



VILLAGE OF WHISPERING PINES

Manager's Budget Message FY2019-20

May 30, 2019

The Honorable Bob Zschoche, Mayor
Members of the Village Council
Whispering Pines, North Carolina

Pursuant to Section 159-11 of the North Carolina General Statutes, I am pleased to present the recommended Village of Whispering Pines Budget for the fiscal year (FY) beginning July 1, 2019 and ending June 30, 2020 for your review and consideration. The FY2019-20 proposed budget continues to provide quality services for our residents at a relatively low tax rate, while enhancing some services and improving existing infrastructure.

The proposed budget takes the recent four-year revaluation performed by Moore County. Current figures (pre-appeal) from the tax department project an increase of 13.5% over adjusted FY2018-19 tax base figures. At a 100% collection rate, a penny of tax revenue would generate \$60,354, based on a tax base of \$603,537,650. The revenue neutral tax rate based on the new tax base, adjusted for growth, calculates to be \$0.3382. The budget contained herein assumes a 99.9% collection rate and holding the tax rate at its current level of \$0.37 per \$100 valuation.

In addition to the significant increase in property values that will increase our ad valorem tax revenue, we anticipate an increase in our local option sales tax revenue. The FY2019-20 budget takes a conservative approach to projecting our revenues and allocating those revenues to improve or maintain existing services while investing in long-term capital improvements.

INITIATIVES

Our mission continues to be to provide the highest level of professional resident service possible in a cost-effective manner. The FY2019-20 Budget includes initiatives/projects that preserve the character of our unique Village, while taking steps to enhance this uniqueness. This budget includes new initiatives as well as projects that are continuations from the current fiscal year. The following initiatives/projects are proposed for FY2019-20:

- The Village will continue to update and execute the Village's capital vehicle replacement plan.
 - The Police Department will replace an existing patrol vehicle. (\$38,555)
 - Public Works will replace an existing pick-up truck with a larger truck capable of towing trailers and hauling heavy equipment. (\$50,000)

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- Public Works will replace several existing boats with a new boat, motor & trailer, for the purpose of lake spraying maintenance. (\$12,800)
 - The Fire Rescue Department will take delivery of a new fire engine (Fall 2019) to replace an existing fire engine. (no cost during fiscal year)
- Continue to provide and explore the addition of Village community “events” for the next fiscal year. (\$13,000)
- The addition of a full-time Code Enforcement position to the Planning & Zoning Department. (\$43,303, salary & benefits)
- The Police Department will add several security cameras on the exterior of the police station to remove several blind spots with the current camera coverage. (\$1,800)
- The Police Department will acquire a computer to support the *Smart Board* in the training/conference room. (\$1,000)
- The Police Department will replace two (2) bullet proof vests. (\$1,600)
- The Police Department will repair the Speed Trailer. (\$1,500)
- The Fire Rescue Department will replace a part-time position (the equivalent of one full-time employee) with a full-time firefighter/EMT. (\$11,735)
- The Fire Rescue Department will replace large diameter (5”) fire hoses. (\$10,980).
- The creation and execution of an automatic external defibrillator (AED) replacement plan for the Fire Rescue Department, which is responsible for all AEDs throughout the Village, including the police department and public buildings. For this fiscal year, three (3) AEDs will be replaced, and two (2) additional AEDs will be acquired. (\$4,500)
- The Fire Rescue Department will acquire one (1) additional specialized rapid intervention team self-contained breathing apparatus (SCBA) pack which will be deployed on the new fire engine. (\$4,000)
- The Fire Rescue Department will continue to replace and maintain their personal protective equipment (PPE) used for structural firefighting with the purchase of six (6) complete sets of PPE. (\$18,000)
- The Fire Rescue Department will acquire a motor for their inflatable rescue boat. (\$6,500)
- The Fire Rescue Department will increase the number of total annual fit for duty medical exams from 12 to 14. (\$750)
- The Building Department will contract for the ventilation system to be inspected, cleaned, and sanitized for improved air quality at Village Hall. (\$4,000)

