



# VILLAGE OF WHISPERING PINES

## Manager's Budget Message FY2017-18

May 25, 2017

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, 2017 and ending June 30, 2018 for your review and consideration.

The FY2017-18 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 FY2017-18 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 FY2017-18:

- The acquisition of a trailer to carry and re-position muckraker as necessary. (\$8,000)
- The Zoning Department will acquire a web-based computer software program to streamline the reporting, initiating, tracking, and resolving code enforcement issues. (\$2,500)
- The Village will continue to update and execute the Village's vehicle replacement capital improvement program (CIP).
  - The Fire Rescue Department will replace an existing utility vehicle. (\$41,500)
  - Public works will replace an existing pick-up truck. (\$29,000)

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- 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. (\$5,850). The grants will be a 50/50 match, with \$2,925 reimbursement.
- The Police Department will acquire an in-car camera system to replace the existing system which is beyond its useful life. The new system has the capability and capacity to add police officer worn body cameras should the Village decide to acquire them in the future. (\$60,000)
- The Fire Rescue Department will continue to replace and maintain their personal protective equipment (PPE) used for structural firefighting with the purchase of six (6) complete sets of PPE. (\$18,000)
- Continue to provide and explore the addition 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 FY2017-18. (\$12,000)
- The Village will acquire a web-based computer software program that will facilitate the delivery of federal, state, and local training and certification mandates for all village employees. (\$4,700)
- Continue utilization of the Village Street assessment study that provides a prioritization system in maintenance of Village streets. The proposed budget contains the estimated \$ 117,611 in Powell Bill funds (restricted for street related expenditures) for FY2017-18 and an additional \$ 52,389 to be expended from the general fund revenues on street resurfacing and improvements. This total of \$170,000 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. Although a specific location and scope of the project have yet to be determined, funds have been budgeted to improve Village open space. (\$35,000)
- The construction phase of police station renovation/addition will continue into the upcoming fiscal year with a projected completion in November 2017. A capital project fund has been adopted for this project with total estimated project costs to be \$414,000, which includes \$14,000 that was approved in December 2016 for the cost to revise the project drawings, bid the project, and construction management.
- A Capital Project Fund was established during FY2014-15 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 begin towards the end of 2017, with an estimated cost of \$500,000. 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 FY2017-2018 General Fund Budget is balanced with a property tax rate of \$0.37 per \$100 valuation. This rate will provide approximately \$1,857,790 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.

The remaining tax revenues the Village receives are from fire district taxes, state shared revenues, state road maintenance funds (Powell Bill), sales tax, permit fees, investment returns and grant funding totaling an estimated \$1,362,627.

The proposed General Fund Budget revenues for FY2017-2018 total \$ 3,220,417, a three percent growth over projected FY2016-17 year- end revenues.

Some changes should be noted in the Village General fund revenues, which are a result of actions by the State Legislature. Changes in local option state sales tax distribution places Moore County in the upper (wealthy) tier of counties. Legislation has been introduced to modify the "loss adjustment factor" during the upcoming fiscal year. If the new legislation is approved, it is estimated this will have a negative impact of approximately \$71,000 in local option sales tax revenue during FY2017-18. Therefore, our budget is based on the assumption this legislation will be enacted and the \$71,000 has been omitted from our estimated revenue.

The legislative decision, 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 FY2016-17, this Capital Reserve funded the following capital projects:

- Whisper Lake Dam Repairs - \$35,000
- Police Station Renovation/Addition - \$400,000
- Southwest Storm Water Drainage Project (Hardee Lane) - \$30,000

With the completion of the Thunder Bridge project imminent and under budget, we anticipate an approximate \$31,389 balance, which will be transferred back to the Capital Reserve Fund. The estimated balance in this fund on June 30, 2017 will be \$704,331. This levy will generate an estimated \$250,863 for FY2017-18.

During FY2017-18, the Village will undertake the following capital projects utilizing funds from the Capital Reserve Fund:

- Spring Valley Dam Spillway Reconstruction - \$500,000 (estimate)
- Fly Rod Lake Spillway Design - \$20,000 (estimate)
- Lakeview Drive Storm Water Drainage Improvements - \$100,000 (estimate)

The estimated balance in this fund on June 30,2018 will be \$335,194.

