$404,004	\$390,000	\$266,100	\$375,000
Local Revenue & Other	\$559,845	\$567,134	\$899,675	\$585,640	\$759,300	\$739,362	\$508,925
Grants & Restricted Revenue	\$626,028	\$302,944	\$689,597	\$666,985	\$254,600	\$227,616	\$246,734
Fund Balance	\$608,296	\$-	\$981,333	\$-	\$595,085	\$-	\$375,050
Fund Total	\$4,748,209	\$4,198,419	\$5,613,045	\$4,590,437	\$5,029,587	\$3,989,451	\$4,619,929
<u>WATER & SEWER FUND</u>							
REVENUE	FY 14/15 BUDGET		FY 15/16 BUDGET		FY 16/17 BUDGET		FY 17/18 Prop. Budget
	Year End Budget	Actual Revenue	Year End Budget	Actual Revenue	Current Budget	As of 03/31/2017	
Water Charges	\$1,080,000	\$1,106,358	\$1,110,000	\$1,198,242	\$1,110,000	\$902,471	\$1,190,000
Sewer Charges	\$1,350,000	\$1,416,591	\$1,390,000	\$1,412,902	\$1,390,000	\$1,063,117	\$1,480,000
W/S Fees & Penalties	\$72,000	\$92,975	\$81,025	\$94,265	\$85,000	\$54,360	\$75,025
Transfers & Intergov't Transfer		\$1,153,544					
Capital Contributions		\$702,862					
Local Revenue & Other	\$2,000	\$(6,083)	\$34,000	\$44,237		\$1,106	\$1,000
Fund/Cash Balance	\$321,300		\$198,760		\$412,372		\$295,895
Fund Total	\$2,825,300	\$4,466,247	\$2,813,785	\$2,749,646	\$2,997,372	\$2,021,054	\$3,041,920
Total All Funds	\$7,573,509	\$8,664,666	\$8,426,830	\$7,340,083	\$8,026,959	\$6,010,505	\$7,661,849

Consolidated Expenditure Budget Summary

This summary is intended to provide the reader a broad overview of the expenditure budgets for the two major funds of the Town of Wadesboro for FY 2017-18. A greater level of detail and information regarding each revenue and expense is provided in other areas of this document.

GENERAL FUND							
BUDGET UNIT	FY 14/15 BUDGET		FY 15/16 BUDGET		FY 16/17 BUDGET		FY 17/18 Proposed Budget
	Year End Budget	Actual Expenditure	Year End Budget	Actual Expenditure	Current Budget	As of 03/31/2017	
Administration	\$643,973	\$690,905	\$697,485	\$626,020	\$971,208	\$629,026	\$724,701
Incentive Grants	\$90,000	\$-	\$-	\$-	\$-	\$-	\$-
Police	\$1,915,555	\$1,795,071	\$2,318,836	\$2,035,056	\$2,109,277	\$1,437,075	\$1,993,874
Fire	\$390,417	\$342,161	\$450,366	\$373,486	\$479,567	\$290,432	\$512,223
Garage	\$103,716	\$94,092	\$86,784	\$76,896	\$93,149	\$61,982	\$97,750
Street	\$382,593	\$327,583	\$585,758	\$507,610	\$453,479	\$302,612	\$389,630
Powell Bill	\$621,000	\$86,937	\$549,777	\$498,306	\$307,000	\$22,834	\$374,480
Sanitation	\$403,122	\$362,196	\$812,911	\$596,167	\$552,151	\$409,873	\$450,680
Park	\$30,483	\$20,419	\$25,081	\$19,823	\$27,591	\$12,900	\$26,591
Contingency	\$204,350	\$-	\$86,048	\$-	\$36,165	\$-	\$50,000
Fund Total	\$4,785,209	\$3,719,364	\$5,613,046	\$4,733,364	\$5,029,587	\$3,166,734	\$4,619,929
WATER & SEWER FUND							
BUDGET UNIT	FY 14/15 BUDGET		FY 15/16 BUDGET		FY 16/17 BUDGET		FY 17/18 Proposed Budget
	Year End Budget	Actual Expenditure	Year End Budget	Actual Expenditure	Current Budget	As of 03/31/2017	
Water	\$1,424,191	\$1,158,466	\$1,378,778	\$1,154,335	\$1,641,913	\$1,060,516	\$1,500,820
Sewer	\$1,320,953	\$1,377,106	\$1,415,535	\$1,270,645	\$1,295,459	\$762,261	\$1,491,100
Contingency	\$50,156	\$-	\$19,472	\$-	\$60,000	\$-	\$50,000
Incentive Grants	\$30,000	\$30,000	\$-	\$-	\$-	\$-	\$-
Fund Total	\$2,825,300	\$2,565,572	\$2,813,785	\$2,424,980	\$2,997,372	\$1,822,777	\$3,041,920
Total All Funds	\$7,610,509	\$6,284,936	\$8,426,831	\$7,158,344	\$8,026,959	\$4,989,511	\$7,661,849

Consolidated Fund Balance Summary

For simplicity, fund balance can basically be explained as the amount of assets in excess of liabilities in a given fund. The benefits of having a healthy fund balance include enabling the Town to meet our financial obligations without interruptions due to cash flow, improving our credit rating, generating investment income, eliminating the need for short-term borrowing, and providing a reserve of funds to respond to emergencies or opportunities.

The North Carolina Local Government Commission (LGC) monitors the level of available fund balance each locality maintains as a sign of their relative financial strength. The LGC uses the benchmark of 8% of expenditures. If fund balance is less than 8% of expenditures, the LGC typically expresses concern to the locality and directs action to increase the fund balance. Notably, the Town of Wadesboro does not have an established goal to maintain a certain level of General Fund Balance compared to total expenditures. Comparable municipalities⁸⁷ had an average available fund balance of 74.45% to total expenditures at FYE 2014.

Please find below a chart summarizing the fund and unrestricted cash balances of each of the two major funds.
⁸⁸ Additionally, the projected balance at the end of FYE 2016 as compared to the level projected for the end of FYE 2017.

<i>Fiscal Year Ending</i>	2011	2012	2013	2014	2015	2016	2017 (proj)**	2018 (prop)**	Change vs. 2017
General Fund									
Fund Balance \$	\$1,785,065	\$2,014,569	\$1,748,525	\$1,695,571	\$2,130,055	\$2,010,255	\$2,010,255	\$1,685,255	(\$325,000)
Fund Balance %/Expend.	45.9%	50.2%	45.8%	45.0%	58.7%	42.6%	44.1%	35.9%	-16.2%
<i>Fiscal Year Ending</i>	2011	2012	2013	2014	2015	2016	2017 (proj)**	2018 (prop)**	Change vs. 2017
Water/Sewer Fund									
Cash Balance \$	\$911,433	\$1,037,513	\$1,039,304	\$1,072,136	\$1,270,457	\$1,647,245	\$1,698,229	\$1,395,586	(\$302,643)
Cash Balance %/Expend.	39.0%	44.7%	43.9%	39.8%	51.5%	65.4%	65.5%	47.3%	-17.8%
Total	2011	2012	2013	2014	2015	2016	2017 (proj)**	2018 (prop)**	Change vs. 2017
Fund/Cash Balance \$	\$2,696,498	\$3,052,082	\$2,787,829	\$2,769,721	\$3,400,512	\$3,657,500	\$3,708,484	\$3,080,841	(\$627,642) (-16.9%)

For a detailed discussion regarding the causes and consequences of changes in fund balance and cash balance on pg. 96-98 and pg. 117-118. However, these estimated declines in the table above for FY 2017-18 is based on the budgeting of reserves in both major funds due to input during budget workshops. On the General Fund, there is a significant change due to the carry-over of delayed FY 2016-17 street resurfacing projects along with the decision to fund retiree health insurance from reserves. On the Water & Sewer Fund side, there is a significant change due to the decision to budget reserves to fund several items including engineering for USDA infrastructure projects, to transfer funds to save towards a fire truck, and other capital items.

