



Office of City Manager

CITY OF THOMASVILLE

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Budget Letter from the City Manager

May 20, 2019

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 2019-2020 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 2019-2020 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 2018-19 FY tax rate. Two cents of this tax rate continues to be dedicated to creation of a reserve fund for the construction of new recreation facilities. Two additional cents continues to be dedicated for the construction of a Police Headquarters facility.

The recommended School District Tax Rate is recommended at 20 cents per hundred dollar valuation. This is the same as the 2018-19 FY tax rate.

Per City Council Fiscal policy, 2.00% of excess Unassigned Fund Balance equaling \$595,221 was utilized to pay for Capital Expenditures in the General Fund. Unassigned Fund Balance remains at 24%.

GENERAL FUND REVENUE SOURCES FOR 2019-2020 BUDGET:

Property Tax: Property tax represents 43 percent of all General Fund revenue and is estimated at \$11,398,878 based on \$.60 per \$100 valuation. This is based on a 2.00 percent increase in property tax valuation and a Property Tax Collection rate of 96%

Sales Tax Revenue: This budget projects a 7 percent increase in sales tax with total revenue of \$7,396,394. It provides 28 percent of the total General Fund revenue.

Utility Franchise Tax: This budget projects no increase in Utility Franchise Tax. This tax represents 8 percent of the General Fund revenue at \$2,177,498.

Powell Bill: The Powell Bill distribution is 3 percent of the General Fund Revenue and is estimated to be \$708,395. This is the same as the 2018-19 Budget. Powell Bill reserves totaling \$25,748 are utilized to fund street improvements.

Financing: Represents 2 percent of General Fund Revenues at \$517,760

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 2018-2019 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 \$314,916. The fee schedule is the same as the 2018-2019 budget.

Utility Reimbursement to the General Fund for services rendered represents 4 percent of the total revenue at \$1,092,257.

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 4% of the General Fund revenue at \$1,070,271. This includes revenues from ABC tax (\$125,000) 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 \$243,300.

GENERAL FUND EXPENDITURES:

Salary and benefits for our employees total \$16,482,606 or 62 percent of all expenditures. A 3.0% COLA adjustment for all employees effective July 1, 2019 is included in this budget year. No Merit salary increase is included in this budget. No Salary Study will be funded in the 2019-2020 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 2019-2020. All employee benefits are continued at their current level. One additional position for a Minimum Housing Inspector is funded in the 2020 Budget effective January 1, 2020. No positions are frozen in this budget year.

This Budget includes a General Capital Reserve fund contribution of \$150,000 for infrastructure improvements. This is the seventh year of \$150,000 to this reserve fund.

Operating expenses are 27 percent of all General Fund expenditures totaling \$7,266,036. Total Workers Compensation Insurance premium is \$371,054 and our General Liability

Insurance premium is \$146,111. Budget includes a manager directed 5% operational line item reduction.

Total Debt Service in the General Fund is 7 percent or \$1,858,878.

New Capital expenditures amount to 4 percent of total expenditures or \$957,303. Major capital included items are as follows:

1. (5) Police Patrol Cars	\$ 127,500
2. One Police Tahoe	\$ 32,260
3. One Inspection Vehicle	\$ 20,000
7. Replacement of one Garbage Truck	\$ 195,000
8. Street Crew Service Truck	\$ 91,000
9. Skid Steer Vehicle	\$ 52,000

The city wide percentage of financing to pay as you go to financing capital purchasing is 56% to 44%. This percentage meets city council's fiscal policy of a minimum of 30% pay as you go capital purchasing.

UTILITY FUND OVERVIEW:

Total revenue in this fund has increased due to an average 1.25% rate increase as indicated in the most recent (May 2017) Water and Sewer Rate Study. Of the total revenue of \$14,648,524, 81 percent is generated through the per thousand gallon charge to the customer each month. Water and Sewer tap fees will not increase.

Expenses from salaries amount to 21 percent or \$3,047,837. A 3.0% COLA adjustment for all employees effective July 1, 2019 is included in this budget year. No Merit salary increase is included in this budget. No additional personnel are included in this budget. Operational expenses are 27 percent or \$3,958,919 and debt service now totals 31 percent of the total cost in operating these utilities at \$4,554,834.

Reimbursement to General Fund for services is 7.0% of expenditures at \$1,092,257.

