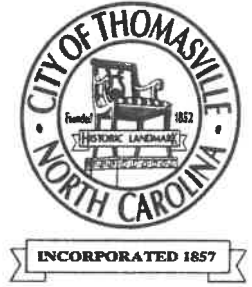




Office of City Manager

CITY OF THOMASVILLE

P.O. Box 368
Thomasville, North Carolina 27361-0368
(336) 475-4222



Budget Letter from the City Manager

May 20, 2020

The Honorable Raleigh York, Jr., Mayor
Members of the City Council
City of Thomasville
Thomasville, North Carolina

Dear Mayor York and City Council Members:

Pursuant to Section 159-11 of the North Carolina General Statutes, I am presenting to you the recommended 2020-2021 Budget for your review and consideration. In accordance with North Carolina General Statutes, this recommended budget is balanced with respect to revenues and expenditures. Staff has compiled this recommended budget in compliance with the City's Fiscal policy currently in effect.

BUDGET DOCUMENT OVERVIEW:

The budget documents include three major operating funds. The largest is the General Fund which includes Public Safety, Public Works, Recreation and Administration. The Water and Sewer Fund includes the Water Plant (Raw Water Pumping Station and three Elevated Storage Tanks and one Booster Pumping Station), Waste Treatment Plant and thirty-one Sewer Pumping Stations, Meter Reading and Service, Billing and Collections Department and the Maintenance and Construction Division which maintains all water and sewer lines throughout the city. The third fund is the Golf Course.

The Storm Water Management Fund is a minor fund that is included in the 2020-2021 Budget. The revenue for this fund continues to be billed monthly on each water account and is set at \$1.00 per month per inside customer accounts. Total estimated revenue for this fund is \$103,380. These revenues support expenditures for Engineering services, surveying, illicit discharge detection, and storm water public education. These expenses are required to comply with Federal and State storm water regulations. We also receive and pass through the School Supplement Tax fund.

REVENUE OVERVIEW:

The recommended General Fund Budget is balanced using a tax rate of 60 cents per hundred dollar valuation. This is equivalent to the 2019-20 FY tax rate. Two cents of this tax rate that has been dedicated to creation of a reserve fund for the construction of new recreation facilities has been frozen. Two additional cents continues to be dedicated for the amortization of a Police Headquarters facility.

The recommended School District Tax Rate is recommended at 19.5 cents per hundred dollar valuation. This rate is 0.5 cents less than as the 2019-20 FY tax rate.

Unassigned Fund Balance equaling \$325,000 was utilized to balance the General Fund. This should leave an Unassigned Fund Balance of 22%

GENERAL FUND REVENUE SOURCES FOR 2019-2020 BUDGET:

Property Tax: Property tax represents 44 percent of all General Fund revenue and is estimated at \$11,506,752 based on \$.60 per \$100 valuation. This is based on a 3.4 percent increase in property tax valuation and a Property Tax Collection rate reduction from 96% to 94%. The rate was reduced in reaction to the ongoing COVID-19 Pandemic and its associated economic impacts.

Sales Tax Revenue: This budget projects a 15 percent reduction in sales tax with total revenue of \$6,590,352. It provides 25 percent of the total General Fund revenue.

Utility Franchise Tax: This budget projects an 8% decrease in Utility Franchise Tax. This tax represents 8 percent of the General Fund revenue at \$1,978,972.

Powell Bill: The Powell Bill distribution is 3 percent of the General Fund Revenue and is estimated to be \$688,276. This is the same as the 2019-20 Budget. Paving project increase of \$75,000 is included as well as the shift of two employees to the General Fund

Unassigned Fund Balance: Unassigned Fund Balance equaling \$325,000 was utilized to balance the General Fund. This should leave an Unassigned Fund Balance of 22%.

Emergency Use of Economic Development Fund: Due to revenue loss in the General Fund due to the COVID-19 Pandemic \$500,000 of the Economic Development Fund utilized to balance the budget. This leaves a balance of \$142,144.

Other Fees and Charges:

The Solid Waste Disposal fee represents 3 percent of the budget. The monthly fee per household is \$6.25 and is the same as the 2019-2020 budget. This fee is to offset operational costs and county landfill tipping fees charged to the city. Total revenue generated from this fee is \$838,555.

