



**TO: THE CITIZENS OF THE TOWN OF FLETCHER
THE HONORABLE MAYOR AND TOWN COUNCIL OF
THE TOWN OF FLETCHER**

**FROM: MARK E. BIBERDORF
TOWN MANAGER/BUDGET OFFICER**

DATE: June 28, 2011

**SUBJECT: BUDGET MESSAGE FOR THE TOWN OF FLETCHER FOR
FISCAL YEAR 2011/2012**

BUDGET MESSAGE

Overview:

Presented here for your consideration is the approved annual budget for the Town of Fletcher for fiscal year 2011-2012. The total budget for the new fiscal year is \$5,084,330. This represents a 2% decrease from the prior year budget of \$5,186,189. This reduction in the overall budget is occurring primarily because of a drop in property tax values associated with the recent revaluation conducted by Henderson County. Despite the decline in property values, the Town portion of the property tax rate is proposed to remain at the existing 22.5 cents per \$100 of assessed valuation. The Fletcher Fire portion of the tax rate will be adjusted up by a half cent from 9.5 cents to 10 cents.

In anticipation of the revaluation process being complete, many property owners in Fletcher will be receiving a municipal tax bill that will be less than it was in the previous year. This is due to the fact that the tax rate was held below the revenue neutral rate despite a 4% decline in property values. If the Town had increased the rate to raise the equivalent amount of property tax revenue as in the previous year, then the new tax rate would be 34 cents per \$100 of assessed value. This is called the revenue neutral rate.

Despite a decline in property tax revenues, Council was committed to bringing forth a budget that did not include an increase in the Town portion of the tax rate. The budget last year included a five cent increase to cover projected debt service on the Heart of Fletcher project and keeping services at their existing levels. The budget this year keeps those services constant with some cuts to base budgets to balance the revenue decline.

The Phase 1 improvements for the Heart of Fletcher are continuing to move forward in the new budget year. This past year the design for a new Town Hall was completed. The Town also completed the design of the infrastructure improvements into the site and the optioning of additional property to support the project. Financing for the project through the USDA Community Facility Loan program has caused some delays in the start of construction. It is our hope that we will be able to layer this funding with a traditional installment purchase loan and break ground the latter part of this fiscal year.

FY 11/12 Budget Goals:

The Town Council held a budget workshop in March and a budget retreat in May of this year. Certain goals and priorities were identified at the budget retreat. Among those goals were the following:

- 1) Start construction on identified Phase 1 improvements for the Heart of Fletcher.
- 2) Maintain existing service levels with moderate budget cuts and some increases in revenue.
- 3) Continue to dedicate 8.5 cents of the tax levy toward CIP projects.
- 4) Explore options for a new developer partner for the Heart of Fletcher.

General Fund Revenues:

As previously stated, total revenues for the FY 11-12 budget are projected to fall primarily in the area of property taxes. The decrease in real property values coupled with the total tax rate being held at 32.5 cents will cause a loss of approximately \$77,000 in revenue. The total property tax levy for the new fiscal year is projected to be \$2,981,626. This levy is based off of a total property valuation of \$936,146,000. The prior year budgeted valuation was \$969,500,000.

The second largest source of revenue to the Town's General Fund is sales tax. Sales tax projections for the previous year were significantly reduced due to retail sales being very low. Retail sales are starting to improve slightly across the state. With some moderate growth occurring in the economy, we are projecting about a 2% increase in sales tax revenues going from \$845,000 to \$862,000.

Our third largest source of revenue comes from utility franchise fees. These are monies that are collected by the utility companies and re-distributed back to municipalities from the Department of Revenue. The amount of utility franchise taxes produced depends on the amount of business and consumer usage of those services. We are anticipating the amount of energy consumption to remain relatively flat and this figure to remain at \$536,000.

Fees are the next largest source of revenue for the General Fund. Fees that the Town brings in to underwrite parks and recreation activities continue to strongly support that department. The four sources of revenue in the General Fund that help to finance parks and recreation activities are Recreational Activities, Concession Stand, Memorial Golf Tournament, and Community Park Development Fund. Fees and contributions from these sources will fund 27% of the cost of operating the Parks & Recreation Department.