⁸⁷ Municipalities without electric systems with populations between 2,500 and 9,999 at the end of fiscal year 2014. (Local Government Commission – North Carolina Department of State Treasurer).

⁸⁸ For illustrative purposes, this calculation takes a conservative approach by including depreciation within the Enterprise Fund. The projected FYE 2017 w/s cash balance % assumes that a 3% increase in operating expenditures from FYE 2016 (\$2,518,658 plus 3% = 2,594,218) with revenues decreasing 1% from FYE 2016 (\$2,671,921 minus 1%=\$2,645,202), which leads to an increase of \$50,984. Also, the projected FYE 2017 w/s cash balance % assumes 3% increase in expenditures from FYE 2017 (\$2,594,218 plus 3% = \$2,672,045 plus \$275,800 which is cost of several notable expenditures from several infrastructure related items = a decrease of \$302,643.

Debt Limits

North Carolina General Statutes limit the amount of debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. At June 30, 2016, the legal debt margin for the Town of Wadesboro was \$26,810,257. At this same time, the Town of Wadesboro had \$846,458 in obligations for capital leases and installment purchases.⁸⁹ This includes \$121,349 in the General Fund and \$725,109 in the Water & Sewer Enterprise Fund. These numbers do not reflect the fire station installment financing agreement which the Town entered into in FY 2016-17 for a principal amount of \$1,100,000 for the design-build construction of a new fire station. However, the numbers and charts below do reflect this agreement.

Debt Summaries

For FY 2017-18, the Town does not plan to incur any further debt in the General Fund but may incur debt in the Water & Sewer Fund as part of a USDA infrastructure financing package. However, this amount is currently unknown because the Town has not yet received a final answer on its USDA application.

The total principal and interest payments for FY 2017-18 is shown below by funds and in the aggregate:

Fund	FY 2017-2018		
	Interest	Principal	Total Payment
General Fund	\$33,095.04	\$112,082.94	\$145,177.98
Water & Sewer	\$14,417.72	\$126,166.67	\$140,584.39
All Funds Total	\$47,512.76	\$238,249.61	\$285,762.37

With debt marked as in the General Fund ("GF") or Water Sewer Fund (WS), below is a table showing the Town's debt service current and projected obligations beginning July 1, 2017, which is estimated at \$2,564,822.88:

	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
BB&T (Uptown Waterline) (WS)	\$104,765.83	\$102,737.92	\$100,710.02	\$98,682.11	\$96,654.21	\$94,626.30	\$-	\$-
Anson Bank (Sanitation Leaf Truck) (GF)	\$12,834.92	\$12,834.92	\$12,834.92	\$12,834.89	\$-	\$-	\$-	\$-
PNC (Water Plant) (WS)	\$35,818.56	\$8,954.64	\$-	\$-	\$-	\$-	\$-	\$-
USDA/PD Elec. (Auto. Trash Equip.) (GF)	\$45,000.00	\$45,000.00	\$45,000.00	\$45,000.00	\$45,000.00	\$45,000.00	\$45,000.00	\$15,000.00
Fire Station (GF)	\$87,343.06	\$85,725.90	\$84,188.50	\$82,491.60	\$80,874.45	\$79,257.29	\$77,702.17	\$76,022.99
	\$285,762.37	\$255,253.38	\$242,733.44	\$239,008.60	\$222,528.66	\$218,883.59	\$122,702.17	\$91,022.99

⁸⁹ This number does not include compensated absences, net pension obligations, and net OPEB obligations. If these long-term liabilities are concerned, the total amount is \$2,552,110 between the two funds.

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	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	2032-2033
Fire Station (GF)	\$74,405.83	\$72,788.68	\$71,215.83	\$69,554.38	\$67,937.22	\$66,320.07	\$64,729.50	\$63,085.76
	\$74,405.83	\$72,788.68	\$71,215.83	\$69,554.38	\$67,937.22	\$66,320.07	\$64,729.50	\$63,085.76

	2033-2034	2034-2035	2035-2036	2036-2037
Fire Station (GF)	\$61,468.61	\$59,851.46	\$58,243.17	\$56,617.15
	\$61,468.61	\$59,851.46	\$58,243.17	\$56,617.15

The below chart breaks down the debt service between the next five years of debt interest and principal and indicates whether this debt is included in the General Fund (“GF”) and the Water/Sewer Fund (“WS”):

	2017-2018			2018-2019			2019-2020		
	Interest	Principal	Total Payment	Interest	Principal	Total Payment	Interest	Principal	Total Payment
BB&T (Uptown Waterline) (WS)	\$12,167.43	\$92,598.40	\$104,765.83	\$10,139.52	\$92,598.40	\$102,737.92	\$8,111.62	\$92,598.40	\$100,710.02
Uwharrie (San. Leaf Truck) (GF)	\$751.98	\$12,082.94	\$12,834.92	\$568.21	\$12,266.71	\$12,834.92	\$381.66	\$12,453.26	\$12,834.92
PNC (Water Plant) (WS)	\$2,250.29	\$33,568.27	\$35,818.56	\$53.91	\$8,900.73	\$8,954.64			\$-
USDA/PDE (Auto. Trash Equip.) (GF)		\$45,000.00	\$45,000.00		\$45,000.00	\$45,000.00		\$45,000.00	\$45,000.00
Uwharrie (Fire Station) (GF)	\$32,343.06	\$55,000.00	\$87,343.06	\$30,725.90	\$55,000.00	\$85,725.90	\$29,188.50	\$55,000.00	\$84,188.50
			\$285,762.37			\$255,253.38			\$242,733.44

	2020-2021			2021-2022			2022-2023		
	Interest	Principal	Total Payment	Interest	Principal	Total Payment	Interest	Principal	Total Payment
BB&T (Uptown Waterline) (WS)	\$8,111.62	\$92,598.40	\$100,710.02	\$6,083.71	\$92,598.40	\$98,682.11	\$4,055.81	\$92,598.40	\$96,654.21
Uwharrie (San. Leaf Truck) (GF)	\$192.79	\$12,642.10	\$12,834.89						\$-
PNC (Water Plant) (WS)			\$-			\$-			\$-
USDA/PDE (Auto. Trash Equip.) (GF)		\$45,000.00	\$45,000.00		\$45,000.00	\$45,000.00		\$45,000.00	\$45,000.00
Uwharrie (Fire Station) (GF)	\$27,491.60	\$55,000.00	\$82,491.60	\$25,874.45	\$55,000.00	\$80,874.45	\$24,257.29	\$55,000.00	\$79,257.29
			\$241,036.51			\$224,556.56			\$220,911.50

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	2023-2024			2024-2025			2025-2026		
	Interest	Principal	Total Payment	Interest	Principal	Total Payment	Interest	Principal	Total Payment
BB&T (Uptown Waterline) (WS)	\$2,027.90	\$92,598.40	\$94,626.30			\$-			
Uwharrie (San. Leaf Truck) (GF)			\$-			\$-			
PNC (Water Plant) (WS)			\$-			\$-			
USDA/PDE (Auto. Trash Equip.) (GF)		\$45,000.00	\$45,000.00		\$15,000.00	\$15,000.00			
Uwharrie (Fire Station) (GF)	\$22,702.17	\$55,000.00	\$77,702.17	\$21,022.99	\$55,000.00	\$76,022.99	\$19,405.83	\$55,000.00	\$74,405.83
			\$217,328.47			\$91,022.99			\$74,405.83