Planning and Inspection fees represent 1 percent of the total General Fund revenue. The total revenue estimated from all of these sources is \$316,916. The fee schedule is the same as the 2019-2020 budget.

Utility Reimbursement to the General Fund for services rendered represents 5 percent of the total revenue at \$1,258,982.

Recreation Revenues from rental and program fees amounts to 0.5 percent of the General Fund revenue at \$158,300.

Other taxes and fees amount to 5% of the General Fund revenue at \$1,198,271. This includes revenues from ABC tax and distribution (\$335,000) and Occupancy Tax (\$150,000).

A \$5.00 motor vehicle fee is assessed on all vehicles registered in Thomasville.

All other miscellaneous revenues total 0.5 percent of the budget at \$53,300.

GENERAL FUND EXPENDITURES:

Salary and benefits for our employees total \$16,755,637 or 65 percent of all expenditures. No COLA adjustment for employees is included in this budget year. No Merit salary increase is included in this budget. No Salary Study will be funded in the 2020-2021 Budget. Employee health insurance premiums increased 5.0% in this budget. Co-pays for Regular Doctor Visits remain the same, Co-pays for specialists remain at \$50, deductibles and total out of pocket expenses remains at \$4500. However, all Co-pays for Doctor's appointments and prescriptions apply toward the total out of pocket. All other employee benefits are continued for 2020-2021. All employee benefits are continued at their current level. All positions are frozen in this budget year.

This Budget includes a freeze of a General Capital Reserve fund contribution of \$150,000 for infrastructure improvements.

Operating expenses are 27 percent of all General Fund expenditures totaling \$6,937,392. Total Debt Service in the General Fund is 8 percent or \$2,101,130

New Capital expenditures amount to less than 1 percent of total expenditures or \$110,043.

UTILITY FUND OVERVIEW:

Revenue in this fund has decreased by 328,934 due to 1200 customers with an average balance of \$274 being placed on a six month payment plan as per the Governor's Executive order. Revenues are decreased by \$60,000 due to late fee forgiveness due to the Governor's Executive Order. Revenues will decrease due to overall less water consumption of 2.2% or \$100,005. Revenues will increase \$177,231 due to an average 1.26% rate increase as indicated in the most recent (May 2017) Water and Sewer Rate Study. Of the total revenue of \$13,062,144, 81 percent is generated through the per thousand gallon charge to the customer each month. Water and Sewer tap fees will not increase. An added water/sewer tap fee is included to address taps made on NCDOT streets due to new NCDOT requirements. Those tap fees will be at actual cost to recoup the additional costs associated with installation requirements from NCDOT.

Expenses from salaries amount to 25 percent or \$3,143,946. No COLA adjustment for employees is included in this budget year. No Merit salary increase is included in this budget. No additional personnel are included in this budget. All current positions are frozen. Operational expenses are 33 percent or \$4,347,664 and debt service now totals 33 percent of the total cost in operating these utilities at \$4,311,552.

Reimbursement to General Fund for services is 9.0% of expenditures at \$1,258,982.

No Capital Purchases are included in this budget

Golf Fund Overview

Total revenues are expected at \$628,271 which indicates no major change in projected revenue from 2019-2020 FY. A \$2 per round increase effective July 1 is included. Total budget including operating expenses, and debt service is \$881,313. Debt service is 16% of total expenditures at \$145,671. Salaries and Benefits are 55% of total expenses at

\$481,674. Operating Expenses are 29% of total expenses at \$253,968. No COLA adjustment for employees is included in this budget year. No Merit salary increase is

included in this budget. The General Fund Contribution to the Golf Fund is reduced by \$75,000.

OTHER AGENCIES FUNDED:

• Thomasville Rescue Squad	\$23,750
• PACE Group	\$31,350
• City Beautification	\$38,000
• Economic Development	\$45,000

The Council has frozen its traditional ½ cent of the general fund tax for economic development

The balance of the revenue has been earmarked for economic development projects as the Council may approve from time to time. The fund balance was \$642,444 on May 15, 2020.

