

## Town Manager's Budget Message Fiscal Year 2011-2012

As the Town of Franklin prepares to move into a new fiscal year, the proposed budget recognizes a complex state of affairs balancing intergovernmental relations; i.e. The North Carolina General Assembly, Governor/ administrative branch, federal government interplay and unusually disordered economic conditions at all levels.

Local government in North Carolina is moving deeper into interesting times. Perhaps we should reflect accordingly on the old Irish Curse "may you live in interesting times."

### **Budget issues:**

General conditions: economic factors indicate a continued slow recovery of revenue. This budget allows for some increase in base salary and operating capital equipment but in general holds the line on all other expenditures. If possible, the level of unobligated fund, balance in both General and Enterprise funds should be increased by three to five percentage points. Our current rate for General fund is stable at thirty percent unobligated.

### **Personnel:**

The budget provides for a four percent cost of living to be added to base pay plus a one percent, one time, in December if conditions allow. Funds are budgeted for salary adjustments for pay plan implementation, comparability adjustments and training.

### **Debt Service:**

All debt payments are fully budgeted as required by law. As capital projects funded by debt are closed out, funds remaining are appropriated to Debt Service to apply toward pay off of debt principle. The Town has only one more debt funded project to do: the revolving loan to renovate the sewer plant. The project is to start in the next fiscal year, funds are set-up in a capital project; completion time estimated at eighteen months.

### **Capital Projects:**

The town will conclude the debt funded projects; East Franklin waterline replacement and the Crawford Branch sewer line replacement by June 2011. The only project remaining is the sewer plant renovation described in debt service above. Local funded projects are budgeted in water and sewer and with one exception will involve replacement of existing lines with the work to be performed by either contract or Town crew. The exception is the Wells Grove sewer line (new construction) paid for by fees. This line will also fulfill the annexation plan for the Wells Grove portion of our last annexation.

**Operating Capital Outlay:**

General government, replace one SUV (1998), Police Department replace four road patrol vehicles all currently over 100,000 miles each. Public Works with a replacement ½ ton Truck, Chipper, Salt Spreader and a new Truck mounted leaf box for use in general leaf and debris pickup, and Fire Department replace either aerial Truck or a basic pumper.

**Operations:**

Community organization funds are left at the current budget total of 40,000 which includes library and museums. A better system is needed to control focus and use of these funds. A Board revamp is requested and at sometime in the new fiscal year. No funds will be released until the Board revamps the system. Conformance with existing Town policy and the apparent fund/cash flow problems of the museums are a major concern.

**Taxes and Fees:**

The property tax rate of twenty five cents per one hundred of real property valuation is continued in this budget.

**Business Licenses/ Gross receipts Tax:**

This budget proposes elimination of business licenses by the end of the new fiscal year i.e. May of 2012 for businesses doing less than four hundred thousand in gross receipts and set the tax at twenty five hundredth of one percent (.0025%) on all licensable businesses with gross receipts of more than four hundred thousand per year. This action should cut the number of businesses in Town paying a license fee by eighty five to ninety percent.

**Water and Sewer Rates:**

Rates for outside of Town ratepayers are proposed to increase by one dollar per thousand and sewer by ten cents per hundred gallons both commercial and residential. These increases are recommended due to the effects of state changes to annexation law and the increase in debt service for the sewer plant renovation plus the need to begin planning for expansion at the Town water treatment plant. Consider imposing capacity rates for water and sewer of three dollars per gallon for water and three dollars and fifty cent per gallon of sewer. There is no revenue in the budget from these proposed fees, but if adopted revenue should be held in reserve for capital plant expansions (water and sewer.)

**Conclusion:**

This budget for LFY 2011-2012 is balanced as required by law; continues to provide existing services plus meeting the governing boards priorities and policies. The budget is set to operate at the current ad valorem tax rate of twenty five cents (\$.25) per one hundred dollars (\$100.00) of valuation

Sam Greenwood  
Town Manager