The needed capital improvements total 14 percent or \$1,994,677. Major capital items include:

1. Track Skid Steer Vehicle	\$107,544
2. Sewer Vacuum Truck	\$441,000
3. WWTP Truck and Hoist	\$ 70,000

Golf Fund Overview

Total revenues are expected at \$613,271 which indicates no major change in projected revenue from 2018-19 FY. Total budget including operating expenses, Capital Expenditures and debt service is \$1,244,599. Debt service is 9% of total expenditures at \$112,526. Salaries and Benefits are 46% of total expenses at \$547,599. Operating Expenses are 23% of total expenses at \$282,544. A 3.0% COLA adjustment for all employees effective July 1, 2020 is included in this budget year. No Merit salary increase is included in this budget

OTHER AGENCIES FUNDED:

• Thomasville Rescue Squad	\$25,000
• PACE Group	\$33,000
• City Beautification	\$40,000
• Economic Development	\$50,000
• Arts Davidson County	\$ 2,000
• MLK Social Action Committee	\$ 500

The Council has set aside ½ cent of the general fund tax for economic development. From these funds, Thomasville shares the cost of operating the Davidson County Economic Development Commission with Denton, Lexington, Wallburg, Midway and Davidson County.

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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 \$603,662 on May 15, 2019.

FINAL SUMMARY:

The Total combined recommended budget for fiscal year 2019-2020 is \$44,697,390 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 \$1,600,649, to Thomasville City Schools of which \$1,594,649 is generated by the school supplement tax at a rate of 20 cents per hundred dollar valuation. The remainder of the total is generated from previous year's tax collection and parking fines.

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 3, 2019 at 7:00 PM in the Council Chambers, 7 West Guilford Street.

