

Budget Message 2023-24

Presented herein, is the Town of Pinetops Proposed Budget for Fiscal Year 2023-2024. The budget is balanced in its entirety as is required by the North Carolina General Statutes. The budget is a plan for the Town activities for the upcoming year. The budget continues our services at the same level as the current year.

The Town of Pinetops proposes to raise the current tax rate to \$.58 per hundred dollars of assessed valuation. The rate is based on a total valuation of property for the purposes of taxation of \$48,608,533 and an estimated rate of collection of 93.50%. Back in 2020 the town contracted with Edgecombe County to collect its taxes to ensure the town remains aggressive with its collection. The proposed tax rate should generate an additional \$54,000 which will be used to help offset the cost associated with providing public safety for our citizens.

The Town of Pinetops will begin charging its customers a sanitation fee which will cover the cost of collecting and disposing of garbage, recycling, bulk items, and yard debris. The sanitation fee will replace the current garbage/recycle fee. The collective cost for this service will be \$25 per month per customer. This is a monthly increase of \$4 per customer. The increase will help offset the cost of collecting and disposing of bulk items and yard debris. In the past the fees only covered the cost associated with picking up garbage and recycling.

The town will change the tier structure of how residential customers are currently being charged by going to a flat rate of \$00.1360 per kwh and a base charge of \$13.66. This change will basically keep the town revenue neutral. The electric rates have not increased since 2015. The town will need to review rates yearly to see if any adjustment needs to be made.

Currently the budget doesn't propose any water increases but does propose a rate increase of 14.13% in the sewer. The last sewer increase was in January 2023. However, moving forward the Board may have to look at implementing smaller increases at specified times to help offset the expenses associated with ongoing infrastructure issues. The town recently was classified as a distressed unit meaning it needs to look at ways to develop a short-term and long-term plan for infrastructure repair, maintenance, and management. The town will need to implement long-term financial management to ensure the public water system and wastewater system will generate enough revenue to adequately fund management, operations, personnel, and appropriate levels of maintenance.

The budget does contain a Storm Water Fee of \$2.00 per customer per month for water customers within the town limits. The new fee, which was implemented on July 1, 2022, will continue to be used to help deal with storm water issues throughout town such as drainage.

In the proposed budget for FY 2023-24 the town did switch its current group medical plan with BCBS to a different policy due to a rate hike. By switching plans the town will save \$17,000. This plan has an increase of 7.12% whereas the original policy would have increased by 23.08% which would have cost

the town an additional \$45,000. The budget does include a 1.5% COLA for employees at a cost to the town of \$19,797. The town is not proposing to increase any staffing during the upcoming fiscal year.

The proposed budget does contain several debt payments. Debt payments in the general fund consist of the purchase of a garbage/recycle truck as well as a portion of three police vehicle grants. The annual cost of the USDA grant/loan is \$29,306. Debt payments in the electric fund consist of the other portion of the three police vehicle/public works grants. The annual cost of the USDA grant/loan is \$18,853. The water & sewer department carries the biggest annual debt payment load for the town. The annual cost of the NCDEQ loan is \$103,481. This debt is comprised of a new water tank and well. Debt in the water & sewer fund is expected to keep increasing in the upcoming years due to the age of the system.

The total 2023-2024 proposed budget is \$4,935,584. This is a decrease of \$51,637 from last year's budget. Even though the total budget shows a decrease, the amount allowed to be transferred from the electric to general fund remains high, which is one of the main reasons the town is on the Local Government Commission (UAL) Unit Assistance List.

The town needs to focus more on the upcoming fiscal year and beyond on ways to help control the increasing expenditures in the general fund. The town's main objective should be to create a balanced budget within each fund without any inter-fund transfers being needed or having to use appropriated fund balance. The town should not rely on transfers as a revenue source to balance the budget each year. By continuing this practice, the town is not only jeopardizing the net position of the enterprise funds but also depleting the Appropriated Fund Balance in the General Fund. At the end of the day the town is a business and must operate itself as such.

There is no doubt the town will continue to face tough decisions in the upcoming years not only trying to control the increasing expenses and infrastructure problems facing small towns but doing this without jeopardizing the services it currently provides its citizens.

As always, the Town Board and staff will continue to strive to provide services to the citizens of Pinetops by the most effective means possible. Even though we are facing uncertain times and having to make some tough decisions we can and will make it through, together.