	2026-2027			2027-2028			2028-2029		
	Interest	Principal	Total Payment	Interest	Principal	Total Payment	Interest	Principal	Total Payment
Fire Station (GF)	\$17,788.68	\$55,000.00	\$72,788.68	\$16,215.83	\$55,000.00	\$71,215.83	\$14,554.38	\$55,000.00	\$69,554.38
			\$72,788.68			\$71,215.83			\$69,554.38

	2029-2030			2030-2031			2031-2032		
	Interest	Principal	Total Payment	Interest	Principal	Total Payment	Interest	Principal	Total Payment
Fire Station	\$12,937.22	\$55,000.00	\$67,937.22	\$11,320.07	\$55,000.00	\$66,320.07	\$9,729.50	\$55,000.00	\$64,729.50
			\$67,937.22			\$66,320.07			\$64,729.50

	2032-2033			2033-2034			2034-2035		
	Interest	Principal	Total Payment	Interest	Principal	Total Payment	Interest	Principal	Total Payment
Fire Station	\$8,085.76	\$55,000.00	\$63,085.76	\$6,468.61	\$55,000.00	\$61,468.61	\$4,851.46	\$55,000.00	\$59,851.46
			\$63,085.76			\$61,468.61			\$59,851.46

	2035-2036			2036-2037		
	Interest	Principal	Total Payment	Interest	Principal	Total Payment
Fire Station	\$3,243.17	\$55,000.00	\$58,243.17	\$1,617.15	\$55,000.00	\$56,617.15
			\$58,243.17			\$56,617.15

Capital Improvement Plan

CIP: Introduction

The Town has established a Capital Improvement Plan (CIP) which is the planning mechanism by which the Town Council allocates limited financial resources to implement long term goals as defined in established Town Council priorities and other planning documents such as the Annual Retreat Report. The purpose of the Capital Improvement Plan (CIP) is to plan for major capital needs over a five-year period. Capital planning is an important management tool that strengthens the linkage between community infrastructure needs and the financial capacity of the Town.

The CIP is a multi-year plan for capital expenditures such as the acquisition of land, construction or significant renovation of public facilities (i.e. buildings/parks), construction of new transportation (i.e. roads, sidewalks, multi-use paths), expansion or significant renovation of water, wastewater, or stormwater infrastructure, capital equipment to support operations, or any combination of the above. Projects eligible for inclusion in the CIP are those with an asset value of equal to or greater than \$5,000 and a useful life of greater than three years. Please note that the Town defines a “capital expenditure” as all assets with a value of equal to or greater than \$1,500 and a useful life of greater than three years.

When identifying new projects, staff looks to the long-term priorities and direction set by Town Council as mentioned above and submits formal requests through the CIP process. A formal request includes description of the project, a description of how the project implements an established goal, the estimated cost of the project, and an estimate of the recurring costs associated with a completed project (i.e. additional staff, additional utilities, etc.). The formal request also includes an analysis of alternative solutions, if any, and a statement as to the effect on services and/or programs if the project is not funded.

Once adopted by the Town Council, the CIP becomes a statement of Town policy regarding the need, priority, timing, and funding of future capital projects. The Capital Improvement Plan is simply that – a *plan*. As such, projects are subject to change based on new or shifting service needs, special financing opportunities, emergency needs, or other directives or priorities established by the Town Council. Future needs and financial constraints may result in changes in priority over the five-year period, and because priorities can change, projects included in outward planning years are not guaranteed for funding. The CIP represents the best judgment of Town Administration and Town Council at the time the Plan is adopted. Policies and priorities established in the CIP guide subsequent decisions made by Town Administration and the various boards and commissions appointed by Town Council.

CIP: Objectives

The Town of Wadesboro CIP achieves five major objectives as a component of the Town’s budget and financial planning process:

1. Helps the Town rationally and intelligently plan for the repair, replacement, and acquisition of capital items that are necessary in providing high quality services to the citizens of Wadesboro.
2. Assists in fiscal planning by forecasting capital demands together with future revenues and expenditures.
3. Ensures better coordination, evaluation, and planning of projects to serve the community and its needs.
4. Serves, together with the annual budget and other financial plans, as a guide to decision-making for the Town Council, Town Manager, and staff.

5. Serves as a systematic and comprehensive analysis of capital needs, increasing the probability of making rational budgetary judgments since improvements are identified, prioritized, and matched to the projected fiscal resources of the Town.

CIP: Relationship to Annual Operating Budget

Some CIP projects are funded through annual operating funds, such as the General Fund and the Water/Sewer Fund. In these cases, the CIP and the Annual Operating Budget are directly linked as CIP projects become authorized through the adoption of the Annual Operating Budget. Projects funded through debt financing also impact the operating budget through ongoing debt service expense. Finally, some completed CIP projects will directly impact the operating budget in that they will require ongoing expenses for staff and other operating costs.

CIP: Capital Improvement Funding

As important as the capital projects contained in the Plan are the sources of funding used to execute the Plan. Capital Improvements for the Town of Wadesboro are funded using a variety of sources that are broadly categorized as cash or debt-financing.

Cash, or pay-as-you-go (paygo) funds come from sources such as tax revenue, development related fees (recreation, transportation, and acreage fees), program fees, State revenue, and interest earnings. Some of these sources, such as State revenue from the Powell Bill, and certain others, may only be spent to meet certain needs. Other revenue sources come with no restriction on the needs they may be used to address.

CIP: Major Funding Sources

Debt Financing: For debt-financing, the Town uses a several types of debt mechanisms, including general obligation bonds, revenue bonds, and traditional lease-purchase or installment financing. The mechanism selected varies depending on the level of funding needed, the term of the need, and the current debt market conditions. General obligation bonds are approved by voters and are backed by the Town's taxing authority, to repay the bonds. Revenue bonds pledge the revenue generated by specific enterprise (water, sewer) charges.

Enterprise Funds: Enterprise funds, such as the water/sewer fund collect user fees as part of their operations, then invest a portion of that revenue into capital projects. The Town uses these funds only for corresponding enterprise projects. For instance, the water/sewer fund typically only pays for projects related to the water/sewer system, and not any general fund related project.

General Fund: General Fund revenue such as ad valorem taxes, sales taxes, utility taxes and other similar revenue are used to fund Town operations and may be used to fund capital projects such as facility improvements, transportation system improvements, stormwater infrastructure improvements, and other similar projects. Compared to other sources, general fund resources are a flexible revenue source without restrictions on their use.

Reserve from Prior Years: As capital projects are completed, any unspent budgeted amounts accumulate into capital reserves, which are available to fund future projects. Capital reserves can also build up when the Town collects revenue in excess of the amount budgeted for development fees described above.

CIP: Process

The process for developing the CIP begins shortly after the beginning of a new fiscal year (July 1) as staff considers unmet capital needs in the recently adopted budget and other emerging needs. During the first six months of the fiscal year, staff evaluates the need to include additional projects in the coming CIP and considers

the relative priority of unapproved projects. For each project, staff in the requesting department completes a CIP project request form and compiles supporting documentation. All CIP project requests are due by December 1st of each year. The Town Manager then begins the process of evaluating each capital request. An evaluation matrix will help the Manager score each request. However, this evaluation matrix will not be determinative but rather is another tool to assist the Manager in his/her evaluation.

