

VILLAGE OF WHISPERING PINES
Manager's Budget Message
2016-17 Fiscal Year

May 26, 2016

The Honorable Michelle Lexo, Mayor
Members of the Village Council
Whispering Pines, North Carolina

Pursuant to Section 159-11 of the North Carolina General Statutes, I am pleased to present the recommended Village of Whispering Pines Budget for the fiscal year (FY) beginning July 1, 2016 and ending June 30, 2017 for your review and consideration.

The FY 2016-17 proposed Budget, which is balanced, continues to deliver excellent residential services with no increase in the current tax rate of .37 per \$100 valuation.

Most economic indicators show positive trends, with significant increases in residential construction activity in the Village this fiscal year and signs of continued growth in the future.

The Village remains in a solid fiscal position, and this is an opportune time to proceed with the funding of several capital and non-recurring expenditures, while maintaining our financial position.

INITIATIVES

Our mission continues to be to provide the highest level of professional resident service possible in a cost effective manner. The FY 2016-17 Budget includes initiatives/projects that preserve the character of our unique Village, while taking steps to enhance this uniqueness. This Budget includes new initiatives as well as projects that are continuations from the current fiscal year. The following initiatives/projects are proposed for FY 2016-17:

- The Village has made progress in recent cove maintenance projects with the development of the “muck-raking” program to address weed and other debris removal where needed on Village Lakes. These efforts will continue with funding for the purchase of a commercial pontoon boat to support the necessary components of the muckraking process. (\$38,500)

- To implement recommendations put forth in the Village Fishery Assessment, funds have been budgeted to contract for electrofishing services that will target and remove undesirable fish species in Thagard Lake. (\$6,600)
- Continuation of the Village aquatic weed control program as recommended by NC State University. (\$7,500)
- The Village will continue to update and execute the Village's capital improvement program (CIP). Vehicles will be replaced in the Police Department with the purchase of two replacement patrol vehicles. (\$63,725)
- The Fire Rescue Department will continue the process of upgrading and/or replacing equipment and protective gear where necessary and obtaining grant monies where available for this purpose. (\$27,100). The grants (3) will be a 50/50 match, with \$13,550 reimbursement.
- The Fire Rescue Department will enhance the staffing level to include additional part-time personnel in an effort to improve the services provided to Village residents. (\$43,835)
- Expansion of Village community "events" for the next fiscal year. Due to the success of previous events, additional community events are in the planning stage for FY 2016-17. (\$8,000)
- Completion of the Village streetscape program with the installation of the Village park signs. This program has, to date, completely replaced all entry signs, directional signs, street and traffic control signs throughout the Village. (\$5,000)
- Continue utilization of the Village Street assessment study that provides a prioritization system in maintenance of Village streets. The proposed budget contains the estimated \$ 119,725 in Powell Bill funds (restricted for street related expenditures) for FY 2016-17 and an additional \$ 55,275 to be expended from the general fund revenues on street resurfacing and improvements. This total of \$175,000 will insure the Village street system will be maintained at an optimal level.
- To continue to implement the goals set forth in the Village Recreation and Open Space Master Plan, efforts will continue to enhance recreational access for all residents. While not funded in this budget presentation, Council will be asked for funding when the opportunity arises for improved recreational facilities. Funds have been budgeted to complete the walking trail around the Summerfield subdivision to Blue Lake. (\$25,000)
- The construction phase of Thunder Bridge will continue into the upcoming fiscal year with a projected completion in October, 2016. A capital project fund has been adopted for this project with estimated project costs to be \$943,432. Federal Funding has been approved for 80% (\$754,745) of the costs.
- A Capital Project Fund has been established for the reconstruction of the Spring Valley Dam spillway. Spillway rehabilitation plans were submitted to the NC Dam Safety office in April, 2015. It is anticipated the project will be scheduled for late 2016, upon completion of the Thunder Bridge Project, with an estimated cost of \$522,650. The Capital Reserve Major Infrastructure Repair Fund will be the funding source for this project.

