



**TOWN OF AYDEN  
BUDGET WORKSHOP  
MINUTES**

**April 23, 2018**– 7:00pm

Ayden Town Hall – Second Floor Boardroom

**I. CALL TO ORDER**

A. Call to Order

Mayor Tripp called the meeting to order at 7:00 p.m.

B. Roll Call

Present:

Mayor Tripp

Commissioners Davenport, Langley, Mewborn, Ross and Davis

Absent:

None

Also Present:

Steven Harrell - Town Manager

Sarah Radcliff– Town Clerk

C. Approval of the Agenda

Motion to approve the agenda.

Motion: Mayor Pro-tem Mewborn

Second: Commissioner Davenport

Discussion: None

Approved: 5-0

Motion passed unanimously.

**II. PRESENTATION**

A. FY18-19 Submitted Budget Presentation

Finance Director, Rob Taylor, presented to the Board.

# Budget Workshop fy18-19

April 23, 2018



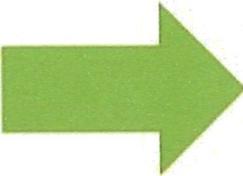
## Highlights of FY 18/19 Budget

- ▶ New Fund Proposed -Stormwater Fund



## Highlights of FY 18/19 Budget

### Changes in Administrative Costs Allocation

General Fund	25%		General Fund	24%
Electric Fund	50%		Electric Fund	60%
Water & Sewer	25%		Water & Sewer	15%
			Stormwater	1%

Based on Revenues



### Capital Outlay - \$865,600

Item	General Fund	Electric Fund	Water/Sewer Fund
Police Cameras	80,000		
Police Radios	80,000		
Fire truck & Equip	67,100		
Mowers	16,000		
Bathrooms Veterans	65,000		
Teller Line Remodel		20,000	
Trencher		105,000	
Two Vehicles		49,500	
Equipment Trailer		13,500	
Mini Excavator		42,000	
Paving & Security		13,750	13,750
Pole Replacements		240,000	
SCADA			60,000
<b>Totals</b>	<b>308,100</b>	<b>483,750</b>	<b>73,750</b>

## Highlights of FY 18/19 Budget Payroll Adjustments

- ▶ Total payroll change of \$169,145.69
- ▶ 6% increase over prior year Payroll .87% of Total Budget
- ▶ \$123,641 in GF, 34,839 in Electric, \$10,511 in W/S \$154.10 in Stormwater
- ▶ Adjustments utilizing greater of COLA 2.2%, Pay progression or Salary Adjustment based on review
- ▶ 43.7% of change is in Police Department

## ITEMS REQUESTED NOT INCLUDED

▶ Police Cars	\$80,000
▶ Zoning Code Update	\$80,000
▶ Human Resource Manager	\$45,000



# GENERAL FUND

## \$4,691,381



PROPERTY TAXES = \$1,280,000

TAX RATE AT \$0.54 PER \$100

Collection Rate 98.64%

\$0.01 property tax = \$23,435



## Revenue

▪ Property Taxes	\$1,280,000
▪ Local Option Sales Taxes	\$1,065,000
▪ Unrestricted Intergovernmental	\$ 588,407
▪ Restricted Intergovernmental	\$ 273,000
▪ Permits & Fees	\$ 22,000
▪ Sales & Services	\$ 449,500
▪ Investment Earnings	\$ 22,000
▪ Miscellaneous Revenues	\$ 55,000
▪ Other Finance Sources (Uses)	\$ 936,474
TOTAL	\$ 4,691,381



## Noted "Other Finance Sources"

Inter-Gov't Electric Franchise Tax	\$ 571,645
<small>*No Transfers</small>	
GF Fund Balance Appropriated	\$ 229,197

Transfers from electric funds of certain electric cities may not exceed the greater of (a) three percent of the gross capital assets of the electric system, or (b) five percent of the gross annual revenues of the preceding fiscal year. G.S. 159B-39.



