



**Town of Wadesboro**

**Budget FY 2021-2022**

Mayor Bill Thacker

Mayor Pro Tem John Ballard

Councilman Fred Davis

Councilman Lewis Evans

Councilman James David Lee

Councilman Bobby Usrey

Town Attorney Aaron Bates

Town Manager David Edwards

Town Clerk Debbie Cox

## FY 2021-2022 Budget Message

June 4, 2021

Honorable Mayor and Members of Council  
Town of Wadesboro, North Carolina:

Pursuant to the Local Government Budget and Fiscal Control Act and N.C. General Statute 159-11, the Annual Budget for Fiscal Year 2021-2022 is submitted for your consideration:

<b>General Fund</b>	\$5,508,264
<b>Water/Sewer Fund</b>	\$3,031,132
<b>Total Operating Budget</b>	\$8,539,396

In comparison to the current FY 2020-21 Budget, the FY 2021-22 General Fund proposed budget increases by approximately 3.4% (\$185,856) and the Enterprise Fund proposed budget increases by 5.6% (\$161,021); this equals an overall total increase of \$346,877 (4.2%). In addition, the overall amount of fund balance appropriated has been decreased from \$542,614 in the current year to \$453,384 in the proposed budget, a reduction of \$89,230. There are no proposed increases to ad valorem taxes or fees.

The Wadesboro Fire District Tax rate is recommended to remain at .096.

As previously stated, the Water and Sewer Enterprise Fund increases by \$161,021 (5.6%). This increase is due to revenues for the current fiscal year exceeding expectations and usage amounts increasing steadily over the previous months. This budget achieves a 100% balanced budget for the enterprise fund, even when factoring in depreciation. This budget also includes factoring in Capital Contributions as a revenue item for the first time, presenting a more accurate budget. There are no proposed water and sewer rate increases, and we have been advised that Anson County is not proposing rate increases.

At the 2021 Town Council Retreat, the following overall goals and specific initiatives were established:

- Employee Initiatives
  - Incentives and Recognition for Excellence
  - Training Opportunities
  - Retention Efforts
  - “Raise the salary floor” for all front-line employees
- Financial Efficiency and Accountability
  - Stay in the “Black”
  - Tax Collections Increase
- Community Initiatives
  - Improve Uptown Aesthetics and Beautification

- Park Improvements
- Downtown Revitalization
  - Strengthen Building Code
  - Help Improve Uptown Buildings
- Nuisance Properties
  - Abandoned Vehicles and Houses

These goals provide the foundation upon which the budget is built. Over the course of two budget workshop sessions, a prebudget public hearing, and many hours of staff research and development, Council and staff worked diligently to achieve these goals throughout the budget process.

These initiatives and focus areas are addressed in this proposed budget in several ways. Often, particularly with community-based initiatives, grant funding may be available to develop master plans for downtown revitalization as well as park improvements. Town staff are already engaging with State agencies to secure these grants, and there is much promise in that area for achieving these goals. This budget assumes minimal growth in sales tax revenue, as the uncertainty surrounding the recovery of the economy continues to be a looming issue. Many people are in difficult situations concerning housing and mortgage troubles, which could have cascading effects on sales tax revenue as well as property values. Town staff are planning to begin training soon to bring nuisance property abatement in-house, greatly streamlining the condemnation process. This budget also begins a long-term relationship with a fleet revitalization effort, one that will result in reduced fleet costs over the next 10 years.

## **General Fund: Introduction**

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund. This fund is established at the inception of a government and exists throughout the government's life. Expenditures are divided into functional departments to present a clearer understanding of the costs of providing certain services. Personnel assigned to a department are largely paid from that department.

## **General Fund: Long-Term Outlook**

Beginning in FY 2014-15, the Town has consistently maintained a positive or neutral cash flow compared to many years prior to that time. For a series of budget cycles leading back almost 10 years, the Town consistently budgeted and spent cash reserves in order to maintain service levels across the board. Since that time Town Council, staff, and leadership have shown a commitment to delivering services more efficiently and on a leaner budget year after year. In addition, the current fiscal year as well as this proposed budget will include a scaled salary increase for all full-time Town staff, a measure developed by Council to disproportionately raise the salaries of those employees making less, improving their earning potential and their ability to provide for

their families. All front-line employees will receive a 4% Cost of Living increase, with all Supervisory and Management employees receiving a 2% Cost of Living increase.