FINAL SUMMARY:

The Total combined recommended budget for fiscal year 2020-2021 is \$41,627,334 for all city personnel, operations, equipment, capital improvements and debt service. This is the sum of fourteen funds. The Department heads have included information in the line items requests as to the justification for each item. The above total includes a \$1,555,428 to Thomasville City Schools of which \$1,504,428 is generated by the school supplement tax at a rate of 19.5 cents per hundred dollar valuation. The remainder of the total is generated from previous year's tax collection and late listing penalties.

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While this budget is the proposal of the City Manager, it is based on the requirements for supplies, equipment, materials, and labor to continue the programs and services authorized by Council and provided by our employees. This budget is neither final nor necessarily a reflection of what will be approved by the City Council. Once adopted the budget may be amended by the City Council at any regular or special meeting. The Mayor and Council will review the recommended budget and receive comments at a public hearing scheduled for June 1, 2020 at 6:00 PM in a remote meeting via ZOOM.

Respectfully Submitted,

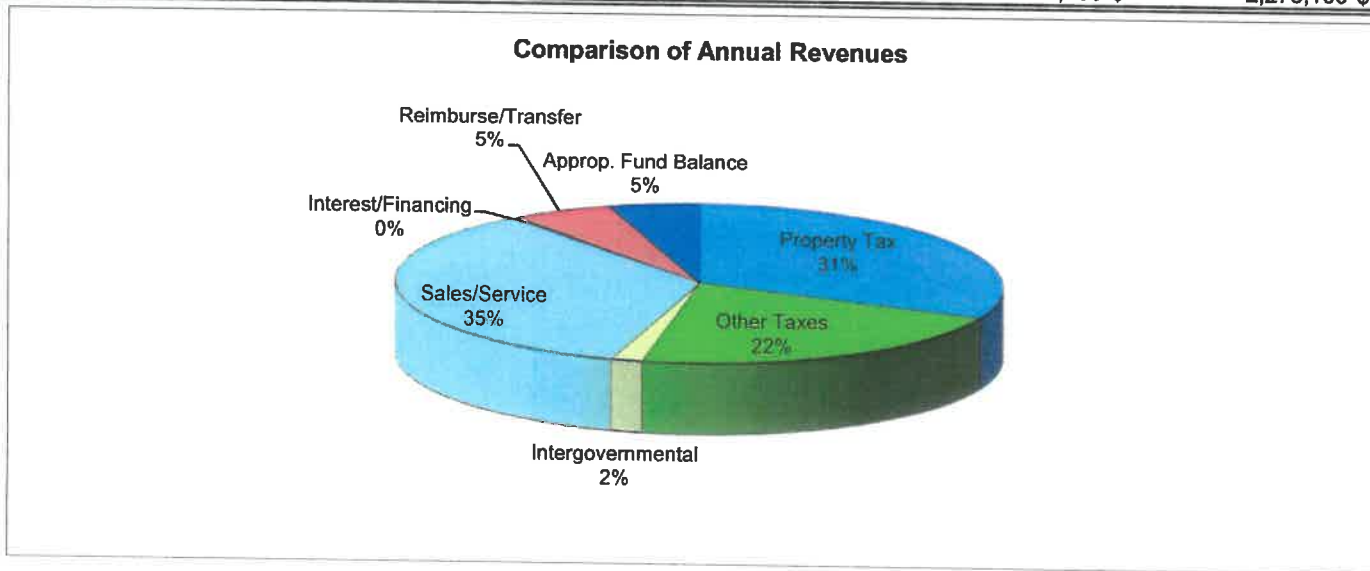


W. Kelly Craver, City Manager

**CITY OF THOMASVILLE
COMPARISON OF ANNUAL REVENUES**

ANNUAL BUDGET IN BRIEF-2021

	Property Tax	Other Taxes	Intergovernmental	Sales/Service	Interest/Financing	Reimburse/Transfer	Approp. Fund Balance	Total
General Fund	\$ 11,506,752	\$ 8,934,296	\$ 688,276	\$ 1,964,571	\$ 50,000	\$ 1,433,173	\$ 1,315,526	\$ 25,892,594
General Capital Reserve	\$	\$	\$	\$	\$	\$	\$	\$ 0
Utility Capital Reserve	\$	\$	\$	\$	\$	\$	\$	\$ 0
