



**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: May 27, 2021**

**SUBJECT: BUDGET MESSAGE FOR THE TOWN OF FLETCHER FOR  
FISCAL YEAR 2021/2022**

## **BUDGET MESSAGE**

### **Overview:**

Presented here for your consideration is the proposed budget for the Town of Fletcher for Fiscal Year 2021-2022. Revenues and expenses for the new budget are expected to total \$8,021,341. This represents a moderate increase from the prior year budget of \$7,623,492. The increase in this spending plan is occurring primarily through an increase in sales tax revenues. The property tax rate will remain at its current rate of \$.34 per \$100 of assessed valuation for the new fiscal year.

Last year the Town made significant decreases in its projections for revenues in light of the ongoing effects of the pandemic. This fortunately did not significantly impact the services that we provide to our residents. We were able to make some adjustments in the way we do things, particularly in Parks & Recreation programs. However, the other services that the Town provides to its residents largely went on without any major disruption. This coupled with the Town's strong financial condition allowed us to come out of this uncertain period in good shape.

In terms of personnel spending decisions for this new budget, there are no new positions being added so we will remain at 38 full-time equivalent positions. Our permanent and seasonal part-time positions will also remain at their current level. The personnel budget for this fiscal year will include a 1.3% cost of living adjustment. The budget also includes continued implementation of our merit pay system for eligible employees.

Multiple capital expense items are also included in this budget. Some of them will be included within the departmental operating budgets and others will be included within the annual budget of the Capital Improvement Plan. They will be detailed later within this document. Improved revenue projections helped significantly in funding these capital requests.

### **FY 21/22 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 workshop. Among those goals were the following:

- 1) Maintain existing service levels with the exception of storm water compliance measures which will increase service levels in this area. This will require moderate increases in operational expenses and revenues.
- 2) Determine any eligible projects that the Town would want to pursue with American Rescue Plan funding.
- 3) Continue to dedicate 8.5 cents of the tax levy toward year one of the Five-Year Capital Improvement Plan.
- 4) Continue to work with Martin Real Estate in developing the first phase of the Town Center project on Highway 25.

### **General Fund Revenues:**

Total revenues for the FY 21-22 budget will see a moderate level of growth primarily from sales tax. It is property taxes though that make up the largest portion of our general fund revenues. This is still the case this year but what has happened is our major industries have invested less in new machinery and equipment due to the pandemic. This in turn caused our total business personal property values to drop significantly. The result is that our overall property tax levy for the new fiscal year is projected to be \$4,658,282. That levy is based off of a total property valuation of \$1,383,922,000. For comparison purposes, the prior year budgeted valuation was \$1,389,191,000.

The second largest source of revenue for the Town comes from sales tax and it is impacted by consumer spending. Consumer spending wound up far surpassing what was anticipated last year. That coupled with normal growth in sales tax means that we are looking at a 25% increase in sales tax revenues. This should bring total receipts as compared to the previous year up from \$1,526,865 to \$1,907,055.

Our third largest source of revenue comes from utility sales tax. 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 sales tax produced depends on the amount of business and consumer usage of those services. We are anticipating the amount of revenues received here to decrease slightly from \$715,400 to \$682,500.

ABC profits are our next largest source of revenue. ABC revenues from our one liquor store have consistently been a strong source of funding for the Town. They increased

significantly three years ago when the loan on the store was paid off. Sales also grew this past year greater than the original projections. Total revenues therefore to the Town from the Fletcher ABC Store should exceed \$260,000 for the new fiscal year.

**General Fund Expenditures:**

**CIP:**

This is the first year of implementation of the Town’s updated five year capital improvement plan (CIP). The Town funds an annual capital budget with \$.085 of the tax levy. 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 the CIP this year are \$1,164,571.

***Debt Service Commitments in CIP:***

Debt is projected to be issued for three projects. The resulting debt service requirements are a part of the current commitment of CIP funds. The annual debt service requirements for this fiscal year are as follows:

Town Hall & Infrastructure	\$556,544
Hwy. 25 Land Acquisition	\$172,812
Garbage Truck	\$105,000
Total Debt Service Requirements	\$834,356

***Non Debt Service Projects:***

Projects recommended for funding with cash are as follows:

Police Car Rotation (3 patrol vehicles)	\$119,500
Microsoft Office Upgrade	\$ 30,000
Town Hall – Audio Visual System	\$ 45,000
Total Cash Project Requirements	\$194,500

***Payment to Unassigned Fund Balance:***

Payment to Unassigned Fund Balance	\$135,715
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**Major Contracted Services - 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 one parcel on the west side of Town. Each department receives a portion of the Town’s tax levy. 11.5¢ of the tax rate is proposed for Fletcher Fire & Rescue. 11¢ of the tax rate is proposed on the value of the one parcel that receives fire protection services from Mills River Fire & Rescue. The following are the estimated appropriations for each fire department:

Fletcher Fire & Rescue	\$1,432,317
Mills River Fire & Rescue	\$ 144,792

**Departmental Capital Expenditures:**

**Police Department** – The funding authorized here supports the purchase of three new vehicles for the fleet rotation schedule at \$119,500. This is budgeted within the CIP.

**Public Works** – Public Works will receive funding in the amount of \$16,500 for the purchase of a mower for buildings and grounds maintenance.

**Parks & Recreation** – This department will be purchasing a new golf cart at an estimated cost of \$7,000. This replaces an older model and will be used for maintenance at Bill Moore Community Park.

**Information Technology** – The IT Department will receive funding in the amount of \$30,000 for a Microsoft Office Upgrade. The IT Department will also be replacing the audio visual equipment in several meeting rooms at a cost of \$45,000. Both items will be funded within the CIP.

**Personnel:**

There are no new full-time or part-time positions being added to this budget. We are fortunate to be covering all of our services within existing staffing levels. The first phase of implementing storm water services under our state permit will be handled through a combination contractual services and in-house staff.

In terms of compensation to employees, there will be a 1.3% cost of living adjustment (COLA) this year due to the Consumer Price Index increasing slightly. Merit pay adjustments are also budgeted for those employees who qualify through the performance review system.

## **SUMMARY**

This budget message provides a brief overview of the financial plan for the Town of Fletcher for Fiscal Year 2021-2022. 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 year of implementation of our updated five year capital improvement plan (CIP). Developing the CIP was a good opportunity to look strategically at both existing and future needs of the Town. Continuing to implement the plan is a good way to keep pace with the replacement, upgrade and expansion of the Town's capital facilities.

The Fletcher Town Center project continues to be a top priority and an important part of the budget for this year. The Town is excited to be working with a developer to construct a portion of the planned project area on Highway 25. Funding is included in this budget to cover demolition of buildings to clear the way for the new development. This area of Town will start to look very different over the next year.

I would finally like to thank the Mayor, Council and staff for the time and effort that went in to 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