Respectfully Submitted,

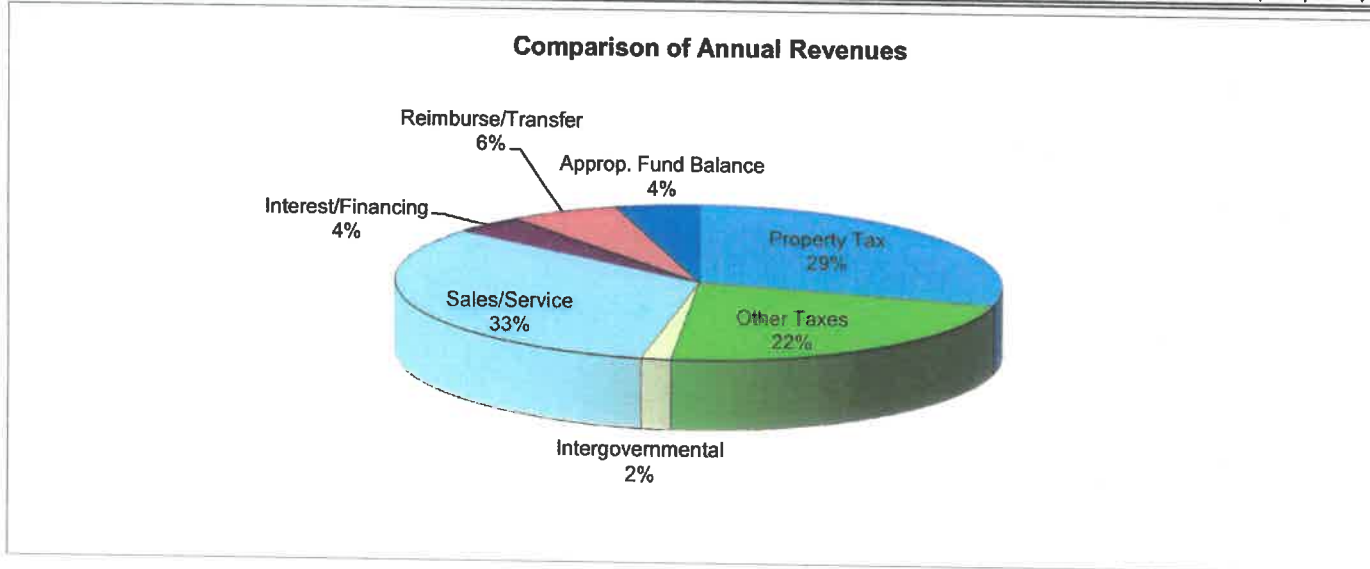


W. Kelly Crayer, City Manager

**CITY OF THOMASVILLE
COMPARISON OF ANNUAL REVENUES**

ANNUAL BUDGET IN BRIEF-2020

	Property Tax	Other Taxes	Intergovernmental	Sales/Service	Interest/Financing	Reimburse/Transfer	Approp. Fund Balance	Total
General Fund	\$ 11,398,878	\$ 9,938,864	\$ 708,395	\$ 1,860,571	\$ 737,760	\$ 1,278,056	\$ 620,969	\$ 26,543,493
General Capital Reserve	\$	\$	\$	\$	\$	\$ 150,000	\$	\$ 150,000
Utility Capital Reserve	\$	\$	\$	\$	\$	\$ 300,000	\$	\$ 300,000
Water Sewer Enterprise	\$	\$	\$	\$ 12,064,962	\$ 678,544	\$ 528,885	\$ 1,376,133	\$ 14,648,524
Golf Course	\$	\$ 500	\$	\$ 614,127	\$ 280,600	\$ 328,042	\$	\$ 1,223,269
Stormwater Management	\$	\$	\$	\$ 103,380	\$	\$	\$	\$ 103,380
School Fund	\$ 1,600,649	\$	\$	\$	\$	\$	\$	\$ 1,600,649
Police Restitutions & Forfeitures	\$	\$ 65,075	\$	\$	\$	\$	\$	\$ 65,075
Beautification	\$	\$	\$	\$	\$	\$ 10,000	\$	\$ 10,000
Cemetery	\$	\$	\$	\$	\$ 100	\$ 40,000	\$	\$ 40,100
Reservoir Fund	\$	\$	\$	\$	\$	\$ 10,000	\$ 2,900	\$ 12,900
							\$ 0	\$ 0
TOTAL	\$ 12,999,527	\$ 10,004,439	\$ 708,395	\$ 14,643,040	\$ 1,697,004	\$ 2,644,983	\$ 2,000,002	\$ 44,697,390

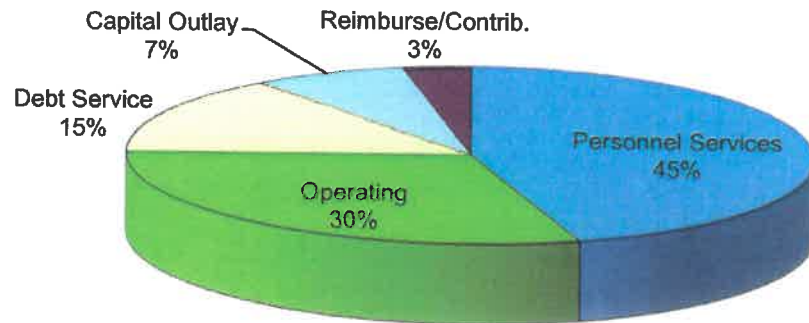


CITY OF THOMASVILLE
COMPARISON OF ANNUAL EXPENDITURES

ANNUAL BUDGET IN BRIEF-2020

	Personnel Services	Operating	Debt Service	Capital Outlay	Reimburse/Contrib.	Total
General Fund	\$ 16,482,606	\$ 6,895,334	\$ 1,858,878	\$ 957,303	\$ 349,372	26,543,493
General Capital Reserve	\$	\$ 150,000	\$	\$	\$	150,000
Utility Capital Reserve	\$	\$ 300,000	\$	\$	\$	300,000
Water Sewer Enterprise	\$ 3,047,837	\$ 3,958,919	\$ 4,554,834	\$ 1,994,677	\$ 1,092,257	14,648,524
Golf Course	\$ 547,599	\$ 282,544	\$ 112,526	\$ 280,600	\$	1,223,269
Stormwater Management	\$	\$ 103,380	\$	\$	\$	103,380
School Fund	\$	\$ 1,600,649	\$	\$	\$	1,600,649
Police Restitutions & Forfeitures	\$	\$ 75,075	\$	\$	\$	75,075
Beautification	\$	\$ 40,100	\$	\$	\$	40,100
Cemetery	\$	\$ 12,900	\$	\$	\$	12,900
TOTAL	\$ 20,078,042	\$ 13,418,901	\$ 6,526,238	\$ 3,232,580	\$ 1,441,629	44,697,390

Comparison of Annual Expenditures



CITY OF THOMASVILLE

ANNUAL BUDGET IN BRIEF-2020

COMPARISON OF ANNUAL EXPENDITURES BY CATEGORY

General Government	\$	5,603,106
Public Safety	\$	15,028,917
Public Works	\$	6,278,806
Public Utilities	\$	15,051,904
Recreation	\$	2,734,657
TOTAL	\$	44,697,390

Comparison of Annual Expenditures by Category