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- The Lakes & Parks (Public Works) Department will facilitate the acquisition and construction of a new lower profile trailer for the Muckraker, which will allow its deployment into our smaller lakes. (\$5,000)
- The Lakes & Parks (Public Works) Department will perform new tree plantings, pruning and other tree maintenance. (\$6,836)
- The Roads (Public Works) Department will task the Village Engineer with updating our Road Assessment Resurfacing Plan that assesses and prioritizes all Village roads for resurfacing. (\$5,500)
- The Roads (Public Works) Department will task the Village Engineer with completing a Stormwater Feature Assessment/Study that will identify, categorize, and compile data on all stormwater features within the Village. (\$15,000)
- The Roads (Public Works) Department will continue to utilize the Road Assessment Resurfacing Plan that provides a prioritization system in maintenance of Village streets. The proposed budget contains the estimated \$116,783 in Powell Bill funds (restricted for street related expenditures) for FY2019-20 and an additional \$88,217 to be expended from the general fund revenues on street repairs, resurfacing, restriping and maintenance. This total of \$210,000 will ensure the Village street system will be maintained at an optimal level.
- The Roads (Public Works) Department will replace the tracks on the existing Bobcat and mini-excavator. (\$6,000)
- A Capital Project Fund was established during FY2014-15 for the reconstruction of the Spring Valley Dam Spillway. Spillway improvement plans were approved by the NC Dam Safety office last year and the project is set to begin in early July. The Village has secured financing for the project in the amount of \$1,492,000, which will be repaid over a 15-year term at an interest rate of 3.26%. The Capital Reserve Major Repair Fund (CRMRF) will be the funding source for this debt.
- A Capital Project Fund was established during FY2018-19 for the renovation/addition of the existing fire rescue station. The renovation/addition will improve and update the existing building, provide additional apparatus bays for existing apparatus, additional storage, and a fitness room. The Village has secured financing for the project in the amount of \$1,008,000, which will be repaid over a 15-year term at an interest rate of 3.26%. The CRMRF will be the funding source for this debt service.
- A Capital Project Fund was established during FY2018-19 for the Lakeview Drive Bridge Project. This project will address flooding and storm water issues on Lakeview Drive in the vicinity of Thagard Lane. The project is currently in the design phase and it is anticipated the project will begin during the fiscal year, with an estimated cost of \$250,000. The CRMRF will be the funding source for this project.

- Fund all outstanding debt service.
 - Fire Engine (511) – final payment (\$49,508)
 - Public Works Building – 2nd to last payment (\$47,782)
 - Spring Valley Dam Improvements/Fire Station Renovation – 1st (of 15) level principal payments (\$249,632)

FUNDS OF THE BUDGET

General Fund

The General Fund is used to account for resources which are not required legally or by sound financial management to be accounted for in another fund. The FY2019-20 General Fund proposed budget is balanced while maintaining a property tax rate of \$0.37 per \$100 valuation.

With a median residential property (land and structure) in the Village valued at \$285,510 according to Moore County, an owner of such property would pay the Village \$1,056 in ad valorem taxes. This median home value represents a **\$14,680** increase from the FY2018-19 figure of \$270,830, and means the typical property owner would pay an additional **\$54** annually.

This rate will provide approximately \$2,232,003 in real, personal and motor vehicle property tax revenues based on an anticipated collection rate of 99.9%. The Village has historically achieved a high tax collection rate.

The remaining tax revenues the Village receives are from fire district taxes, state shared revenues, state road maintenance funds (Powell Bill), sales tax, permit fees, investment returns and grant funding totaling an estimated \$1,532,576. Included in that figure is a 4.8% increase (\$40,924) in the local option sales tax.

The proposed General Fund Budget revenues for FY2019-20 total \$ 3,764,579, a **9.7%** increase over projected FY2018-19 year-end revenues.

Capital Reserve Major Repair Fund

The Village has a Capital Reserve Major Repair Fund (CRMRF) for major repairs to Village infrastructure, which is funded by the “restricted” \$0.05 tax levy adopted in 2010. In FY2018-19, the CRMRF funded the following capital projects:

- Fire Station Renovation/Addition Design Revisions - \$17,000
- Lakeview Drive Bridge Design - \$44,550

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The projected balance in this fund on June 30, 2019 will be \$1,126,731. The FY2019-20 budget proposes to increase the "restricted" \$0.05 tax levy to \$0.06. This levy will generate a projected \$361,784 for FY2019-20.

During FY2019-20, the Village will undertake the following capital projects utilizing funds from the CRMRF:

- Spring Valley Dam Spillway & Fire Station Renovation/Addition - \$249,632 (Debt Service)
- Lakeview Drive Bridge Project - \$250,000 (estimate)
- Flyrod Spillway Design - \$20,000 (estimate)

The estimated balance in this fund on June 30, 2020 will be \$968,883.

FUND BALANCES

With greater than anticipated FY2018-2019 revenues, coupled with a surplus in the FY2018-19 budget, it is estimated that the Village will have a General Fund balance of \$1,536,635, on June 30, 2019 or 44.7% of the FY2018-19 approved budget.