Below is the current evaluation matrix:

1	Health, Safety and Welfare The degree to which the project improves health and safety factors. For example, projects that result in a reduction in accidents, improved structural integrity, improved public safety, and mitigation of health hazards would score higher.	25
2	Regulatory or Legal Mandates The degree to which the project is under a regulatory order or other legal mandate, or meets a federal, State or local safety requirement. For example, projects that are required by consent decrees, court orders, and other legal mandates would score higher.	20
3	Delivery of Services The degree to which the project supports operational efficiency and effective delivery of services. For example, projects that improve operational functions and services would score higher.	15
4	Strategic Goals The degree to which the project advances adopted plans and strategic goals. For example, a project that advances a Town Council strategic priority would score higher.	15
5	Outside Funding Opportunity The amount of funding in the project compared to the amount of funding provided by grant funds from outside agencies. For example, a project anticipated to receive a grant covering the entire project cost would score higher.	10
6	Receives Economic Payback in Less Than 6 Years The degree to which a project will pay for itself as compared to it not occurring within 5 years. A project which will pay for itself in less than 6 years will receive a higher score.	10
7	Financing The degree to which the project can be funded without long term borrowing. For example, a project that can be funded with three or less years of budget allocations from the general fund or other special designated fund would score higher.	10
8	Promotes Economic Development The degree to which the project would attract development or enhance a development plan promoting job growth. For example, projects that provide infrastructure in underserved or previously undeveloped areas intended to serve employment centers and commercial development would score higher.	10
9	Opportunity Costs The costs associated with deferring the project, such as inflationary construction costs or additional annual operating and maintenance costs for each year the project is not funded. For example, projects having significantly higher future costs, increased negative community impacts or public perception, should they be deferred, would score higher.	10
10	Protects/Maintains City Assets The degree to which the capital item is important to protecting/maintain an existing asset.	10
11	Operating Budget Impact The degree to which the project affects operations and maintenance costs positively or negatively. For example, a project that reduces both maintenance requirements and energy consumption would score higher.	10
Total points possible:		145

Once all submitted projects are ranked, a draft Capital Improvement Plan covering the next five fiscal years is developed by the Town Manager. Following the Manager's review the CIP document is prepared for consideration by the Town Council at the same time as the Annual Budget Ordinance. Once Council input and approval is accomplished, the CIP is used as a basis for budgeting in the coming fiscal year and in formulating financial forecasts prepared as part of the budget process.

CIP: Practices

Long-range cost estimates: Using the upcoming fiscal year as the base, staff will apply cost escalators to better estimate future construction costs. By default, we use a default annual escalator of 2.5% per year. Staff applies the escalator to new construction and significant building rehabilitations. In some elements, such as public utilities and transportation, staff applies other escalators developed for those specific service areas.

Closing Projects: Projects are closed when the approved scope of work is complete. Staff reviews project statuses periodically to identify projects that are finished and can be closed. If the budget for a completed project is not fully expended, generally, the budget is closed and the remaining balance accumulates in fund balance. The accumulated fund balance is available to pay for future projects.

CIP: 5-Year Plan

For FY 2017-18, the total items between the General and Water & Sewer Funds included in the CIP is \$2,529,924. The following schedule displays those expenditures in an organized manner.

All/Partially Grant Funded

Potential Grant Funded

Debt Service

CAPITAL ITEM DESCRIPTION	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	Total
<u>GENERAL FUND</u>						
Administration						
Server				\$15,615		\$15,615
Replace Town Hall Carpet		\$7,329				\$7,329
Performance Evaluation System	\$11,000					\$11,000
Existing Capital Debt Service	\$-	\$-	\$-	\$-	\$-	\$-
Total - Administration	\$11,000	\$7,329	\$-	\$15,615	\$-	\$33,944
Police Department						
Police Vehicle Replacement Program	-	\$66,769	\$34,220	\$35,076	\$71,906	\$207,971
Body Cameras	\$30,000					
Existing Capital Debt Service		\$-	\$-			\$-
Total - Police Department	\$30,000	\$66,769	\$34,220	\$35,076	\$71,906	\$207,971
Fire Department						
Vehicle Exhaust System	\$32,000					\$32,000
Fire Ladder Truck	\$700,000					\$700,000
FEMA Equipment Grant	\$62,510					
Rescue Pumper	\$50,000	\$450,000				\$500,000
Fire Prevention Truck		\$37,000				\$37,000
SCBA			\$28,000	\$29,400	\$31,622	\$500,000
Turn-out Gear/PPE		\$17,000		\$22,940	\$22,940	\$62,880
Existing Capital Debt Service	\$87,344	\$85,726	\$84,189	\$82,492	\$80,875	\$420,626
Total - Fire Department	\$931,854	\$589,726	\$112,189	\$134,832	\$135,437	\$2,252,506
Street Dept. (Powell Bill Funding)						
Burns Street Bridge Repair					\$500,000	\$500,000
Tar Kettle (Used)	\$10,000					\$10,000
Public Services Pickup (7%)	\$2,100					\$2,100

Mini-Excavator				\$40,000		\$40,000
Bridge Maintenance	\$10,000					\$10,000
Street Resurfacing	\$292,480	\$110,000	\$92,000	\$110,000	\$92,000	\$696,480
Crack Sealing	\$18,000		\$18,000		\$18,000	\$54,000
Existing Capital Debt Service						
Total - Street/Powell Bill	\$332,580	\$110,000	\$110,000	\$150,000	\$610,000	\$1,312,580
Shop						
New Facility					\$282,853	\$282,853
R134 Recovery Unit	\$6,500					\$6,500
Vehicle Lift		\$18,450				
Total - Shop	\$6,500	\$18,450	\$-	\$-	\$282,853	\$307,803
						\$-
Sanitation						
Trash Cans			\$10,000			\$10,000
Limb Truck		\$135,813				\$135,813
Public Services Pickup (7%)	\$2,100					
Pickup			\$28,367			\$28,367
Existing Capital Debt Service	\$57,835	\$75,835	\$75,835	\$75,835	\$63,001	\$348,341
Total - Sanitation	\$59,935	\$211,648	\$114,202	\$75,835	\$63,001	\$524,621
Parks						\$-
Additional City Park Camera Sys.				\$8,405		\$-
Total - Parks				\$8,405		\$8,405
Total - General Fund	\$1,371,869	\$1,003,922	\$370,611	\$419,763	\$1,163,197	\$4,329,362
<u>WATER/SEWER FUND</u>						
Water & Sewer- System Projects						
USDA Engineering	\$175,000	\$191,000				\$366,000
Bundled System Improvements		\$2,000,000		\$175,000	\$175,000	\$2,350,000
Hess Sewer Line Work	\$10,000					\$10,000
Distribution System Insertion Valves	\$25,000		\$19,000	\$20,000	\$21,000	\$85,000
Existing Capital Debt Service	\$140,585	\$111,693	\$275,711	\$273,683	\$271,655	\$1,073,327
Total - W/S - System Projects	\$350,585	\$2,302,693	\$294,711	\$468,683	\$467,655	\$3,884,327

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Water - Equipment						
Hand Meter	\$5,500					\$5,500
Radio Meter Boxes	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$125,000
Trnsfer GF - Fire Truck	\$50,000					\$50,000
Public Services Pickup (66%)	\$19,800					\$19,800
Mini Excavator				\$40,000		
Existing Capital Debt Service						
Total - Water Equipment	\$801,470	\$4,630,386	\$614,422	\$1,002,366	\$960,310	\$8,008,954
Sewer - Equipment						
Public Services Pickup (20%)	\$6,000					
Sewer Jet Truck				\$180,000		
Existing Capital Debt Service					\$20,000	\$20,000
Total - Sewer System Proj. & Equip.	\$6,000	\$-	\$-	\$180,000	\$20,000	\$206,000
<u>Total - Water & Sewer Fund</u>	\$1,158,055	\$6,933,079	\$909,133	\$1,651,049	\$1,427,965	\$12,079,281

CIP: Capital Projects List

The Capital Projects list is another way to view the CIP including the scoring.