The Fletcher ABC Store has historically been a strong source of revenue to the Town. For this coming year we have however significantly reduced projections due to a decline in sales and the creation of a bailment surcharge by the State. These two factors have caused the estimate for ABC revenues to fall to just over \$50,000. It is our hope that with some adjustments to the competition from a new neighboring store and the economy improving that this will come back up.

General Fund Expenditures:

CIP:

This fiscal year staff presented to Council a capital improvement plan (CIP) that outlines the Town's major capital needs over a five year period. The Town funds an annual capital budget within the CIP with \$.085 of the tax rate. From this total, \$.065 is applied to debt service on projects supported by loans. The remaining \$.02 of the tax levy is applied to new projects not supported by debt. Total revenues available for CIP this year are \$778,976.

Debt Service Commitments in CIP:

Debt was issued for several past projects and the resulting debt service requirement is a part of the current commitment of CIP funds. Those projects and annual debt service requirements are as follows:

Park Improvements Loan (ends 3/2013)	\$185,088
Public Works Brush Truck (ends 12/2013)	\$ 14,215
New Town Hall & Infrastructure (TBD)	<u>\$396,385</u>
Total Debt Service Commitment	\$595,688

Non Debt Service Projects:

Based on the \$.02 of the levy dedicated for new projects paid with cash, revenue available for new projects in this category is \$183,000. Projects recommended for funding are the following:

Public Works Parking Lot Resurfacing	\$55,000
Public Works Utility Truck	\$38,000
Police Car Rotation (3 patrol cars)	<u>\$90,000</u>

Total Non Debt Service Commitment \$183,000

Fire Departments:

The Town of Fletcher contracts for fire protection services with Fletcher Fire and Rescue. The Town also contracts with Mills River Fire & Rescue for two parcels on the west side of Town. 10¢ of the Town’s tax rate is dedicated to Fletcher Fire & Rescue. 7.5¢ of the tax rate is dedicated on the value of the two parcels that receive fire protection services from Mills River Fire & Rescue. The following are the appropriations for each fire department:

Fletcher Fire & Rescue	\$840,171
Mills River Fire & Rescue	\$ 59,122

Departmental Capital Expenditures:

Police Department – The funding authorized here supports the purchase of three new vehicles to support their fleet rotation schedule. \$90,000 is being appropriated within the CIP to purchase three patrol cars.

Public Works – Resurfacing of the parking lot at the Public Works location will cost approximately \$55,000. A multi-purpose or utility truck will also be purchased at an approximate cost of \$38,000. Both of these expenditures will be made out of the CIP budget.

Information Technology - A total of \$15,600 is budgeted for capital projects within

the IT Department. A majority of this cost is for the desktop pc replacement schedule. The remaining funds will be used for a rugged laptop (police mobile data terminal) and other parts and equipment for different departments.

Personnel:

Last year three full-time positions were frozen as a part of the budget process. The budget this year does not include the reauthorization of those positions or the creation of any other new positions. These actions were taken in an effort to continue to reduce expenses while striving to maintain existing service levels.

Several part-time positions were created last year to help offset the additional workload for departments. Those positions were maintenance worker and field supervisor. This budget includes the continuance of those invaluable part-time positions to help keep our service levels constant.

Other expense reduction measures being used this year include a continued freeze on cost of living adjustments and merit pay increases. This is the third year in a row where merit pay will not be available for employees. It is the second year in a row that no cost of living adjustment will be provided.

SUMMARY

This budget message provides a brief overview of the financial plan for the Town of Fletcher for fiscal year 2011-2012. Estimates of anticipated revenues and expenditures have been carefully analyzed and presented within the full body of the proposed budget. With the Mayor, Council and staff's input we have presented a document that will guide the decisions and services provided to our residents over the coming year.

This budget also includes the first full year of implementation of the five year capital improvement plan (CIP). Developing the CIP was a good opportunity to look strategically at both existing and future capital needs of the Town. It also provided a good framework for the types of projects considered and the ways that they would be funded.

The Heart of Fletcher continues to be a project that is also a key part of this budget. Last year funding was put in place to complete the design process for a new town hall,

design the infrastructure into the Phase 1 area, and secure an option on additional property. These things have been accomplished and the Town is now focused on finalizing the financing plan so that we may move forward with construction.