FUNDS OF THE BUDGET

General Fund

The General Fund is used to account for resources which are not required legally or by sound financial management to be accounted for in another fund. The FY 2016-2017 General Fund Budget is balanced with a property tax rate of \$0.37 per \$100 valuation. This rate will provide approximately \$1,765,625 in real, personal and motor vehicle property tax revenues based on an anticipated collection rate of 99.9%. The Village has historically achieved a high tax collection rate.

In addition to the above tax revenues, the Village receives Fire District tax revenues, State Shared revenues, State road maintenance funds (Powell Bill), sales tax revenues, permit fee revenues, investment returns and grant funding totaling an estimated \$1,333,365.

The proposed General Fund Budget revenues for FY 2016-2017 total \$ 3,098,990, a two percent growth over projected FY 2015-16 year- end revenues.

Some changes should be noted in the Village General fund revenues, which are a result of actions by the State Legislature. The Home Builders Exclusion legislation which excludes new construction from full tax levies until the home is sold, results in a loss of approximately \$ 22,000 for the Village in FY 2016-17.

Recent changes in local option state sales tax distribution places Moore County in the upper (wealthy) tier of counties. Sales tax revenues on new categories such as service fees will not be distributed back to Moore County. Legislation has been introduced to eliminate the "loss adjustment factor" in future budgets, which is part of the current sales tax distribution. While this change does not affect FY 2016-17, it is estimated this will have a negative impact of approximately \$ 31,000 in future fiscal years.

These two legislative decisions, as well as previous repeals of local revenues, such as the elimination of the Privilege License Tax, are of concern for local governments. These actions could force local governments to increase local property tax rates in the future to make up these growing shortfalls in state revenues.

Capital Reserve Fund

The Village has a Capital Reserve Fund for major repairs to Village infrastructure, which is funded by the “restricted” .05 tax levy adopted in 2010. In FY 2015-16, this Capital Reserve funded \$179,500 to the Thunder Bridge replacement project. The estimated balance in this fund on June 30, 2016 will be \$923,500. This levy will generate \$238,500 for FY 2016-17.

Upon completion of the Thunder Bridge replacement project, the Village will undertake the Spring Valley Dam Spillway reconstruction project. It is estimated \$522,650 will be the costs for the project and will be funded from the Capital Reserve Fund.

The estimated balance in this fund on June 30,2017 will be \$639,350

FUND BALANCES

With slightly larger than anticipated FY 2015-2016 revenues, coupled with a surplus in the FY 2015-16 budget, it is estimated that the Village will have a General Fund Balance of \$ 1,237,792, on June 30, 2016 or 40% of the FY 2016-2017 Budget.

A summary of funds and their estimated fund balances as of June 30, 2016 are as follows:

FUND	ESTIMATED AMOUNT
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General Fund	\$ 1,237,792
Capital Reserve Fund – Major Repairs	<u>923,500</u>
	<u>\$ 2,161,292</u>

EXPENDITURES

Salaries and Related Benefits:

The FY 2016-17 General Fund budget recommends funding 21 full-time employees, 3.6 full time equivalent (FTE) firefighters, and fire rescue pay- per- call personnel.

Salaries and wages, including merit pay raises, longevity awards and benefits for the Village’s proposed 24.6 FTE employees and Fire Rescue Pay-Per-Call personnel accounts for \$1,408,182 or 46.0% of the proposed General Fund budget.

Health insurance rates will remain the same from FirstCarolina Care Insurance. Dental, vision, life, and short term disability insurance rates from the NC League of Municipalities reflect no increase for the FY 2016-17. The Workman’s Compensation rates reflect little change from FY 2015-16.

A merit raise pool allocation for full time employee salaries is proposed in the FY 2016-17 Budget. Last year, employees received merit raises based on annual performance evaluations.

It has been a long standing Village policy to have a longevity payment for employees who have served the Village for significant years. The 2016-17 Budget proposes continuing longevity pay to reward senior employees for long standing dedicated service to the Village.

Operating Costs:

Operating costs for FY 2016-2017 are projected at \$1,285,083 or 42.0% of the total General Fund budget. These expenditures include all costs other than salaries, benefits and capital costs. Debt service costs on long-term financial obligations are included in operating costs. These operating costs also include resurfacing funds for Village streets and storm water management projects.