Project	Department	Estimated Cost (CY)	Outside Funds Available	City's Obligation	FY Funded	Potential Financing Source	Score
Server	Administration	\$14,500	-	\$14,500	20-21	GF	32
Town Hall Flooring	Administration	\$7,150	-	\$6,150	18-19	GF/WS	15
Police Vehicle Replacement	Police	\$65,140	-	\$65,140	Program	GF	31
Interview Equipment	Police	\$9,160	-	\$9,160	18-19	GF	13
Body Cameras	Police	\$30,000	\$30,000	-	18-19	GF	28
Vehicle Program	Police	Varied	-	Varied	Program	GF	31
Vehicle Exhaust System	Fire	\$32,000	-	\$32,000	17-18	GF	25
Ladder Truck	Fire	\$700,000		\$70,000	17-18	GF	43
FEMA Equipment Grant	Fire	\$62,510	\$59,534	\$2,976	17-18	GF	39
Rescue Pumper	Fire	\$450,000	-	\$450,000	18-19	GF/WS	48
Fire Prevention Truck	Fire	\$37,000	-	\$37,000	18-19	GF	30
SCBA	Fire	Varied		Varied	Program	GF	35
Turn-out Gear PPE	Fire	Varied	Varied	Varied	Program	GF	35
New Facility	Shop	\$282,853	-	\$282,853	21-22	GF/WS	3
R134 Recover Unit	Shop	\$6,500	-	\$6,500	17-18	GF	37
Vehicle Lift	Shop	\$18,000	-	\$18,000	18-19	GF	21
Trash Cans	Sanitation	\$10,000	\$10,000	\$10,000	19-20	GF	N/A
Limb Truck	Sanitation	\$135,813	-	\$135,813	18-19	GF	34
Pubic Services Pickup	San/Str/W/S	\$30,000	-	\$30,000	17-18	GF/WS	29
City Park Cameras	Parks	\$8,405	-	\$8,405	20-21	GF	15
USDA W/S Proj. - Eng.	W/S	\$366,000	-	\$366,000	Program	WS	53
Hess Sewer Line Work	Sewer	\$10,000	-	\$10,000	17-18	WS	30
Distrib. System Valves	Water	\$25,000	-	\$25,000	Program	WS	35
Handheld Meter	Water	\$5,500	-	\$5,500	17-18	WS	20
Radio Meter Boxes	Water	\$25,000	-	\$25,000	Program	WS	30
Mini Excavator	Water	\$40,000	-	\$40,000	20-21	WS	7
Sewer Jet	Sewer	\$180,000	-	\$180,000	20-21	WS	30

Personnel

Personnel: Costs

The total of personnel expenses⁹⁰ is budgeted at \$3,394,319 including \$2,757,001 in the General Fund and \$637,318 in the Water & Sewer Fund. This total number represents approximately 44% of the total combined budget with personnel costs representing 72.2% of the General Fund and 21.2% of the Water & Sewer Fund.

Personnel: Positions

For FY 2017-18, the combined budgets include funding for 56.5 full-time and 3 part-time⁹¹ positions with decreases indicated in **red text** and increases indicated in **green text**:

	FYE 2013	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018
Administration	4	4	4	5	5	5
Police	31	30	29	29	29	29
Fire	3	3	3	3	3	3
Garage	1	1	1	1	1	1
Street	4	4	4	4	4	4
Sanitation	9	9	7	6	6	6
Parks	1	1	1	1	1	1
Water	12	12	12	9	9	9
Sewer	3	3	3	3	3	3
TOTAL	68	67	64	61	61	61

Changes by Fiscal Year:

- ❖ FY 2017-18 - During the Budget Workshops, the Council opted to keep open a police position until January 2018 due to the COPS grant expiring. However, Chief Spencer indicated that this should not hinder his timeline. This position is shown as a part-time position for FY 2017-18.
- ❖ FY 2016-17 – No changes.
- ❖ FY 2015-16 – A part-time Uptown Director position was added. A vacant part-time Sanitation position was eliminated due to anticipated efficiency gains due to planned automated trash pickup system. 3 vacant water plant operator positions were eliminated due to decision to put water plant on hiatus pending a permanent decision and obtain treated water for customers via purchase from Anson County.
- ❖ FY 2014-15 – 2 vacant sanitation positions were eliminated due to reducing trash pickup from twice per week to once per week.
- ❖ FY 2013-14 – 1 vacant/frozen police position was eliminated.
- ❖ FY 2012-13 – No changes.

The below tables offer more detailed breakdowns from FYE 2014 to FYE 2017 based on full-time and part-time employees:

⁹⁰ FY 2017-18 - Includes salary, benefits, travel/training, and uniforms. Does not include Council or retiree costs.

⁹¹ Please note that while there is funding for one part-time position in Fire, there are multiple actual workers that whose work equates to one part-time position. For simplicity, this is shown as one part-time position.

<u>FYE 2017</u>	<u>Total</u>	<u># Full-time</u>	<u># Part-time</u>		<u>FYE 2018</u>	<u>Total</u>	<u># Full-time</u>	<u># Part-time</u>
Administration	5	4	1		Administration	5	4	1
Police	29	29	0		Police	29	28	1
Fire	3	2	1		Fire	3	2	1
Garage	1	1	0		Garage	1	1	0
Street	4	4	0		Street	4	4	0
Sanitation	6	6	0		Sanitation	6	6	0
Parks	1	0	1		Parks	1	0	1
Water	9	8	1		Water	9	8	1
Sewer	3	3	0		Sewer	3	3	0
TOTAL	61	57	4		TOTAL	61	56	5

<u>FYE 2015</u>	<u>Total</u>	<u># Full-time</u>	<u># Part-time</u>		<u>FYE 2016</u>	<u>Total</u>	<u># Full-time</u>	<u># Part-time</u>
Administration	4	4	0		Administration	4	4	1
Police	29	29	0		Police	29	29	0
Fire	3	2	1		Fire	3	2	1
Garage	1	1	0		Garage	1	1	0
Street	4	4	0		Street	4	4	0
Sanitation	7	6	1		Sanitation	6	6	0
Parks	1	0	1		Parks	1	0	1
Water	12	11	1		Water	9	8	1
Sewer	3	3	0		Sewer	3	3	0
TOTAL	64	60	4		TOTAL	60	57	3

Personnel: Pay & Classification System Background

Up until 2016, the Town performed a pay and classification study in 1996. At the time, the League recommended that this type of study be done by an outside organization every three to five years.

In 2014, staff approached the Council about having a pay & classification study done by the League's recommended contractor for \$15,000. Indeed, this type of study is typically conducted by an entity *outside* the organization being studied. However, everyone agreed that finances are tight and so staff agreed to conduct the study internally to save funds.