### FUND BALANCES

With greater than anticipated FY2016-2017 revenues, coupled with a surplus in the FY2016-17 budget, it is estimated that the Village will have a General Fund Balance of \$1,297,918, on June 30, 2017 or 40% of the FY2017-2018 Budget.

A summary of funds and their estimated fund balances as of June 30, 2017 are as follows:

FUND	ESTIMATED AMOUNT
General Fund	\$ 1,297,918
Capital Reserve Fund – Major Repairs	<u>704,331</u>
	<u>\$ 2,002,249</u>

### EXPENDITURES

#### Salaries and Related Benefits:

The FY2017-18 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 \$1,451,662 or 45.1% of the proposed General Fund budget.

Health insurance rates will increase 4.34% from FirstCarolina Care Insurance and dental rates will increase 5.4% from the NC League of Municipalities (NCLM). Vision, life, and short term disability insurance rates from the NCLM reflect no increase for the FY2017-18. The Workman's Compensation rates reflect little change from FY2016-17.

Last year, employees received merit pay increases based on their annual performance evaluations and longevity pay based on the number of years being employed by the

Village. The FY2017-18 budget includes funds to continue to recognize employees based on merit and performance, as well as longevity pay if it is to remain.

Within the last year, three (3) Village police officers have separated from the Village for employment with neighboring jurisdictions within Moore County. Their motivation for seeking employment elsewhere, include, but not limited to: higher salary, take-home car benefit, and a better schedule. To address this issue, the proposed FY2017-18 budget includes an increase in the starting salary of an entry-level police officer and in lieu of a take home police car, a bi-weekly car allowance amount that will be in addition to the regular salary. During FY2017-18, the Village will research the potential benefits of the take home police car concept and conduct a cost benefit analysis to determine if this program is worthy of consideration.

### **Operating Costs:**

Operating costs for FY2017-2018 are projected at \$1,360,764 or 42.3% 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, with the current balances listed below. These operating costs also include resurfacing funds for Village streets and storm water management projects.

- Public Works Building: Remaining balance = \$182,936
- Fire Rescue Fire Engine: Remaining balance = 141,571
  - Total Debt Service Remaining = \$324,507

The Village continues to provide trash, refuse and recycling collection services to the residents through contracted services at a cost of \$468,130, representing 34.4% of the operating costs for FY2017-2018, 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 trailer for the muckraker pontoon boat (\$8,000), six (6) sets of personal protective equipment (\$18,000) and one utility vehicle (\$41,500) for the Fire Rescue Department, a pickup truck (\$29,000) for the Public Works Department, and the new in-car camera system (\$60,000) for the Police Department. Capital expenditures are projected at \$156,500 or 4.9% 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 FY2017-18 accounts for \$250,863, or 7.8% 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, 2017. 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 14, 2017 at 6:00 p.m.

I would like to thank Village Department Head's for their efforts in the development of the FY2017-2018 budget and look forward to our continued efforts in providing Whispering Pines residents with a high quality of life.

Respectfully submitted,

Rich Lambdin  
Interim Village Manager

**Village of Whispering Pines  
FY 2016-17 vs FY 2017-18  
Revenue Summary  
General Fund**

	<b>7/1/2016 Amended FY 2016-17</b>	<b>7/1/2017 Proposed FY 2017-18</b>
Ad Valorem Tax Revenue (1)	\$1,765,625	\$1,857,790
Ad Valorem Fire Tax (2)	113,131	140,432
Local Option Sales Tax	778,125	792,000
Unrestricted Intergovernmental (3)	224,725	208,335
Restricted Intergovernmental (4)	135,461	123,036
Permits & Fees	44,000	62,800
Other Revenue	25,825	25,524
Investment Earnings	2,500	4,500
Sale of Capital Assets	10,000	6,000
Donations	12,300	
Capital Reserve Major Repairs	35,000	
Appropriated Fund Balance	38,077	
<b>Total Revenues</b>	<b>\$3,184,769</b>	<b>\$3,220,417</b>

- 1) Ad Valorem - Real, Personal, Utility, Motor Vehicle
- 2) Ad Valorem - Fire Tax
- 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 \$502,757,000 @ .37 with an approx. 99% collection rate represents a 5% budgeted revenue increase from FY2016-17.