It also must be mentioned that the Town has received significant incentive money from the federal government through two funding sources. The CARES Act in 2020 brought the Town approximately \$225,000 in funding that was used to purchase upgraded radio equipment for the police and fire departments. In the coming fiscal year, the Town is expected to receive approximately \$850,000 in federal money from the American Rescue Plan, a measure by the government to assist communities in recovering from the effects of COVID-19. Guidance on spending this money is still limited, but it will have a significant impact on the Town's ability to catch up on several initiatives that have been long delayed.

In light of the Town's current financial status, this year's General Fund budget is relatively unchanged. While the financial solvency of the General Fund is not in question, the uncertainty of the future is cause for a continued conservative approach to this year's budget. The two main issues facing the Town are as follows:

Issue #1: Long term impacts from the COVID-19 pandemic continues to be at the top of the list of concerns for the Town. The country's economic recovery has been bolstered temporarily by federal funding that increases unemployment benefits, restricts mortgage holders and landlords from taking action for non-payment, and provided direct cash payments for the majority of households. These efforts, while extremely helpful in the midst of the pandemic, have the potential to have long term negative effects on the nation's economy. Inflation is a primary concern, along with historically low interest rates, causing concern about the nation's housing market and the possibility of a correction in the near future. Construction costs will likely continue to rise, as every single municipality in the country just received "free money" that will have to be spent, so demand and availability of contractors will certainly be a concern. Lastly, an area of hope in this area is the relatively low cost of living and housing in Anson County, we very well may be an area of refuge from larger cities if and when the housing bubble bursts.

Issue #2: The Town's ability to attract new businesses, families, and industry is a major focus area that must be navigated well. With the Wadesboro Industrial Park project expected to break ground this calendar year, we stand at an extremely important crossroads in how the Town navigates its relationships with economic development entities in the County as well as how infrastructure is planned. This is a two-fold issue that must be handled effectively – the attraction of new industry must be coupled with the availability of qualified employees, affordable housing, and the infrastructure to support new businesses and homes. Largely, the ability for the Town to handle the infrastructure needs of new industry is predicated on our reliance on the County for the provision of our water and sewer services. It is uncertain what level of capacity in the deliverance of water and sewer services the county has, and whether or not there is room for a significant increase.

As always, it is important to note that there are plenty of reasons to be hopeful for the future of the Town. New industries producing high-paying jobs have already located here in the recent past, and their continued success and growth will be an incredible testimony for the ability of the

Town to handle growth. There is also a significant increase in the market prices of housing in Town, signifying that people are looking at Wadesboro as a place they want to live.

## **General Fund: Revenues**

For FY 2021-22, a minor increase in projected sales tax revenues has been included in this budget to account for the current trends in sales tax revenue from the current fiscal year. These revenue projections are intended to be overly conservative, with hopes that they are exceeded. While maintaining this outlook, in order to ensure the continued positive cash flow from previous fiscal cycles, these projections are conservative:

FY 2021-22 General Fund revenues are budgeted at \$4,999,680 (less fund balance) which is a 4.6% (\$219,886) increase from the current FY 2020-21 budget of \$4,779,794 (less fund balance). As in the current fiscal year, this number is also artificially inflated by the inclusion of \$200,000 revenue budgeted as the State's 80% reimbursement of the Burns St Bridge replacement project.

Town ad valorem property taxes, the Town's largest revenue source, are projected to decrease slightly in FY 2021-22 at \$1,965,000. This is due to the decrease in interest earned on taxes with interest at the low levels they have been for the last 18 months.

## **General Fund: Expenditures**

Budgeted expenditures for FY 2020-21 are projected to increase by 2.4% (\$130,656) over the current year. While not attempting to cover specifics for all Town departments within the General Fund, what follows are some highlights of the more significant expenditures and programs being proposed.

Administration: Included in this budget is \$100,000 for a transfer to a capital project, this is to pay for the initial payment and equipment to replace Engine 2 for the Fire Department; \$48,000 budgeted for County 911 services for dispatching.