As such, staff conducted a pay and classification study which ultimately resulted in the Town's new pay and classification schedule by following the following process:

- 1.) Seeking employee input – Every employee filled out an extensive questionnaire which covered a broad range of topics. For example, the questionnaire covered major functional element of the position, resources used in the job, how work is reviewed and monitored, skills and qualifications needed, physical requirements, environmental factors, and much more.
- 2.) Department heads review – Department heads reviewed employee responses and added their own comments where appropriate.
- 3.) Administration creates job classifications – The Town Manager and Town Clerk reviewed responses, created job classifications, and then conferenced with Department Heads for comments on the classifications. After making further adjustments where appropriate, the Town Manager finalized the job classifications.
- 4.) Job classifications are given salary grades – The Town Manager looked comparable locations to assess salary market competitiveness.
- 5.) Benefits analysis – The Town Manager examined benefits in both the public and private sector for relatively comparable work.

Based on this study, the FY 2016-17 Budget included market-based pay increases for employees based a pay and classification study. However, the FY 2016-17 Budget Message noted that, "While these increases do not entirely close the pay gap, it is the first step in the right direction."

For FY 2017-18, there are several employees making more than 20% below the comparable market-rate. If these employees were to leave or retire, the current market-rate indicates that the Town would spend more to replace the positions in addition to losing their institutional knowledge. As a result, it is cost-efficient to increase their pay. Therefore, this proposal includes a 3% increase to employees making more than 20% below the comparable market-rate at a cost of about \$4,046.

Personnel: Salary Schedule

**TOWN OF WADESBORO FY 2017-18
ALLOCATION OF POSITIONS TO SALARY GRADES**

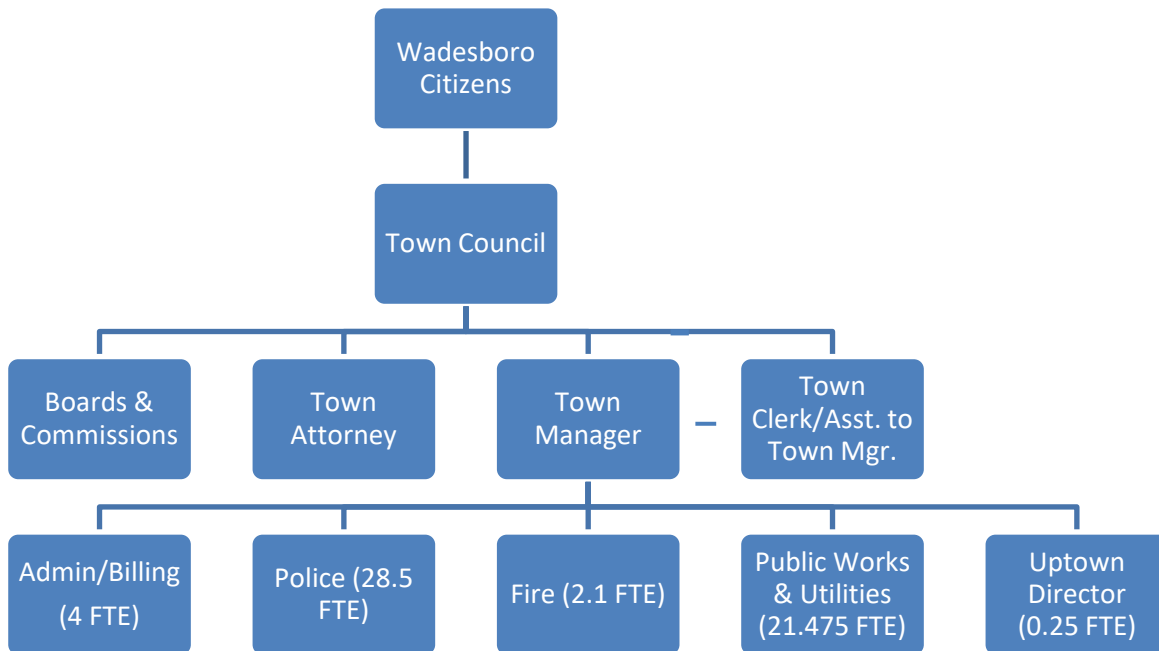
<u>SALARY GRADE</u>	<u>SALARY RANGE</u>	<u>CLASSIFICATION TITLE</u>
HOURLY - 1	\$7.25/hr-\$10.50/HR.	City Pond Custodian
HOURLY - 2	\$13.46-\$17.31/HR	Uptown Director
1	\$21,462-\$31,121	Maintenance Worker I - Sanitation
2	\$22, 529-\$32,678	Maintenance Worker II - Sanitation
3	\$23,665-\$34,313	Maintenance Worker I - Street
4	\$24,848-\$36,030	Customer Service Specialist I
		Equipment Operator I
		Maintenance Worker II - Street
		Utility Maintenance Worker I
		Meter Technician
5	\$26,093-\$36,030	Accountants Payable Clerk
		Equipment Operator II
		Utility Maintenance Worker II
		Customer Service Specialist II
6	\$27,397-\$39,726	Police Records Clerk
7	\$28,767-\$41,712	Police Officer I*
		Utilities Maintenance Worker III
		Telecommunicator/Firefighter I
8	\$30,024-\$45,197	Sanitation Supervisor
		Street Supervisor
		Water Quality Technician
		Police Officer II
		Telecommunicator/Firefighter II
9	\$31,716-\$45,988	Telecommunications/Firefighter Sup.
		Sewer Distribution Supervisor
		Water Distribution Supervisor

		Firefighter/Fire Inspector
		Office/Accounting Manager
10	\$33,302-\$48,287	Fleet Maintenance Manager
		Police Officer III
11	\$34,966-\$50,700	Police Officer IV
12	\$36,717-\$53,239	Police Sergeant
13	\$40,481-\$58,696	Police Lieutenant
14	\$41,481-\$59,696	Police Captain**
15	\$42,506-\$62,900	Fire Chief/Safety Coordinator**
16	\$44,632-\$64,714	Town Clerk/Asst. to Town Mgr.**
17	\$46,862-\$67,950	Police Chief**
18	\$48,862-\$67,950	
19	\$49,295-\$71,347	Public Services Director**
20	\$51,667-\$74,915	
21	\$54,250-\$78,662	
22	\$56,963-\$82,596	
23	\$59,811-\$86,715	
24	\$62,801-\$91,062	
25	\$65,943-\$95,616	
26	\$69,237-\$100,396	
27	\$72,699-\$105,416	Town Manager**
28	\$76,336-\$110,686	

* Police Officer I position starting salary is \$31,500.