I would finally like to thank the Mayor, Council and staff for the time and effort that went into the formation of this budget. This was truly a collaborative effort that took many months and multiple meetings to achieve. I relied heavily on our staff who displayed a great attitude and team effort to make this happen.

I respectfully submit this budget for your consideration.

Mark E. Biberdorf
Budget Officer/Town Manager

GENERAL FUND REVENUES:

	FY 10/11	FY 11/12	INC./DECR	% CHANGE
CURRENT TAXES	2,877,280	2,800,399	(76,881)	-3%
PRIOR YEAR TAX ACCT.	12,000	15,000	3,000	25%
MOTOR VEHICLES TAXES	163,072	181,227	18,155	11%
TAX INTEREST	4,500	7,000	2,500	56%
TAX ADVERTISEMENT	2,500	3,000	500	20%
INTEREST ON INVESTMENTS	5,000	4,000	(1,000)	-20%
POWELL BILL INTEREST	10,000	3,200	(6,800)	-68%
MISC. REVENUE	13,000	11,000	(2,000)	-15%
LEASE REVENUE (FARM PROPERTY)	11,633	11,633	-	0%
BUSINESS LICENSE REVENUE	17,000	20,000	3,000	18%
ABC DISBURSEMENT	100,000	50,000	(50,000)	-50%
RECREATIONAL ACTIVITIES	86,000	95,000	9,000	10%
RECREATIONAL CONCESSION	20,000	16,000	(4,000)	-20%
MEMORIAL GOLF TOUR.	8,000	6,000	(2,000)	-25%
COMMUNITY PARK DEVELOPMENT FUND	5,000	5,000	-	0%
LAND USE PERMITS	6,000	5,000	(1,000)	-17%
UTILITIES FRANCHISE	536,000	536,000	-	0%
BEER & WINE	28,000	28,000	-	0%
CABLE FRANCHISE	61,500	61,500	-	0%
SALE OF FIXED ASSETS	2,500	2,500	-	0%
GRANTS	25,000	5,700	(19,300)	-77%
POLICE REVENUE	3,200	4,000	800	25%
POWELL BILL	153,415	176,800	23,385	15%
LOCAL SALES TAX	845,000	862,000	17,000	2%
DISPOSAL TAX	4,700	4,700	-	0%
FIRE INSPECTIONS	22,000	22,000	-	0%
ABC LAW ENFORCEMENT	8,000	1,000	(7,000)	-88%
FUND BALANCE APPROPRIATED	155,889	146,671	(9,218)	-6%
FY 10/11 Revenue Totals	5,186,189	5,084,330	(101,859)	-2%

GENERAL FUND EXPENDITURES:				
	FY 10/11	FY 11/12	INC./DECR	% CHANGE
GOVERNING BOARD	38,694	35,351	(3,343)	-9%
ADMINISTRATION	410,442	409,147	(1,295)	0%
PROFESSIONAL SERVICES	189,658	167,500	(22,158)	-12%
PLANNING	105,137	107,571	2,434	2%
TOWN FACILITIES	144,695	121,033	(23,662)	-16%
POLICE	1,094,597	1,028,829	(65,768)	-6%
INFORMATION TECHNOLOGY	174,430	162,870	(11,560)	-7%
FIRE	907,814	924,793	16,979	2%
PUBLIC WORKS	693,248	709,726	16,478	2%
PUBLIC WORKS-POWELL BILL	153,415	176,800	23,385	15%
PARKS AND RECREATION	466,466	461,734	(4,732)	-1%
CIP/DEBT SERVICE	807,593	778,976	(28,617)	-4%
<i>FY 09/10 Expenditure Totals</i>	5,186,189	5,084,330	(101,859)	-2%

EXPENDITURES BY DEPARTMENT:

GOVERNING BOARD	FY 10/11	FY 11/12	INC./DECR	% CHANGE
SALARIES & WAGES	25,200	25,200	-	0%
SPECIAL CALL	2,250	2,250	-	0%
FICA	2,100	2,100	-	0%
TRAVEL & TRAINING	5,000	3,000	(2,000)	-40%
ADVERTISEMENT	1,000	530	(470)	-47%
DEPARTMENT SUPPLIES	1,500	1,000	(500)	-33%
CONTRIBUTIONS	800	400	(400)	-50%
DUES & SUBSCRIPTIONS	175	185	10	6%
WORKER'S COMP	117	128	11	9%
LIABILITY INSURANCE	552	558	6	1%
NET Dept 4100: Governing Body	38,694	35,351	(3,343)	-9%