Police: The police department budget includes \$27,500 for vehicle lease payments; \$21,500 for replacement body cameras; \$9,300 for a mobile phone evidence recovery system; and \$8,500 for replacement of service weapons and holsters.

Fire: The fire budget includes \$20,500 for replacement turnout gear; and \$9,500 for replacement equipment.

Shop: The main expenditure highlight includes \$10,500 for tire-changing equipment and \$4,500 for vehicle lease payment.

Street: The Street department budget includes \$16,000 for a portion of a mine-excavator; \$12,500 for a replacement mower; \$10,400 for Uptown electrical upgrades; and \$4,500 for a vehicle lease payment.

Powell: This budget includes \$156,000 for street resurfacing, \$25,000 for general street maintenance and \$250,00 for the initial construction cost of the Burns Street Bridge replacement project (\$200,000 of which will be reimbursed by the State).

Sanitation: No capital purchases or extraneous expenses are planned for this budget cycle.

Parks: The parks department budget includes \$6,500 for camera system upgrade; \$5,000 for an equipment trailer; and \$4,500 for vehicle lease payments.

Personnel: The budget includes a 4% COLA for all front-line employees and a 2% COLA for all supervisory and management employees.

## **Enterprise Fund: Introduction**

In addition to the General Fund which covers all typical government operations, the Town of Wadesboro operates an enterprise fund regarding water and sewer service. The Town is charged with operating this enterprise fund like a private business where the cost of the service is recovered primarily through user charges.

## **Enterprise Fund: Long-Term Outlook**

In FY 2019-2020 the Town had revenues of \$3,040,862 and expenses of \$2,701,648 resulting in positive change in net position of \$335,015. Beginning in that budget cycle, the Town budgeted for depreciation on the system's assets in order to more accurately capture the cost of operating the system. For the current fiscal year, the system is still well ahead in revenues over expenses, even with depreciation factored into the calculations.

Our local economic realities combined with operating losses put the Town in a precarious situation: if the Town's population continues to decrease or it lost a large customer, then the remaining customer base would likely have to cover an increased share of the true cost of water/sewer service. As a result, rates would then become increasingly unaffordable for remaining customers but revenues from these rates would still insufficient to recover the costs of an aging system. Therefore, it is possible that a smaller group of customers in the future must cover an increased share of costs while also ultimately paying for past unpaid depreciation costs.

Long-Term Recommendation: Given these realities, the Town has sought to be responsible managers of its utility system by implementing two strategies. First, by pursuing long-term economic sustainability strategies to attract large industrial users to the Industrial Park and economic incentives for existing unoccupied facilities. Second, by prioritizing projects and aggressively pursuing grants to combine with potential debt service capacity to start replacing long-neglected system assets. The Town received a \$1 million grant from the NC Division of Water Infrastructure in 2017 for the Burns Street Basin rehabilitation project. This project is currently out for bid, with contract award expected in July 2021. In addition, the Town has sought and received approval of a \$1.5 million USDA loan and grant for water main

replacement, and a \$3.1 million USDA loan and grant for sewer improvements, both which were approved in 2018. Both of these projects are in the final stages of design and engineering, with construction anticipated to begin in the calendar year 2021. The Wadesboro Industrial Park project is also in the final stages of design and easement acquisition, and should also break ground in 2021. This has the potential to add much-needed industrial water usage to the system. Lastly, we recently received a grant for \$150,000 from the state to perform an Asset and Inventory Assessment for our sewer system, which is in the final stages of completion.

## **Water & Sewer Fund: Revenues**

FY 2021-2022 revenues are projected to increase slightly compared to FY 2020-2021 revenues with no fund balance appropriated, for a total revenue projected at \$3,061,132. As mentioned previously this increase is largely attributed to budgeted for capital contributions to the system, something that had never been previously budgeted for.

## **Water & Sewer Fund: Expenditures**

Budgeted expenditures for FY 2021-22 are proposed to increase by 6.6% (\$191,021) in comparison to the FY 2020-21 Budget.

While not attempting to cover specifics for all Town departments within the Enterprise Fund, what follows are some highlights of the more noteworthy expenditures and programs being proposed.

Water: This budget includes \$25,000 for a portion of a new mini-excavator and \$9,000 for vehicle lease payments.