## ADDITIONAL ITEMS TO 18-19 BUDGET - General Fund

▶	Payroll Adjustments &/or COLA	\$123,641
▶	Economic Development Department	\$ 35,770
▶	Legal - Masonic Lodge	\$ 25,000
▶	Debt Outlay	\$ 80,575
▶	Trash Truck	\$52,910
▶	Police Radios	\$27,707
▶	Capital Outlay	\$308,100
▶	Police Radios	\$80,000
▶	Police Cameras	\$80,000
▶	Fire Truck & Equipment	\$67,100
▶	Veterans Park Bathrooms	\$65,000
▶	Mowers	\$16,000

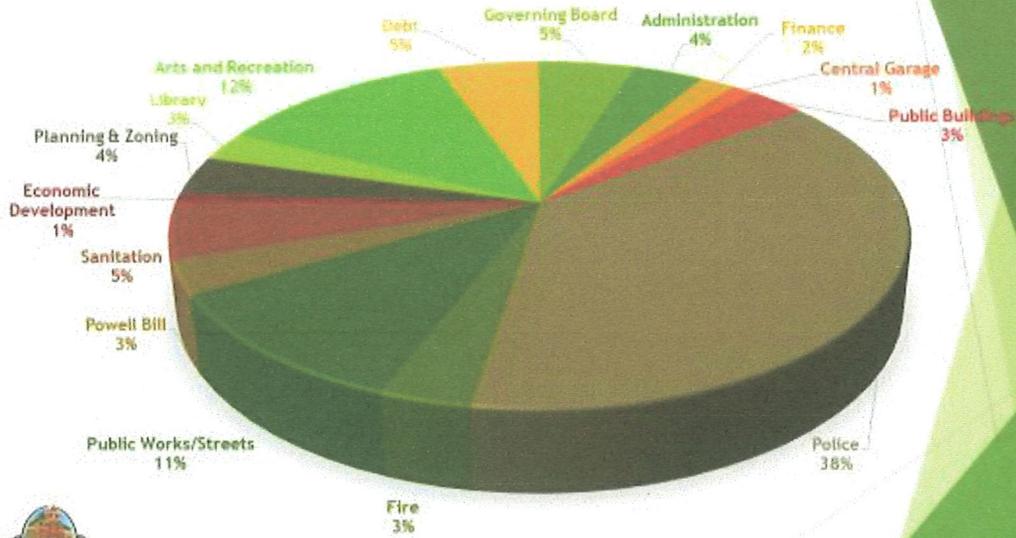


## Expenditures

GENERAL FUND	Ye 2017		Ye 2018		Ye 2019		Percent Change	Percent of the Budget	Property Tax Equivalent
	Actual	Adopted	Actual	Proposed	Difference				
<b>DEPARTMENT</b>									
Governing Board	4110	\$ 232,665	\$ 219,294	\$ 236,454	\$ 17,161	7.83%	5.04%	\$ 0.189	
Administration	4120	\$ 193,767	\$ 191,189	\$ 170,366	\$ (20,823)	-10.89%	3.43%	\$ 0.136	
Finance	4130	\$ 198,857	\$ 114,671	\$ 89,395	\$ (20,074)	-21.87%	1.91%	\$ 0.072	
Central Garage	4250	\$ 67,498	\$ 64,140	\$ 58,085	\$ (6,065)	-9.44%	1.24%	\$ 0.047	
Public Buildings	4360	\$ 91,304	\$ 124,897	\$ 121,986	\$ (22,911)	-14.79%	2.81%	\$ 0.105	
Police	4310	\$ 1,517,473	\$ 1,521,650	\$ 1,779,570	\$ 257,921	16.95%	27.93%	\$ 1.425	
Fire	4340	\$ 69,801	\$ 90,939	\$ 158,039	\$ 67,100	73.79%	3.37%	\$ 0.127	
Public Works/Street	4510	\$ 773,417	\$ 793,988	\$ 507,147	\$ (276,841)	-35.31%	10.81%	\$ 0.406	
Powell Bl	4811	\$ 34,760	\$ 150,000	\$ 150,000	\$ -	0.00%	3.20%	\$ 0.120	
Sanitation	4710	\$ 184,599	\$ 223,615	\$ 243,722	\$ 21,107	9.46%	5.20%	\$ 0.195	
Economic Development	4610	\$ -	\$ -	\$ 35,770	\$ 35,770	0.00%	0.76%	\$ 0.029	
Planning & Zoning	4910	\$ 128,050	\$ 149,991	\$ 174,824	\$ 4,533	2.67%	3.72%	\$ 0.140	
Library	5110	\$ 124,239	\$ 125,549	\$ 120,524	\$ 4,975	3.98%	2.78%	\$ 0.105	
Arts and Recreation	5120	\$ 668,940	\$ 476,468	\$ 574,391	\$ 99,922	20.97%	12.28%	\$ 0.461	
Debt	9100	\$ 212,491	\$ 168,638	\$ 248,210	\$ 80,575	47.80%	5.31%	\$ 0.200	
<b>Totals</b>		<b>\$ 4,422,571</b>	<b>\$ 4,484,024</b>	<b>\$ 4,651,281</b>	<b>\$ 237,256</b>	<b>5.30%</b>	<b>100.00%</b>		