	<b><u>FY16-17</u></b>	<b><u>FY17-18</u></b>
Estimated Real	\$439,062,000	\$461,085,000
Estimated Personal Property	2,424,000	2,264,000
Estimated Utility Value	1,844,000	1,760,000
Estimated Motor Vehicle Value	34,489,000	37,648,000
<b>Total Estimated Value</b>	<b>\$477,819,000</b>	<b>\$502,757,000</b>

**Village of Whispering Pines  
FY 2016-2017 vs. FY 2017-2018  
Expenditures: Summary by Department**

	<u>FY 2016-17</u>		<u>FY 2017-18</u>	
	<u>Department Amended</u>		<u>Manager Recommendation</u>	
<b>Governing Body:</b>				
Salaries & Benefits	\$13,564		\$13,564	
Operational	5,500		6,100	
Department Total		\$19,064		\$19,664
<b>Elections:</b>				
Operational	-		\$6,140	
Department Total		\$0		\$6,140
<b>Administration:</b>				
Salaries & Benefits	\$201,062		\$168,034	
Operational	110,175		122,659	
Activities Committee	15,000		12,000	
Capital Outlay – >\$5,000	1,000		-	
Department Total		\$327,237		\$302,693
<b>Planning &amp; Zoning:</b>				
Salaries & Benefits	\$33,004		\$32,712	
Operational	7,900		23,440	
Capital Outlay – Equipment	250		-	
Department Total		\$41,154		\$56,152
<b>Public Buildings:</b>				
Salaries & Benefits	\$36,840		\$27,783	
Operational	30,800		43,600	
Capital Outlay-Building Maintenance – V Hall, Public Works	5,500		-	
Capital Outlay – Equipment	1,000		-	
Land Acquisition	10525		-	
Department Total		\$84,665		\$71,383
<b>Police:</b>				
Salaries & Benefits	\$592,728		\$596,383	
Operational	100,719		99,929	
Capital Outlay – Grants	2,846		2,100	
Capital Outlay - Vehicles	63,725		-	
Capital Outlay – Equipment	-		60,000	
Department Total		\$760,018		\$758,412
<b>Fire Rescue:</b>				
Salaries & Benefits	\$322,838		\$323,146	
Operational	86,124		103,194	
Capital Outlay- Grants	34,550		5,850	
Capital Outlay - Vehicles	-		41,500	
Capital Outlay – Equipment	14577		18,000	
Department Total		\$458,089		\$491,690
<b>Lakes &amp; Parks:</b>				
Salaries & Benefits	\$87,245		\$83,350	
Operational	76,150		68,900	
Lake Mgmt Services	6,600		5,000	
Capital Outlay - Vehicles	-		8,000	
Capital Outlay – Whisper Lake Dam Repair	35,000		-	
Capital Outlay – Equipment	38,500		-	
Capital Outlay – Rec Open Space Projects	48,500		35,000	
Department Total		\$291,995		\$200,250



**Roads:**

Salaries & Benefits	\$158,465		\$166,690	
Operational	67,650		75,350	
Paving/Right-of-Way/Road Improvements	186,000		170,000	
Storm Water Management	5,000		5,000	
Capital Outlay – Equipment	4,100		-	
Capital Outlay - Vehicles	6,111		29,000	
Department Total		\$427,326		\$446,040

**Environmental Protection:(Household Trash/Recycling)**

Contracted Services	\$375,150		\$401,208	
Operational	65,060		66,922	
Department Total		\$440,210		\$468,130

**Transfers:**

Capital Reserve Major Infrastructure Repairs (.05 Reserved Tax Levy)	\$238,500		\$250,863	
Department Total		\$238,500		\$250,863

**Debt Service: (Maintenance Bldg/Fire Apparatus)**

Principal	\$89,432		\$90,969	
Interest	7,079		5,543	
Department Total		\$96,511		\$96,512

**Contingencies:**

Merit	-		\$29,664	
Longevity	-		10,336	
Department Total		\$0		\$40,000

Contingency (Unallocated Funds)

\$12,488

<b>Total Net Budget :</b>	<u><u>\$3,184,769</u></u>		<u><u>\$3,220,417</u></u>	
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