**FLSA Exempt.

Town “Big Picture” Organizational Chart



Town Council

**Mayor Bill
Thacker**
Term expires
12/31/2019

**Councilman
Bobby Usrey**
Term expires
12/31/2017

**Councilman
Fred Davis**
Term expires
12/31/2017

**Mayor Pro Tem
James David
Lee**
Term expires
12/31/2017

**Councilman
Jeremy Burr**
Term expires
12/31/2019

**Councilman
John Ballard**
Term expires
12/31/2019

TOWN BOARDS AND APPOINTMENTS

ABC BOARD:

3-year appointment --- one out-of-town member which is appointed by County Commissioners

EXPIRES

Jerry Johnson, Chairman	4-1-2019
Jimmy Dennis	6-1-2020
Frank Richardson	3-1-2018

WADESBORO HOUSING AUTHORITY:

5-year appointment---appointed by Town Council

Charlene McCormick – Chairman	5-1-2019
Scott Rivers	4-1-2020
Brandon Chewning	4-1-2022
Chuck Kiser	5-1-2019
Hannah Spencer	6-1-2017

WADESBORO PLANNING AND ADJUSTMENT:

10 Members – 5 Members In-Town
5 Members Out-of-Town (ETJ) Appointed by County
Appointed as follows: 2 members appointed for one year
2 members appointed for two years
1 member appointed for 3 years
Thereafter, such members appointed for 3 years

IN-TOWN:

Andy Maner	5-1-2020
Eric Forbes	5-1-2019
Ken Caulder	6-1-2018
Libby Cameron	6-1-2018
Glenn Bundy	12-1-2019

ETJ: (Pending)

Dolly Harrington	5-1-2017
Lee Caple	5-1-2017
Joyce Little	6-1-2017
Cynthia Little	6-1-2017
Bonnie M. Huntley	5-1-2017

WADESBORO PARK PLANNING COMMITTEE:

Don Altieri-Co-Chairman
Jim Strayhorn-Co-Chairman
Monica Currie
Vacant
Donna McCormick
John Liles
Shirlene Davis
Cynthia Little

Uptown Square Planning Committee

Alex Sewell
Julian Swittenberg
Hugh James
Scott Collier
Dr. Don Altieri
Tommy Allen

Town of
WADESBORO
North Carolina

2017
Town Council
Planning Retreat
February 18, 2017

Summary Report

February 20, 2017

DAVID LONG CONSULTING

Strategic Planning & Organizational Development
for North Carolina's Local Governments

336.972.5216

3034 Lake Forest Drive
Greensboro, NC 27408

davidlong@northstate.net

February 20, 2107

Bill Thacker, Mayor
Alex Sewell, Town Manager
Town of Wadesboro
PO Box 697
Wadesboro, NC 28170

Dear Mayor Thacker and Mr. Sewell:

I was honored to be asked to return to work with Council this year for its 2017 Planning Retreat and appreciate very much the opportunity to serve. It has been a genuine pleasure working with everyone involved. The Council made much progress in expressing its ideas, shaping a sense of strategic direction and arriving at a common understanding of its long-range priorities. My impression is that the session was very positive and that the discussion was both energetic and constructive.

Please extend my gratitude to the members of both Council and staff for their cooperation, assistance, enthusiasm, and skills in making sure that everything operated smoothly—it is sincerely appreciated.

I hope the Council and staff will find the attached report to be accurate and satisfactory in all respects. If there are any deficiencies or needs for revision, please let me know as soon as possible so these can be addressed.

Thanks very much! I have enjoyed working with the Town of Wadesboro. If called upon, I would look forward to continuing our work together in any way possible.

Sincerely,

David Long MPA
Consultant/Facilitator

Town of WADESBORO
2017

Town Council
Planning Retreat
February 18, 2017

Summary Report
February 20, 2017

1.0- INTRODUCTION

The Town of Wadesboro conducted its 2017 Planning Retreat on February 18, 2017 at the Carolinas HealthCare System/Anson in Wadesboro. The retreat focused on the Council with the support of the manager and key staff. Attending and participating from the Council were Mayor Bill Thacker, Mayor Pro-Tem James David Lee and Councilmen John Ballard, Jeremy Burr, and Bobby Usrey.

David Long, a planning consultant based in Greensboro with 43 years' experience serving local governments throughout North Carolina, served as facilitator and prepared this summary report. The consultant's bio is included as [Attachment 1](#).

This summary report includes brief narratives describing selected elements of the retreat agenda and activities. (Additional elements may be included later as they become available from key staff.)

The consultant conferred with the Town Manager in advance of the retreat to plan the session and to develop the agenda. The retreat agenda is included as [Attachment 2](#). This summary roughly parallels the sequence of retreat agenda items.

2.0 - STRUCTURED BRAINSTORMING

The Council engaged in a structured brainstorming process. The purpose of the process was to assist the Council in developing a consensus-based prioritization of goals for the long-term.

The focus question for the session was:

What are the most important issues, needs and opportunities facing the Town of Wadesboro over the next 3-5 years?

The process allows for maximum individual creativity and respects the individual's right to voice opinions in an unpressured manner, while gradually building consensus and arriving at common ground among the group, specifically a set of priorities that is 'owned' in a unified manner by the Council. The structured process is a proven and tested method that consistently delivers results and very positive reviews from participants.

Many key pieces of information were generated from the session—a series of Excel spreadsheets were developed summarizing this information and are embodied in *Attachments 3.1 through 3.3*.

The facilitator interacted one-on-one with each participant until all ideas had been expressed and recorded on flip chart sheets. The participants voiced a total of 37 responses. Participants then prioritized these 37 items individually using a system in which a) their top nine priorities were selected and b) these top nine were further refined by assigning nine points to each participant's highest priority item, eight to the next highest and so forth until the ninth item then received one point.

- [Attachment 3.1](#) lists the 37 items in the order originally generated.
- [Attachment 3.2](#) lists the 37 items sorted by the Council's priorities—in descending order by points received. The top items follow (*points in red and item numbers in black*):

40	1	Secure new fire truck to lower ISO rating
23	4	Future health insurance affordability
22	8	Street maintenance
17	2	New limb truck
13	18	Operate within budget without a tax increase
12	6	Maintain good benefits to include insurance for employees and retirees
9	5	Once new fire station is built, turn old fire station into town hall meeting facility
9	27	Replace Burns Street bridge

- [Attachment 3.3](#) lists the 37 items sorted by **themes** in descending order of aggregate points assigned by the group.

The themes were developed by the facilitator and items assigned to each theme several days following the session. The themes are intended simply as a method to better grasp the results, and in no way to supersede or challenge any other decision-making processes in place.

It is a conceptual tool, not an end product—unscientific and imperfect but hopefully a helpful piece of information in charting a course forward. It is also somewhat subjective on the part of the facilitator, although the general intent was to follow as closely as possible the themes identified by the Council during the retreat. Others might observe completely different themes and/or assignment of items to themes (due to overlap, gray areas, etc.) and are encouraged to do so. The themes can be thought of as a tool for achieving a division of labor, for example, if multi-disciplinary task forces were to be established, each might address a priority theme.

The themes and aggregate points (in red) of each follow (*total points=225*):

• Facilities/Equipment	68
• Infrastructure/Services/Transportation	60
• Fiscal issues/Financial management	50
• Staff issues	23
• Economic development	21
• Growth management/Planning/Aesthetics	03

There is nothing binding about the themes and the points attributed to each. The most important fact is that each idea was voiced, and is therefore important regardless of the points received. At best, the rankings provide a *rough* idea of the relative weight of each theme. Much more insightful analysis by those closest to the issues (Council, staff, residents, etc.) is required to convert these rankings into a meaningful basis for action.

3.0 – POTENTIAL NEXT STEPS

Strategic Planning

The work generated at the retreat could easily form the foundation for a strategic planning initiative by building on the momentum generated at the retreat and continuing to move forward in an energetic manner. For example, it would be a relatively simple step to convert the results of the retreat into a hierarchy of goals, strategies and actions.

Action Planning

Action planning involves a detailed breakdown of the broader goals and strategies into action steps—or the ‘nuts and bolts’ of implementation for top priorities. This process is designed to ensure that ideas move beyond just words, and are instead converted into accountable action.