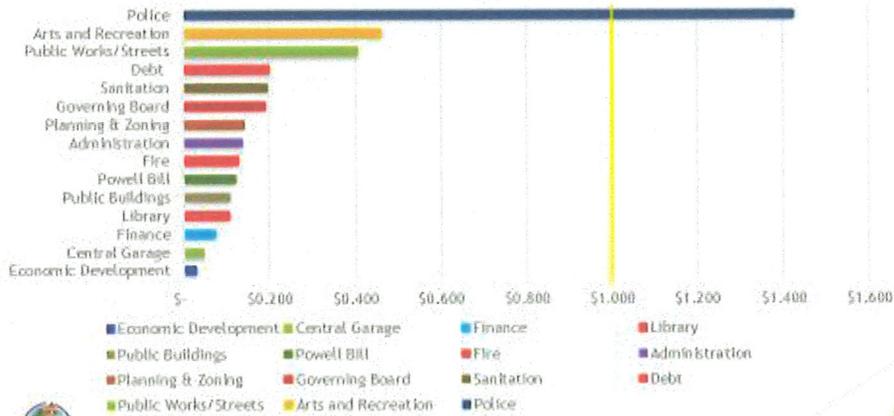


### DEPARTMENT SHARE OF GENERAL FUND BUDGET



### Spending Per Property Tax Dollar

#### Amount Spent



## Fund Balance

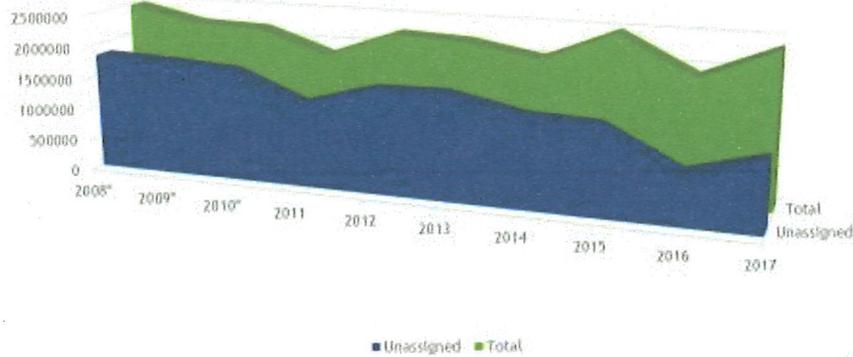
- ▶ Available Unassigned Fund Balance LGC Minimum Recommendation - 8% - \$375,310
- ▶ Available Unassigned Fund Balance Town Minimum Requirement - 10% - \$469,138
  
- ▶ Unassigned at June 30, 2017            \$1,086,369    23%
  
- ▶ Projected at June 30, 2018            \$1,168,667    25%

Total Fund Balance	June 30, 2017	\$2,396,502
Projected Fund Balance	June 30, 2018	\$2,478,800

Fund Balance Appropriation Proposed - \$229,197  
 Projected Unassigned \$939,470 - 20%



## Fund Balance - General Fund



## ELECTRIC FUND Revenue

▪ Sales and Services	\$ 11,654,800
Purchased Power	\$7,896,046
▪ Investment Earnings	\$ 102,000
▪ Misc. Revenues	\$ 36,000
▪ TOTAL	\$ 11,792,800



## ELECTRIC FUND Expenditures

▪ Electric Admin/Billing	\$ 505,011
▪ Electric Operations	\$10,343,691
▪ Debt Service	\$ 312,944
▪ Special Appropriations	\$ 631,154
TOTAL	\$11,792,800