EXPENDITURES BY DEPARTMENT:

ADMINISTRATION	FY 10/11	FY 11/12	INC./DECR	% CHANGE
SALARIES & WAGES	284,949	287,246	2,297	1%
FICA	21,800	21,974	174	1%
RETIREMENT	19,776	21,457	1,681	9%
401 "K"	14,248	14,362	114	1%
UNEMPLOYMENT CHARGES	7,800	7,800	-	0%
TRAVEL & TRAINING	5,000	2,500	(2,500)	-50%
FUEL EXPENSE	5,000	4,500	(500)	-10%
M & R VEHICLE	1,000	1,000	-	0%
DUES & SUBSCRIPTIONS	750	900	150	20%
MEDICAL	43,439	42,101	(1,338)	-3%
WORKERS COMPENSATION	1,300	1,420	120	9%
LIABILITY INSURANCE	680	687	7	1%
M & R EQUIPMENT	2,000	500	(1,500)	-75%
MOTOR VEHICLES EXPENSE	2,700	2,700	-	0%
NET Dept 4200: Administration	410,442	409,147	(1,295)	0%

EXPENDITURES BY DEPARTMENT:

PROFESSIONAL SERVICES	FY 10/11	FY 11/12	INC./DECR	% CHANGE
PUBLIC ACCOUNTANT	13,000	13,300	300	2%
LEGAL	7,500	7,500	-	0%
PROFESSIONAL SERVICES/CONTRACT	16,000	16,000	-	0%
ECONOMIC DEVELOPMENT	119,158	95,000	(24,158)	-20%
APPLE COUNTRY TRANSIT	3,000	3,000	-	0%
ELECTIONS/CONSULTANTS	1,000	2,200	1,200	120%
CONTRACTED FIRE SERVICES	30,000	30,500	500	2%
NET Dept 4700: Professional Services	189,658	167,500	(22,158)	-12%

EXPENDITURES BY DEPARTMENT:

PLANNING DEPARTMENT	FY 10/11	FY 11/12	INC./DECR	% CHANGE
SALARIES & WAGES	68,774	69,274	500	1%
FICA	5,262	5,300	38	1%
RETIREMENT	3,745	4,025	280	7%
401K	2,699	2,700	1	0%
POSTAGE	700	500	(200)	-29%
TRAVEL & TRAINING	2,000	2,000	-	0%
FUEL EXPENSE	500	500	-	0%
ADVERTISING	2,000	1,000	(1,000)	-50%
DEPT. SUPPLIES	2,000	2,000	-	0%
DUES & SUBSCRIPTIONS	1,600	1,600	-	0%
CAFETERIA/MEDICAL INSURANCE	5,687	5,920	233	4%
WORKERS COMPENSATION	780	852	72	9%
LIABILITY INSURANCE	990	1,000	10	1%
PLANNING DEPARTMENT PHYSICALS	200	200	-	0%
CONTRACT SERVICES	7,500	10,000	2,500	33%
M & R EQUIPMENT	700	700	-	0%
NET Dept 4800: Planning	138,510	107,571	(30,939)	-22%

EXPENDITURES BY DEPARTMENT:

TOWN FACILITIES DEPARTMENT	FY 10/11	FY 11/12	INC./DECR	% CHANGE
DISCRETIONARY	12,000	4,000	(8,000)	-67%
POSTAGE	4,750	4,750	-	0%
UTILITIES	31,000	31,500	500	2%
TRAVEL & TRAINING	5,000	5,000	-	0%
M & R BUILDINGS	3,000	3,000	-	0%
ADVERTISEMENTS	5,000	6,000	1,000	20%
WELLNESS PROGRAM	15,000	9,000	(6,000)	-40%
DEPARTMENT SUPPLIES	10,500	10,500	-	0%
NEWSLETTER EXPENSES	11,200	3,000	(8,200)	-73%
DUES & SUBSCRIPTIONS	11,050	11,050	-	0%
LIABILITY INSSURANCE	3,795	3,833	38	1%
CONTRACT SERVICES	22,400	22,400	-	0%
M & R EQUIPMENT	10,000	7,000	(3,000)	-30%
NET Dept 5000: Town Facilities	144,695	121,033	(23,662)	-16%

