

2015-2016 Budget Ordinance

Budget Message

May 5, 2015

RE: FY 2015-2016 Budget Message

Honorable Mayor Setzer and Members of the Town Council
Cajah's Mountain, North Carolina

Presented for your consideration is the attached proposed Budget Ordinance for the fiscal year beginning July 1, 2015 and ending June 30, 2016. The budget is balanced in its entirety as required by the North Carolina Local Government Budget and Fiscal Control Act.

The Town of Cajah's Mountain overall budget for FY 2015-2016 totals \$660,101.

The proposed budget contains General Fund revenues and expenses in line with last year's projections. The Sewer Fund, however, contains increases in both revenues and expenses from several changes that effect next year's operations.

General Fund:

The General Fund anticipates total revenues of \$500,157. This is made up from expected Investment Earnings of \$125, Local Option Sales Tax revenues of \$425,000, and Utilities Franchise Tax revenues of \$75,032. The budget does not include an allocation of funds from the Fund Balance.

The following show line-items that make up the totals for the General Fund:

Governing Body & Administration includes: Insurance & Bonds, Dues & Subscriptions, Auditing and Accounting, Election Expense, Travel, Legal, Contracted Services, Donations, Bank Charges, Advertising, Meetings and Conventions, Capital Outlay, Copier Lease, Office Supplies, Salaries, Retirement Expense, Payroll Taxes and Miscellaneous.

Public Building includes: Utilities, Supplies, Contracted Services, Capital Outlay and Maintenance.

Public Works includes: Street Repairs, Street Signs, Waste Pick-Up, Supplies, Capital Outlay and Recycling.

The operational expenses in the General Fund are in line with last year's projections. However, there are two expenses worth noting in the new budget year. This budget includes an additional six (6) months of financing/accounting services from the Western Piedmont Council of Government and \$2,300 for part-time fill-in work by the Town's Receptionist. The dollar amount was comprised of 12 hours per month when the Town Manager attends meetings and an additional 80 hours per year for vacation hours to keep Town Hall open for normal business hours.

The General Fund's largest expense is its' contribution to the Caldwell County Sales Tax Reinvestment Fund. The Town is allocating \$224,000 the Fund. This single expense is over 40% of the Town's projected General Fund revenues. The Town also has a contract with the City of Lenoir for Stormwater Management at an annual cost of \$6,656.00.

The General Fund revenues and expenditures are balanced at \$500,157. This amount represents a decrease of \$6,814, or a 1.35%, from the previous 204-2015 Fiscal Year budget.

Sewer Fund:

The Town has both increased revenues and expenses from last year. Last year's budget projected expenses and revenues at \$130,992. This year we project revenues and expenses to be balanced at \$159,944. This is a \$28,952, or 22.1%, increase from the prior year. These projections are based on expenses incurred this year and the expected increases in Waste Treatment Fees from the City of Lenoir.

The Town receives two forms of revenue from the Sewer Fund: Monthly Sewer Charges and Tap Fees to connect to the sewer system.

Expenses from the Sewer Fund include: Waste Treatment Fees, Billing/Collection Fees, ORC Fees, Other Operating Costs, Utilities, Engineering, Capital Outlay and Equipment & Maintenance Fees.

Because the Sewer Fund will incur a 3% increase in waste treatment fees from the City of Lenoir in the coming year, I recommend raising the Town's Sewer Rate 3% to cover the increased sewer costs, and this increase is reflected in the Budget Ordinance.

The Town's current Sewer Rate is \$21.82 for the first 3,000 gallons and \$7.27 for each additional 1,000 gallons. The 3% increase raises the base rate to \$22.48 and \$7.49 for each additional 1,000 gallons.

Conclusion:

I am proud to present the proposed budget for FY 2015-2016, and I am prepared to make adjustments as the Mayor and Town Council deem appropriate.

The following schedule is for the proposed budget:

- May 5, 2015 - Presentation of the FY 2015-2016 Budget Ordinance
- June 2, 2016 - Public Hearing
- June 2, 2016 - Adoption of Budget

Respectfully Submitted,

Logan Shook
Town Manager