## WATER & SEWER FUND Revenue

▪ Sales & Services	\$ 2,822,000
Water Charges	\$1,212,000
Sewer Charges	\$1,610,000
▪ Investment Earnings	\$ 21,000
<b>TOTAL</b>	<b>\$ 2,871,000</b>



## WATER & SEWER FUND Expenditures

▪ Water/Sewer Operations	\$2,410,609
▪ Debt Service	\$ 460,391
<b>TOTAL</b>	<b>\$2,871,000</b>

Operating Costs Down \$482,877



## Debt Requirements

Operating Revenue	\$2,871,000
Operating Expenses	\$2,336,859
Income Available for Debt Service	\$534,141
Revenue Bond Payment	\$159,675
Debt Service Ratio - Bond 100% Required	334.52%
Subordinate Debt Payments	\$300,715
Debt Service Ratio - Sub 110% Required	177.62%



## STORMWATER FUND Revenue

Fees	\$190,680
Expenditures	\$190,680

### Proposed Rate increase

Residential Rate increase \$2.50 a month to \$6 a month

Commercial Rate increase \$4 a month to \$10 a month



## RURAL FIRE FUND

### Revenue

Restricted Intergov't	\$ 187,330
Other Financing Sources	\$ 43,363

### Expenditures

Operations	\$ 230,696
Capital Outlay	\$ 50,000



## LIBRARY TRUST FUND

Revenue	\$ 250
Other Financing Sources	\$ 750
Total	\$ 1,000
Expenditures	\$ 1,000



### III. FY18-19 SUBMITTED BUDGET DISCUSSION

Commissioner Langley asked about the Stormwater Fund and if we were going to hire new employees to be paid from that fund. Mr. Taylor said what was shown was just a re-allocation of existing salaries and administrative costs to the new fund. Commissioner Langley stated we didn't have a stormwater fee five years ago and now we do. He asked why we needed the increase. Mr. Taylor stated we had

been collecting about \$110,000. To establish it as a cost center, there is a management cost to it, even if it's still in the general fund. He said the \$110,000 hardly covers the costs to clean and maintain the ditches and the overhead costs and Public Works was absorbing some of that cost. Commissioner Langley said we need an additional \$80,000 to do what we were doing for nothing years ago. Mayor Tripp stated that was good point; however, we have been band-aiding for several years because we didn't have the funds needed to actually fix the problems. Mayor Tripp said this would allow us to be more proactive with our stormwater issues. Manager Harrell said the \$110,000 that we were raising covered the overhead cost outside of the \$82,000 extra being spent. He said they have been spending it all along, but it has been coming out of property taxes and other revenues in the general fund. Ja'Warren and his crews will not be doing any less than they've been doing; raising the stormwater fees will allow for the stormwater fund to pay for it directly, rather than the general fund. Commissioner Langley stated he understood that but wanted to know if there was anywhere we could do some cuts, so we don't have to raise the rates. Mayor Tripp said we used to have a list of areas that needed stormwater repairs and asked if we still had it. Manager Harrell said we have a PowerPoint from early 2015 that list the areas that need repairs. Mayor Tripp asked to get the list updated so we had a plan with what we would do with the funds that we raised. Manager Harrell said he and Rob would pull that together for the next budget meeting. Mayor Pro-tem said if we had already began work on some of those items it should make a difference in our bottom line. Manager Harrell said the list did not identify all areas that needed work. Commissioner Ross asked if the employee pay adjustment of 2.2% was for all employees. Mr. Taylor said the employees received one of three increases; a 2.2% COLA adjustment, a pay progression, or an increase based on salary comparison – whichever was greater. Commissioner Ross asked if that would get them where they needed to be. Mr. Taylor said it would. Mayor Pro-tem Mewborn asked if the pay raise required any additional training. Mr. Taylor said they were already trained, this was just to get their pay in line with other towns of comparable size. Mayor Tripp asked if there was any pay increase last year. Manager Harrell said there was not. He said it was \$60-70,000 just to do the pay progression and given the circumstances last year, he decided to hold everything until we got a good audit and had a better understanding of where our finances were. Mayor Tripp asked if that was the only year we didn't do it. Manager Harrell said it was missed in 2014 or 2015 as well. Mayor Tripp said that has created the problem we have today and why we are behind. Manager Harrell said this would put us back where we need to be. Mayor Tripp said he didn't like the way it was done. He said he is not opposed to giving employees an increase, he just didn't like that we didn't follow the pay plan. Mr. Taylor said he wanted to point out that the increase did not apply to part-time employees. Mayor Tripp asked if we were doing evaluations. Manager Harrell said we were. Mayor Tripp asked if the raises were based on evaluations. Manager Harrell said they were not merit based. He said the evaluation was a way to identify where employees need to improve and to identify goals. He said the pay progression plan had nothing to do with merit, only with the number of years you've been in the position and preventing compression. Mayor Tripp asked if the number of FTE went up or down with the new budget. Mr. Taylor said they added one employee, the Economic Developer. Mayor Tripp said he wanted to see a copy of the market adjustment that was given to the board. Mayor Tripp asked about the change in administration cost allocation. He asked if there was any consideration given based on activity and job function, or was it all based on revenue. Mr. Taylor said his main objective was to reduce the cost of the water and sewer fund. Mayor Tripp asked if there were any items that did not get put into the budget that needed to be. Mr. Taylor said the police cars were not in there and the zoning code update was not included. Mayor Tripp asked for more information regarding the code update. Planning Director Stephen Smith said our zoning ordinance had not been updated since 2004 and the land-use plan had not been updated since 2011. He said the Planning Board had asked to look into updating them for the last couple of years. He stated he did not know when the subdivision ordinance had been updated last. Mayor Tripp asked how much it would cost. Mr. Smith stated to do