Formal action planning would conform roughly to the following template:

Action Plan #1

Goal –

Strategy –

Action –

Resources Needed –

Who is Involved –

Who Takes the Lead –

Potential Obstacles –

Potential Allies –

Target Date –

Report Back from Lead –

Annual Retreat Brainstorming Results

Wadesboro Council Retreat: Brainstorming 2.18.17

What are the most important issues, needs and opportunities facing the Town of Wadesboro over the next 3-5 years ?

Item #	Item <u>Listed by Item #</u>
1	Secure new fire truck to lower ISO rating
2	New limb truck
3	Open working relationship with county on economic development
4	Future health insurance affordability
5	Once new fire station is built, turn old fire station into town hall meeting facility
6	Maintain good benefits to include insurance for employees and retirees
7	Water line updates of old dilapidated lines
8	Street maintenance
9	How to become a 'certified retirement community'
10	Repave uptown streets
11	Work with Uptown Wadesboro and Chamber to bring businesses and beautify uptown
12	Solar farms on town-owned properties
13	Provide services in a timely manner
14	Sewer infrastructure improvements and reduce I & I
15	Left turn signal at US 74 and Greene St.
16	Code enforcement
17	Town Hall renovations
18	Operate within budget without a tax increase
19	Annexation
20	Replace two outdated pump stations
21	Complete building of new fire station by 12/1/17
22	Make sure our police department has the very best equipment
23	New water interconnection with county; US 52
24	Utilize our manpower and resources in the most efficient way to better serve the citizens of Wadesboro with zero tax increase
25	Seek investors to develop City Pond with houses and lots
26	Update police training for current world situation
27	Replace Burns Street bridge
28	Increase vacation time for employees when unable to give pay increases
29	Update town appearance
30	Review 2002 annexation and inventory fire hydrants
31	Look at adding travel pay to Town Council salary

- 32 Upgrade all street lighting to include LED
- 33 Economic development incentives; tax incentives
- 34 What is our role as Town in economic development?
- 35 Update all town department policies: safety, personnel, etc.
- 36 Plan ahead for traffic resulting from Monroe toll road
- 37 New ABC store on US 74

Total	Item	Item					
Points	#	<u>Listed by Points in Descending Order</u>	Individual pts				
40	1	Secure new fire truck to lower ISO rating	9	8	9	8	6
23	4	Future health insurance affordability	7	7	9		
22	8	Street maintenance	6	7	6	3	
17	2	New limb truck	8	9			
13	18	Operate within budget without a tax increase	5	5	3		
12	6	Maintain good benefits to include insurance for employees and retirees	8	4			
9	5	Once new fire station is built, turn old fire station into town hall meeting facility	9				
9	27	Replace Burns Street bridge	5	4			
8	31	Look at adding travel pay to Town Council salary	8				
7	3	Open working relationship with county on economic development	7				
7	23	New water interconnection with county; US 52	7				
6	7	Water line updates of old dilapidated lines	6				
6	24	Utilize our manpower and resources in the most efficient way to better serve the citizens of Wadesboro with zero tax increase	6				
6	33	Economic development incentives; tax incentives	4	2			
6	35	Update all town department policies: safety, personnel, etc.	3	3			
5	13	Provide services in a timely manner	5				
5	20	Replace two outdated pump stations	5				
5	26	Update police training for current world situation	3	2			
4	10	Repave uptown streets	4				
4	11	Work with Uptown Wadesboro and Chamber to bring businesses and beautify uptown	4				
3	9	How to become a 'certified retirement community'	1	2			
2	19	Annexation	2				
2	22	Make sure our police department has the very best equipment	2				
2	32	Upgrade all street lighting to include LED	1	1			
1	16	Code enforcement	1				
1	34	What is our role as Town in economic development?	1				
0	12	Solar farms on town-owned properties					
0	14	Sewer infrastructure improvements and reduce I & I					
0	15	Left turn signal at US 74 and Greene St.					
0	17	Town Hall renovations					

- | | | |
|---|----|--|
| 0 | 21 | Complete building of new fire station by 12/1/17 |
| 0 | 25 | Seek investors to develop City Pond with houses and lots |
| 0 | 28 | Increase vacation time for employees when unable to give pay increases |
| 0 | 29 | Update town appearance |
| 0 | 30 | Review 2002 annexation and inventory fire hydrants |
| 0 | 36 | Plan ahead for traffic resulting from Monroe toll road |
| 0 | 37 | New ABC store on US 74 |

Total Points	Item #	Item
<u>Listed by Themes and Aggregate Points (Red) in Descending Order</u>		
Facilities/Equipment		
40	1	Secure new fire truck to lower ISO rating
17	2	New limb truck
9	5	Once new fire station is built, turn old fire station into town hall meeting facility
2	22	Make sure our police department has the very best equipment
0	17	Town Hall renovations
68		
Infrastructure/Services/Transportation		
22	8	Street maintenance
9	27	Replace Burns Street bridge
7	23	New water interconnection with county; US 52
6	7	Water line updates of old dilapidated lines
5	13	Provide services in a timely manner
5	20	Replace two outdated pump stations
4	10	Repave uptown streets
2	32	Upgrade all street lighting to include LED
0	14	Sewer infrastructure improvements and reduce I & I
0	15	Left turn signal at US 74 and Greene St.
0	21	Complete building of new fire station by 12/1/17
60		
Fiscal issues/Financial management		
23	4	Future health insurance affordability
13	18	Operate within budget without a tax increase
8	31	Look at adding travel pay to Town Council salary
6	24	Utilize our manpower and resources in the most efficient way to better serve the citizens of Wadesboro with zero tax increase
50		
Staff issues		

- 12 6 Maintain good benefits to include insurance for employees and retirees
- 6 35 Update all town department policies: safety, personnel, etc.
- 5 26 Update police training for current world situation
- 0 28 Increase vacation time for employees when unable to give pay increases

23

Economic development

- 7 3 Open working relationship with county on economic development
- 6 33 Economic development incentives; tax incentives
- 4 11 Work with Uptown Wadesboro and Chamber to bring businesses and beautify uptown
- 3 9 How to become a 'certified retirement community'
- 1 34 What is our role as Town in economic development?
- 0 12 Solar farms on town-owned properties
- 0 37 New ABC store on US 74

21

Growth Management/Planning/Aesthetics

- 2 19 Annexation
- 1 16 Code enforcement
- 0 25 Seek investors to develop City Pond with houses and lots
- 0 29 Update town appearance
- 0 30 Review 2002 annexation and inventory fire hydrants
- 0 36 Plan ahead for traffic resulting from Monroe toll road

3



Street Resurfacing Priority Plan

1. Rutherford St.*
2. Highland Drive – between Briarcreek Place and Moores Lake Road
3. Anson Apparel Shirt Rd. – 300 ft. section in curve
4. Old Lilesville Road – Cemetery Street to HWY 52 S
5. Hargrave Street – Burnsville Street to S. Greene Street
6. Threadgill Street (between Martin and Graham St)
7. Anson Apparel Shirt Rd.- Curve to HWY 52 South
8. Harlem Heights Rd. – Morven Road to 52 South to East and finish at dead end
9. Anson Apparel Shirt Rd – Curve to Cloud Avenue
10. Cloud Ave.
11. South Park Road
12. Church Street*
13. Graham Street
14. Cherry Street
15. Sikes Avenue*
16. Maple Lane*
17. Reddington Street
18. City Pond Entrance

** Funding for resurfacing projects is contingent on bid prices received and Town Council approval.

*NOTE: Streets need major waterline improvements which could require digging up street in the next 3 – 10 years. Hold off on repaving these streets until then.

Approved April 3, 2017, by the Wadesboro Town Council.