A summary of funds and their estimated fund balances as of June 30, 2019 are as follows:

FUND	ESTIMATED AMOUNT
General Fund	\$ 1,536,635
Capital Reserve Fund – Major Repairs	<u>1,126,731</u>
	<u>\$ 2,663,366</u>

EXPENDITURES

Salaries and Related Benefits

The FY2019-20 General Fund budget recommends funding 23 full-time employees, 2.6 full time equivalent (FTE) part-time firefighters, and fire rescue pay-per-call personnel. The two (2) additional FTEs include the addition of a Code Enforcement position and a Firefighter/EMT. The number of part-time firefighter positions has been decreased by one (1) FTE, offsetting the new full-time firefighter/EMT position.

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Salaries and wages, including merit pay raises, longevity awards and benefits for the Village's proposed 25.6 FTEs and fire rescue pay-per-call personnel accounts for \$1,645,011 or 43.7% of the proposed General Fund budget.

The required Village contribution to the Local Government Employees' Retirement System will increase from 8.5% to 9.7% for law enforcement officers and from 7.81% to 9.03% for all other employees. Health insurance rates will not increase from FirstCarolinaCare Insurance. Other than dental, which increased \$1 per person, vision, life, and short-term disability insurance rates from the NCLM reflect no increase for the FY2019-20.

Last year, employees received merit pay increases based on their annual performance evaluations and longevity pay based on the number of years being employed by the Village. The FY2019-20 budget includes funds to continue to recognize employees based on merit and performance, as well as longevity pay.

During FY2017-18, the Village increased the starting salary of an entry-level police officer and in lieu of a take home police car, a bi-weekly car allowance of \$2,000 was added to their regular salary. The proposed FY2019-20 budget, recommends to continue the car allowance in the amount of \$2,000 per police officer.

Operating Costs

Operating costs for FY2019-20 are projected at \$1,964,113 or 52.2% of the total General Fund budget. These expenditures include all costs other than salaries, benefits and capital costs. These operating costs also include resurfacing funds for Village streets and storm water management projects.

The Village continues to provide trash, refuse and recycling collection services to the residents through contracted services at a cost of \$541,258, representing 27.5% of the operating costs for FY2019-20, which is included in the above total.

Capital Expenses

Capital expenditures are for the purchase of vehicles, equipment and other items that have a value greater than \$5,000, and have a life expectancy of at least two years. The capital items in this year's budget include funds for six (6) sets of personal protective equipment (\$18,000), large diameter (5") hose (\$10,980), and automatic external defibrillators (\$4,500) for the Fire Rescue Department, a pickup truck (\$50,000) for the Public Works Department, and a patrol vehicle (\$38,555) for the Police Department. Capital expenditures are projected at \$155,455 or 4.1% of the total General Fund budget.

Debt Service

Debt service costs on long-term financial obligations are included in operating costs, with the current balances listed below.

Project Name	Remaining Balance	Years Remaining	Funding Source
Public Works Building	\$91,363	2	GF Operating
Fire Engine (511)	\$49,508	1	GF Operating
Spring Valley/Fire Station Renovation	\$2,500,000	15	Capital Reserve
Total Debt Service Remaining	<u>\$2,640,871</u>		

Restricted Funds Transfer

The Council approved a \$0.05 increase in the property tax in 2010 and designated the use of the funds to major repairs of the Village infrastructure. The FY2019-20 budget proposes to increase the "restricted" \$0.05 tax levy to \$0.06. Transfer of the \$0.06 tax levy to the Capital Reserve Major Repair Fund this FY2019-20 accounts for \$361,784, or 9.6% of the total General Fund Budget.

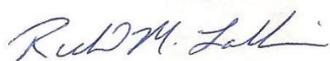
RECOMMENDED BALANCED BUDGET

As required by the North Carolina General Statutes the proposed Budget is balanced, with total revenues equal to total expenditures. I have presented a budget that recommends an ad valorem tax rate of \$0.37 per \$100 valuation for the General Fund, representing no change in the Village tax rate.

The North Carolina General Statutes specify that the budget ordinance and tax rate be adopted by July 1, 2019. Also, General Statute 159-12 (b) requires the Village's governing body to hold a public hearing on the budget prior to adoption, which was held on Wednesday, May 29, 2019 at 6:00 p.m.

I would like to thank the Village Council and Village staff their efforts in the development of the FY2019-20 budget. I look forward to continuing our efforts in providing Whispering Pines residents with high quality services.

Respectfully submitted,



Rich Lambdin
Village Manager