The Village continues to provide trash, refuse and recycling collection services to the residents through contracted services at a cost of \$440,210, representing 35% of the operating costs for FY 2016-2017, which is included in the above total.

Capital Expenses:

Capital expenditures are for the purchase of vehicles, equipment and other items that are considered not expendable at the time of purchase, have a value greater than \$5,000, and have a life expectancy of at least one year. The capital items in this years' budget include funds for, a Commercial Pontoon Boat for Muckraking (\$38,500), two patrol vehicles (\$63,725) for the Police Department, a truck bed (\$6,111) for the Public Works Department, and completion of a walking trail (\$25,000). Capital expenditures are projected at \$133,336 or 4.0% of the total General Fund budget.

Restricted Funds Transfer

The Council approved a .05 increase in the property tax in 2010 and designated the use of the funds to major repairs of the Village infrastructure. Transfer of the .05 tax levy to the Capital Reserve Fund this FY2016-17 accounts for \$238,500, or 8.0% of the total General Fund Budget.

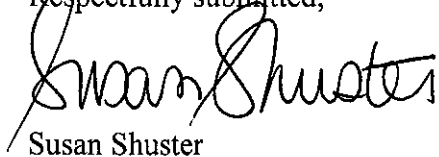
RECOMMENDED BALANCED BUDGET

As required by the North Carolina General Statutes the proposed Budget is balanced, with total revenues equal to total expenditures. I have presented a budget that recommends an ad valorem rate of \$0.37 per \$100 valuation for the General Fund, representing no change in the Village tax rate.

The North Carolina General Statutes specify that the budget ordinance and tax rate be adopted by July 1, 2016. Also, General Statute 159-12 (b) requires the Village's governing body to hold a public hearing on the budget prior to adoption, which is scheduled for Wednesday, June 8, 2016 at 6:00 p.m.

I would like to thank Village Department Head's for their efforts in the development of the 2016-2017 budget and look forward to our continued efforts in providing Whispering Pines residents with a high quality of life.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Susan Shuster". The signature is written in a cursive, flowing style.

Susan Shuster
Village Manager/Finance Director

**Village of Whispering Pines
FY 2015-16 vs. FY 2016-17 Revenue Summary
General Fund**

	7/1/2015 Amended FY 2015-16	7/1/2016 Proposed FY 2016-17
Ad Valorem Tax Revenue (1)	\$1,716,930	\$1,765,625
Ad Valorem Fire Tax (2)	74,098	113,131
Other Taxes	728,000	778,125
Unrestricted Intergovernmental 3)	181,880	224,725
Restricted Intergovernmental (4)	148,000	135,059
Permits & Fees	40,250	44,000
Other Revenue	77,500	25,825
Investment Earnings	500	2,500
Sale of Capital Assets	2,500	10,000
Appropriated Fund Balance	<u>42,310</u>	
Total Revenues	<u>\$3,011,968</u>	<u>\$3,098,990</u>

4% increase over FY 2015-16 amended budgeted revenue of \$2,969,658 (\$3,011,968 - \$42,310).

2% increase over FY 2015-16 estimated year end revenues of \$3,049,810.

- 1) Ad Valorem Tax – Real, Personal, Utility, Motor Vehicle
- 2) FY 16 fire district tax only, FY 17 both fire district tax and rescue funds combined under Moore Co funding model
- 3) Unrestricted Intergovernmental – State Shared Revenues of Utility, Telecommunications, Solid Waste Disposal, Video Programming
- 4) Restricted Intergovernmental – Powell Bill funds (road maintenance), grant funds

Notes to Revenue:

Ad Valorem Tax Revenue: Estimated Real/Personal/Utilities/Motor Vehicle valuation of \$443,330,000 @ .37= \$1,640,321 with a 99.9% tax collection - \$1,638,680.