EXPENDITURES BY DEPARTMENT

POLICE DEPARTMENT	FY 10/11	FY 11/12	INC./DECR	% CHANGE
SALARIES & WAGES	571,905	562,128	(9,777)	-2%
AUXILIARY PAY	16,000	-	(16,000)	100%
HOLIDAY PAY	19,100	19,111	11	0%
OVERTIME PAY	9,000	11,000	2,000	22%
FICA	47,125	45,307	(1,818)	-4%
RETIREMENT	42,032	45,141	3,109	7%
401 "K"	30,001	29,612	(389)	-1%
UNEMPLOYMENT CHARGES	12,900	-	(12,900)	100%
POSTAGE	500	500	-	0%
TRAVEL & TRAINING	10,000	5,000	(5,000)	-50%
FUEL EXPENSE	34,400	50,000	15,600	45%
M & R VEHICLE	25,000	25,500	500	2%
PUBLIC RELATIONS	3,685	3,000	(685)	-19%
DEPARTMENT SUPPLIES	16,350	15,000	(1,350)	-8%
GRANT EXPENSE	-	7,600	7,600	100%
DRUG FORFEITURE	-	5,000	5,000	100%
DUES & SUBSCRIPTIONS	2,428	2,428	-	213%
MEDICAL	106,474	112,585	6,111	-95%
WORKERS COMPENSATION INSURANCE	29,347	37,541	8,194	-92%
LIABILITY INSURANCE	24,520	25,256	736	359%
CAPITAL	60,000	-	(60,000)	-37%
PHYSICALS/DRUG	3,500	3,000	(500)	622%
UNIFORMS	18,330	12,120	(6,210)	-84%
NETWORK SUBSCRIPTION	5,500	5,500	-	120%
M & R EQUIPMENT	6,500	6,500	-	-15%
NET Dept 5100: Police	1,094,597	1,028,829	(65,768)	-6%

EXPENDITURES BY DEPARTMENT:

INFORMATION TECHNOLOGY DEPARTMENT	FY 10/11	FY 11/12	INC./DECR	% CHANGE
SALARIES & WAGES	46,800	46,800	-	0%
TELEPHONE	40,000	40,600	600	2%
DUES	10,960	9,000	(1,960)	-18%
SUBSCRIPTIONS IT	48,570	50,370	1,800	4%
CAPITAL EXPENSE	27,600	15,600	(12,000)	-43%
M & R EQUIPMENT	500	500	-	0%
NET Dept 5200: IT Department	174,430	162,870	(11,560)	-7%

EXPENDITURES BY DEPARTMENT:

FIRE CONTRACTS- DEPARTMENT	FY 10/11	FY 11/12	INC./DECR	% CHANGE
FLETCHER FIRE & RESCUE CONTRACT	835,379	840,171	4,792	1%
FLETCHER FIRE PRIOR YEAR ADJUSTMENT	24,000	24,000	-	0%
MILLS RIVER FIRE CONTRACT	46,935	59,122	12,187	26%
MILLS RIVER FIRE PRIOR YEAR	1,500	1,500	-	0%
NET Dept 5300: Contracted Services Fire	907,814	924,793	16,979	2%

EXPENDITURES BY DEPARTMENT:

PUBLIC WORKS DEPARTMENT	FY 10/11	FY 11/12	INC./DECR	% CHANGE
SALARIES & WAGES	234,095	236,745	2,650	1%
PART TIME SALARIES	3,000	4,000	1,000	100%
OVERTIME PAY	8,000	8,000	-	0%
FICA	18,750	19,029	279	1%
RETIREMENT	16,802	18,283	1,481	9%
401 "K"	12,105	12,238	133	1%
POSTAGE	200	200	-	0%
UTILITIES	75,000	80,000	5,000	7%
TRAVEL & TRAINING	2,000	1,000	(1,000)	-50%
M & R TOWN FACILITIES	20,000	14,000	(6,000)	-30%
M & R STREETSIGNS/MAILBOX	500	1,500	1,000	200%
M & R US #25	1,000	1,000	-	0%
FUEL EXPENSES	17,500	18,500	1,000	6%
M & R VEHICLES	14,600	20,600	6,000	41%
DEPARTMENT SUPPLIES	6,000	7,000	1,000	17%
DUES & SUBSCRIPTIONS	400	400	-	0%
MEDICAL	50,820	50,140	(680)	-1%
WORKERS COMPENSATION	23,040	26,358	3,318	14%
LIABILITY INSURANCE	13,250	13,383	133	1%
LANDFILL CHARGES	86,000	91,000	5,000	6%
RECYCLING	67,400	71,400	4,000	6%
CAPITAL OUTLAY	8,836	-	(8,836)	-100%
PHYSICAL/DRUG	2,000	2,000	-	0%
UNIFORMS	6,650	6,650	-	0%
M & R EQUIPMENT	5,300	6,300	1,000	19%
NET Dept 5600: Public Works	693,248	709,726	16,478	2%

EXPENDITURES BY DEPARTMENT:

POWELL BILL-PW DEPARTMENT	FY 10/11	FY 11/12	INC./DECR	% CHANGE
POWELL BILL M & R STREETS	153,415	176,800	23,385	15%
NET Dept 5700: Public Works Powell Bill	153,415	176,800	23,385	15%

EXPENDITURES BY DEPARTMENT:

PARKS AND RECREATION DEPARTMENT	FY 10/11	FY 11/12	INC./DECR	% CHANGE
WAGES & SALARIES	156,370	158,579	2,209	1%
PART TIME SALARY	64,500	64,500	-	0%
OVERTIME	1,000	1,000	-	0%
FICA	16,975	17,143	168	1%
RETIREMENT	10,922	11,921	999	9%
401 "K"	7,869	7,979	110	1%
POSTAGE	900	400	(500)	-56%
UTILITIES	23,000	24,000	1,000	4%
TRAVEL & TRAINING	4,550	4,550	-	0%
HOLIDAY DECORATIONS	2,000	1,000	(1,000)	-50%
FUEL EXPENSE	5,940	6,665	725	12%
PROGRAM MATERIALS	22,000	22,000	-	0%
SUMMER DAY CAMP	20,000	18,000	(2,000)	-10%
M & R VEHICLES	1,755	2,355	600	34%
GOLF TOUR. EXPENSES	6,000	6,000	-	0%
ADVERTISING	2,400	1,400	(1,000)	-42%
DEPARTMENT SUPPLIES	2,400	2,000	(400)	-17%
CONCESSIONS	11,500	10,000	(1,500)	-13%
DUES & SUBSCRIPTIONS	1,650	1,650	-	0%
MEDICAL	28,800	36,895	8,095	28%
WORKERS COMPENSATION INS.	12,636	16,164	3,528	28%
LIABILITY INSURANCE	8,600	8,700	100	1%
PROGRAM REGISTRATION FEE	1,500	1,500	-	0%
CAPITAL OUTLAY	12,000	-	(12,000)	-100%
PHYSICALS/ DRUG	1,340	1,800	460	34%
UNIFORMS	1,258	1,258	-	0%
CONTRACT SERVICES	5,040	5,040	-	0%
M & R EQUIPMENT	4,254	5,928	1,674	39%
PARK MAINTENANCE	25,307	21,307	(4,000)	-16%
ARBORETUM PARK EXPENSES	4,000	2,000	(2,000)	-50%
NET Dept 6190: Parks & Recreation	466,466	461,734	(4,732)	-1%

EXPENDITURES BY DEPARTMENT:

CONTINGENCY/DEBT SERVICE	FY 10/11	FY 11/12	INC./DECR	% CHANGE
CIP/NON-DEBT SERVICE*	190,022	183,288	(6,734)	-4%
PRINCIPAL DEBT RETIREMENT	288,884	260,837	(28,047)	-10%
INTEREST DEBT RETRIEMENT	328,687	334,851	6,164	2%
NET Dept 7000: Contingency/Fund Balance	807,593	778,976	(28,617)	-4%

BREAKDOWN OF CIP/NON-DEBT*

PUBLIC WORKS PARKING LOT RESURFACING	55,288
PUBLIC WORKS UTILITY TRUCK	38,000
POLICE CAR ROTATION (3 CARS)	90,000
	<u>183,288</u>