Water Sewer Enterprise	\$	\$	\$	\$ 11,753,259	\$ 60,000	\$ 528,885	\$ 720,000	\$ 13,062,144
Golf Course	\$	\$ 500	\$	\$ 627,771	\$ 0	\$ 253,042	\$	\$ 881,313
Stormwater Management	\$	\$	\$	\$ 103,380	\$	\$	\$	\$ 103,380
School Fund	\$ 1,555,428	\$	\$	\$	\$	\$	\$	\$ 1,555,428
Police Restitutions & Forfeitures	\$	\$ 69,475	\$	\$	\$	\$ 10,000	\$	\$ 79,475
Beautification	\$	\$	\$	\$	\$ 100	\$ 40,000	\$	\$ 40,100
Cemetery	\$	\$	\$	\$	\$	\$ 10,000	\$ 2,900	\$ 12,900
Reservoir Fund	\$	\$	\$	\$	\$	\$	\$ 0	\$ 0
TOTAL	\$ 13,062,180	\$ 9,004,271	\$ 688,276	\$ 14,448,981	\$ 110,100	\$ 2,275,100	\$ 2,038,426	\$ 41,627,334



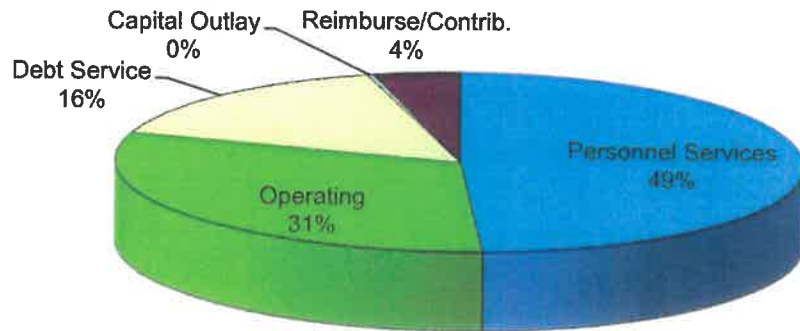
CITY OF THOMASVILLE

ANNUAL BUDGET IN BRIEF-2021

COMPARISON OF ANNUAL EXPENDITURES

	Personnel Services	Operating	Debt Service	Capital Outlay	Reimburse/Contrib.	Total
General Fund	\$ 16,755,637	\$ 6,476,685	\$ 2,101,130	\$ 110,043	\$ 449,099	\$ 25,892,594
General Capital Reserve	\$	\$ 0	\$	\$	\$	\$ 0
Utility Capital Reserve	\$	\$ 0	\$	\$	\$	\$ 0
Water Sewer Enterprise	\$ 3,143,946	\$ 4,347,664	\$ 4,311,552	\$ 0	\$ 1,258,982	\$ 13,062,144
Golf Course	\$ 481,674	\$ 253,968	\$ 145,671	\$ 0	\$	\$ 881,313
Stormwater Management	\$	\$ 103,380	\$	\$	\$	\$ 103,380
School Fund	\$	\$ 1,555,428	\$	\$	\$	\$ 1,555,428
Police Restitutions & Forfeitures	\$	\$ 79,475	\$	\$	\$	\$ 79,475
Beautification	\$	\$ 40,100	\$	\$	\$	\$ 40,100
Cemetery	\$	\$ 12,900	\$	\$	\$	\$ 12,900
TOTAL	\$ 20,381,257	\$ 12,869,600	\$ 6,558,353	\$ 110,043	\$ 1,708,081	\$ 41,627,334

Comparison of Annual Expenditures



CITY OF THOMASVILLE

ANNUAL BUDGET IN BRIEF-2021

COMPARISON OF ANNUAL EXPENDITURES BY CATEGORY

General Government	\$	4,584,831
Public Safety	\$	15,133,292
Public Works	\$	6,095,391
Public Utilities	\$	13,165,524
Recreation	\$	2,648,296
<hr/>		
TOTAL	\$	41,627,334

Comparison of Annual Expenditures by Category