A less than 1% increase from FY 15-16. FY 2016-17 valuation less than actual, due to legislation of NC Homebuilders Exclusion, (\$6M) currently and over (\$2M) decrease due to a Brown Golf appeal.
\$6M @.37 = \$22,200

2016-17 Estimated Tax Valuation:

Estimated Real	\$ 439,062,000
Estimated Personal	\$ 2,424,000
Estimated Utilities	\$ 1,844,000
Estimated Motor Vehicle	\$ 34,489,000
Total Estimated Value	\$477,819,000
.01 =	\$47,781

Ad Valorem Fire Tax: Based on .085 tax rate. Implementation of Moore County funding model: Operating allowance \$92,016, Apparatus allowance \$17,696, and building allowance of \$3,419.

Village of Whispering Pines
FY 2016-17 Proposed Expenditures: Summary by Department

	Department Request: 5/17/2016	Manager Recommendation: 5/26/2016
Governing Body:		
Salaries	\$ 13,564.	\$ 13,564.
Operational:	5,500.	5,500.
	\$ 19,064.	\$ 19,064.
Administration:		
Salaries & Benefits	\$ 195,242.	\$ 197,252.
Operational	109,175.	110,175.
Activities Committee	12,000.	15,000.
Capital Outlay-Fixed Assets	1,000.	1,000.
	\$ 317,417.	\$ 323,427.
Planning & Zoning:		
Salaries & Benefits	\$ 31,077.	\$ 31,664.
Operational	7,900.	7,900.
Capital Outlay-Fixed Assets	250.	250.
	\$ 39,227.	\$ 39,814.
Public Buildings:		
Salaries & Benefits	\$ 35,480.	35,910.
Operational	30,800.	30,800.
Capital Outlay – Building Maintenance- VHall, Public Works	5,500.	5,500.
Capital Outlay – Fixed Assets – Others	500.	1,000.
	\$ 72,280.	\$ 73,210.

**Village of Whispering Pines
FY 2016-17 Proposed Expenditures: Summary by Department**

	Department Request: 5/17/2016	Manager Recommendation: 5/26/2016
Police:		
Salaries & Benefits	\$ 566,143.	\$ 573,168.
Operational	100,719.	100,719.
Capital Outlay – Fixed Assets & Grant	2,444.	2,444.
Capital Outlay – Vehicles	59,800.	63,725.
Capital Outlay – Equipment	60,000.	0.
	\$ 789,106.	\$ 740,056.
Fire Rescue:		
Salaries & Benefits	\$ 315,399.	\$ 316,833.
Operational	78,674.	78,674.
Capital Outlay-Fixed Assets & Grant	28,600.	28,600.
	\$ 422,673.	\$ 424,107.
Lakes & Parks:		
Salaries & Benefits	\$ 83,166.	\$ 84,455.
Operational	74,150.	76,150.
Lake Mgmt Services	11,880.	6,600.
Capital Outlay-Lake Access Acquisition	100,000.	0.
Capital Outlay – Equipment	46,000.	38,500.
Capital Outlay – Rec Open Space Projects	60,000.	25,000.
	\$ 375,196.	\$ 230,705.

Village of Whispering Pines
FY 2016-17 Proposed Expenditures: Summary by Department

	Department Request: 5/17/2016	Manager Recommendation: 5/26/2016
Roads:		
Salaries & Benefits	\$166,326.	\$ 168,900.
Operational	65,150.	65,150.
Capital Outlay-Fixed Assets (sm. equipment)	4,100.	4,100.
Capital Outlay – Equipment	6,111.	6,111.
Street Improvements	177,500.	177,500.
	\$ 419,187.	\$ 421,761.
Environmental Protection:		
Contracted Services	\$ 375,150.	\$ 375,150.
Operational	65,060.	65,060.
	\$ 440,210.	\$ 440,210.
Transfers:		
Capital Reserve	\$238,500.	\$ 238,500.
(.05 Reserved Tax Levy)		
	\$ 238,500.	\$ 238,500.
Debt Service: (Maintenance Bldg/Fire Apparatus)		
Principal	\$ 89,432.	\$ 89,432.
Interest	7,079.	7,079.
	\$ 96,511.	\$ 96,511.
Contingencies:		
Merit Pay	\$ 29,525.	\$ 29,000.
Longevity	10,475.	11,000.
General Contingency		11,625.
	\$ 40,000.	\$ 51,625.
Total FY 2016-17 Requests:	<u>\$3,269,371.</u>	<u>\$3,098,990.</u>