Sewer: Expenditure highlights include \$25,000 for a portion of a new mini-excavator; \$7,500 for a hydraulic power pack; and \$4,500 for vehicle lease payments.

Personnel: The budget includes a 4% COLA for all front-line employees and a 2% COLA for all supervisory and management employees.

## **Water & Sewer Fund: Commentary**

For the second time in as many years, the Enterprise Fund is projected in this budget to maintain a completely balanced budget. Furthermore, this budget does account for depreciation costs, ensuring that the true cost of operating the system is realized, bringing the Fund one step closer to being self-sustaining in the long term. As we continue to make improvements to the system through inflow and infiltration repair, increased revenue from new residential and industrial customers, the future of the Fund looks brighter every year.

TOWN OF WADESBORO  
BUDGET ORDINANCE  
FISCAL YEAR 2021-2022

BE IT ORDAINED by the Council of the Town of Wadesboro, North Carolina, that:

Section 1. The following amounts are hereby appropriated in the General Fund for the operation of the City Government and its activities for the fiscal year beginning July 1, 2021 and ending June 30, 2022 in accordance with the Chart of Accounts established by the Town:

Administration	\$881,554
Incentive Grants	\$24,000
Police	\$2,293,504
Fire	\$542,171
Garage	\$109,943
Street	\$565,973
Powell Bill	\$456,250
Sanitation	\$534,793
Park	<u>\$100,076</u>
Total	\$5,508,264

Section 2. It is estimated that the following revenues will be available in the General Fund for the fiscal year 2021 – 2022.

Ad Valorem Taxes	\$1,965,000
Other Revenue	<u>\$3,543,264</u>
Total	\$5,508,264

Section 3. The following amounts are hereby appropriated in the Enterprise Fund for the operation of the water and sewer utilities for Fiscal Year 2021 – 2022.

Water	\$1,375,216
Sewer	<u>\$1,655,916</u>
Total	\$3,031,132

Section 4. It is established the following monies will be available in the Water & Sewer Enterprise Fund for the Fiscal Year 2021 – 2022.

Water	\$1,215,000
Sewer	\$1,545,000
Other	<u>\$271,132</u>
Total	\$3,031,132

Section 5

- (a.) There is hereby levied a tax at the rate of 55.6 cents per one hundred dollars valuation of property effective July 1, 2021.
- (b.) The Town of Wadesboro water rate structure for FY 2021-2022 will remain unchanged from FY 2020-2021.
- (c.) The Town of Wadesboro sewer rate structure for FY 2021-2022 will remained unchanged from FY 2020-2021.
- (d.) The fees and charges for taps, deposits & reconnections, & miscellaneous items for FY 2021-2022 will remain unchanged from FY 2020-2021.
- (e.) The Town of Wadesboro water rate structure will be adjusted to match any increase in Anson County's municipal water rate charges for Fiscal Year 2021-2022. The Finance Officer is authorized and directed to make any such changes.
- (f.) The Town of Wadesboro sewer rate structure will be adjusted to match any increase in Anson County's sewage treatment charges for Fiscal Year 2021-2022. The Finance Officer is authorized and directed to make any such changes.
- (g.) The Town of Wadesboro monthly garbage rate for FY 2021-2022 will remain unchanged from FY 2020-2021.
- (h.) There is hereby levied a tax at the rate of 9.6 cents per one hundred dollars valuation in the Wadesboro Fire District outside of the Town of Wadesboro effective July 1, 2021.

Section 6. The Budget Officer is hereby authorized to transfer appropriations within a fund as contained under the following conditions:

- (a.) He may transfer amounts between objects of expenditures within a department without limitations and without a report being required.
- (b.) He may transfer amounts between departments and make expenditures or transfers from the contingency fund with an official report on such transfer at the next regular meeting of the Council.

Section 7. Copies of this budget ordinance shall be furnished to the Finance Officer and the Budget Officer to be kept on file by them for their discretion in the disbursement of funds.

A motion was made by, seconded by that the above ordinance be approved.

The vote was as follows:

For:

Against:

Passed.

This \_\_\_\_ day of June, 20\_\_.

---

MAYOR

ATTEST:

---

TOWN CLERK

(Seal)