all three would be around \$80,000. Mayor Tripp asked how often we should update the code. Mr. Smith said it depended on growth. He said the land-use plan is typically every five years. Mayor Tripp said with the way we are growing, now is probably a good time to do it. Commissioner Langley asked why the zoning code update was not included. Mr. Taylor stated we already had \$229,000 in fund balance appropriation. Commissioner Langley said we could cut funds from somewhere else and put that back in the budget. He asked about the police security cameras and said he thought they were going to look for grant money for that. He said they had discussed not having to get all the cameras at one time. Mr. Taylor said he had put in \$80,000 in grant money to pay for the cameras, so that was not coming out of the fund balance. Commissioner Langley said he felt we really needed find the money to update the plan. Mayor Tripp and Commissioner Davis agreed. Manager Harrell said they would bring it back to the next workshop. Mayor Tripp asked if we could take some of it out of the electric fund. Manager Harrell said they could have that discussion. Mayor Tripp suggested allocating the Collard Festival and BBQ Festival donations to the three funds as well. Mayor Tripp said he would like to look at a five-year range showing where we are today and our debt service and we may want to have a slight rate increase now to prevent a larger one in the future. He stated as far as the stormwater increase, he would like to look at other ways to assess the fee, such as by rooftops and pavement. He asked if Winterville did theirs that way. Mr. Taylor said they charge a flat rate like us. Mayor Tripp asked about Greenville. Mr. Taylor stated they do it based on impervious surfaces, like Grifton. Commissioner Ross stated we give Collard Festival and BBQ Festival \$10,000. She asked if we knew what that money is spent on or if they were required to give a report on that. Manager Harrell said we have not required that in the past. Mayor Pro-tem Mewborn said he felt that needed to change. He felt that if the town gave them money, they needed to let us know what they used it for. Manager Harrell said we would do that moving forward. Mayor Tripp said they could just give us their budget.

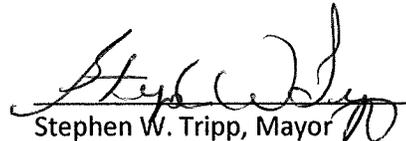
## VI. ADJOURNMENT

Having completed the business before them, Mayor Tripp announced that without objection the Governing Board would stand adjourned at 8:20p.m.

### CERTIFICATION

Minutes from the April 23, 2018 budget workshop were adopted and certified this 10<sup>th</sup> day of September 2018 in Ayden, North Carolina.

AYDEN, NORTH CAROLINA

  
Stephen W. Tripp, Mayor

ATTEST:

  
Sarah W. Radcliff, Town Clerk