Respectfully submitted,

Tammy Keesler

Finance Officer

**Budget Ordinance for the
Town of Pinetops**

BE IT ORDAINED by the Governing Board of the Town of Pinetops, North Carolina:

Section 1: The following amounts are hereby appropriated in the General Fund for the operation of the town government and its activities for the fiscal year beginning July 1, 2023, and ending June 30, 2024, in accordance with the chart of accounts heretofore established for this town:

GENERAL FUND APPROPRIATIONS

Administration	\$ 136,362
Governing Body	65,292
Utilities	5,800
Fire	49,850
Police	734,669
Street	95,335
Sanitation	180,194
Debt Payments	<u>29,306</u>

TOTAL **\$ 1,296,808**

Section 2: It is estimated that the following revenue will be available in the General Fund for the fiscal year beginning July 1, 2023, and ending June 30, 2024:

GENERAL FUND REVENUE

Real Property Taxes	\$ 259,374
Motor Vehicle Taxes	48,925
Sanitation Fees	168,500
State-Shared Disbursements	17,600
Sales Tax Refund	18,500
Local Option Sales Tax	350,500
Transfer from Electric Fund	361,134
Other Revenue	<u>72,275</u>

TOTAL **\$ 1,296,808**

Section 3: The following amounts are hereby appropriated in the Powell Bill Fund for the fiscal year beginning July 1, 2023, and ending June 30, 2024, in accordance with the chart of accounts heretofore approved for the town:

POWELL BILL FUND APPROPRIATIONS **\$ 40,000**

Section 4: It is estimated that the following revenue will be available in the Powell Bill Fund for the fiscal year beginning July 1, 2023, and ending June 30, 2024:

POWELL BILL FUND ALLOCATION **\$ 40,000**

Section 5: The following amounts are hereby appropriated in the Water and Sewer Fund for the operation of the water and sewer utilities for the fiscal year beginning July 1, 2023, and ending June 30, 2024, in accordance with the chart of accounts heretofore approved for the town:

Water Operations Department	\$ 117,390
Sewer Operations Department	117,390
Water & Sewer Maintenance Department	457,087
Storm Water Management Costs	14,500
Debt Payments	<u>103,481</u>
TOTAL	\$ 809,848

Section 6: It is estimated that the following revenues will be available in the Water and Sewer Fund for the fiscal year beginning July 1, 2023, and ending June 30, 2024:

Water & Sewer Sales	\$ 795,348
Storm Water Fees	<u>14,500</u>
TOTAL	\$ 809,848

Section 7: The following amounts are hereby appropriated in the Electric Fund for the operation of the electric utility for the fiscal year beginning July 1, 2023, and ending June 30, 2024, in accordance with the chart of accounts heretofore approved for the town:

Electric Operations Department	\$ 456,709
Electric Maintenance Department	1,952,232
Debt Payments	18,853
Transfer to General Fund	<u>361,134</u>
TOTAL	\$ 2,788,928

Section 8: It is estimated that the following revenue will be available in the Electric Fund for the fiscal year beginning July 1, 2023, and ending June 30, 2024:

Electric Sales	\$ 2,654,928
Electric Sales Tax	110,000
Electric Utility Franchise Tax	9,000
Other Revenue	<u>15,000</u>
TOTAL	\$ 2,788,928

Section 9: There is hereby levied a tax at the rate of fifty-eight cents (\$0.58) per hundred dollars (\$100) valuation of property as listed for taxes as of January 1, 2023, for the purpose of raising the revenue listed "Current Year's Property Taxes" in the General Fund Section 2 of this ordinance.

This rate is based on a total valuation of property for the purposes of taxation of \$48,608,533 and an estimated rate of collection of 93.50%.

Section 10: The Budget Officer is hereby authorized to transfer appropriations as contained herein under the following conditions:

- a) Transfers between line item expenditures within a department without limitation and without a report being required. These changes must not result in increases in recurring obligations such as salaries.
- b) All transfer between funds require prior approved by the Governing Board in an amendment to the Budget Ordinance.

Section 11: Copies of this Budget Ordinance shall be furnished to the Clerk to the Governing Board and to the Budget Officer and Finance Officer to be kept on file by them for their direction in the disbursement of funds.

Adopted this _____ day of June, 2023

Town of Pinetops, Mayor

Town of Pinetops Clerk