

**Town of Mocksville
Budget Workshop Meeting
April 16, 2020**

The Mocksville Town Board electronically held their special meeting budget workshop on April 16, 2020 at 5:30 PM. The following members were present:

Present:	Mayor, Will Marklin	Absent:
Commissioners Present:	Amy Vaughan-Jones	
	Rob Taylor	
	Justin Draughn	
	Brian Williams	
	Eric Southern	

Others Present:

Matt Settlemyer, Town Manager
Lynn Trivette, Town Clerk
Pat Reagan, Police Chief
Brian Moore, Public Services Director
Tami Langdon, Community Development
Rustin Harpe, Parks and Grounds
Frank Carter, Fire Chief
Chuck Willis, Engineer

Mayor Marklin called the meeting to order welcoming everyone in attendance.

Town Manager gave the overview of the FY 2020-2021 Budget.

On March 26, 2020, Departmental Presentations were provided electronically to the Board among other budget documentation to generate discussion questions in order to complete a budget draft for the May meeting. From these discussions, it was clear that prioritizing capital needs for each department, stabilizing fund balance and maintaining a competitive tax rate were high priority issues. In addition, the following budgetary issues were highlighted:

- Investment in a vehicle lease program for the Police Department.
- Investment in LPR Cameras for the Police Department
- Upgrading field maintenance equipment for Parks and Grounds
- Investment in SCBA equipment and turnout gear for the Fire Department
- New Wayfaring Signs and planters for downtown beautification efforts
- Investment in DFI Study for Energy United Property
- Paving of Town Streets
- Completion of Dutchman's Creek WWTP Rehabilitation
- Bulk Sodium Hydroxide Tank for Dutchman's Creek WWTP
- Automatic Water Meter Installation-Phase I
- Infrastructure Grant for Water and Wastewater system improvements

Town Manager gave the overview of FY 2020-2021 Water and Sewer Enterprise Fund.

The FY 2020-21 Budget for the Water and Sewer Fund is proposed to be \$6,910,173 and includes a 7% rate increase. For a resident of the Town using 3,000 gallons of water bi-monthly, this would equate to a monthly increase of \$4.42. Overall, the Enterprise Fund budget has increased by 115% from the previous year. This increase is primarily due to the infrastructure grants we have received from CDBG and Golden Leaf in the amount of \$2,650,000.

We have numerous capital improvements budgeted for FY 2020-21 that include the following:

In the Enterprise Fund we have budgeted an annual payment of \$223,040 for the Wastewater Treatment Plant renovations. The first payment for these improvements is due in May of 2021 and the outstanding balance is \$3,630,000.

Mr. Willis from Willis Engineers explained the importance of these Capital Projects including the ongoing yearly maintenance. Mr. Willis agreed the 7% increase was essential knowing the rate study would come in at a higher percentage.

The consensus of the Board was acceptable to the 7% increase.

Town Manager gave an overview of FY 2020-2021 General Fund.

The General Fund is the Town's general operating fund and includes all operations except for those incorporated in the Water and Sewer Enterprise Fund which are statutorily required to be established as Proprietary Funds. The General Fund is the Town's largest fund and expenditures are projected to be \$5,779,804 for FY 2020-21, a decrease of 1.5% from the original FY 2019-20 Budget.

Ad Valorem (real property) taxes account for the largest source of revenue for the General Fund and make up 43% of all General Fund revenues.

Ad Valorem tax rate is proposed at 29 cents (\$0.29/\$100) and projected to generate \$2,518,400 for FY 2020-21.

Sales and Use tax are projected to be \$1,295,000. Franchise Tax is projected at \$482,000. These projections will have to be monitored in light of the ongoing response to the COVID-19 pandemic.

The General Motor Vehicle Tax of \$30 is projected to generate \$102,000 for FY 2020-2021.

The consensus of the Board was acceptable to decrease the motor vehicle tax to \$15, which would generate \$50,000.

Budget Reductions for a \$15 motor vehicle tax includes:

Parks - \$5,000 reduction (eliminates paving for \$27,000 and adds concrete pad for \$22,000)

Special Projects-\$22,000 reduction (eliminates engineering study of traffic light at Gaither and Salisbury)

Community Development - \$3,620 reduction (eliminates decorative wraps for utility boxes at Main Street Park and the Square)

Police - \$22,000 reduction (eliminates 11 of the 22 LPR cameras)

No motor vehicle tax would include:

Fire Department - \$50,000 capital reserve reduction for the future purchase of a fire truck

Based on our most recent audit for the period ending June 30, 2019, available fund balance was \$4,187,224 or 64% of General Fund expenditures.

Based on the fund balance appropriated for Fiscal Year 2019-2020 the total fund balance for the Town of Mocksville General Fund is estimated to remain at \$4,187,224 or 64% of projected General Fund expenditures at 06/30/2020. This estimate represents no decrease in the total fund balance from FY 2019 audited figures. If these projections hold true, this will be the first time since 2015 that available fund balance has not decreased. The proposed budget sets appropriated fund balance at \$250,000 with a goal of further reducing appropriated fund balance in future years to replenish our savings.

The Town Board has set our fund balance goal at 70%-75% of General Fund expenditures.

The Town is currently budgeted to expend \$ 225,160 on debt service in the General Fund for FY20-21. This amount includes the debt incurred in 2018 for the purchase of the fire truck and a REDLG Loan through the USDA to extend utilities to Gildan in 2015. At 6/30/20, total Town debt in the General Fund stands at \$973,474. The fire truck is the first issuance of debt for the Town since 2015 and it is scheduled to expire in 2023. The REDLG loan is scheduled to expire in 2026.

General Fund Capital Projects:

In 2019, the Board of Commissioners approved the establishment of Capital Reserve Funds for the General Fund. Capital Reserve Funds serve as a long-range financial planning tool to finance future capital projects. With the proposed budget for FY 2020-21 we have included \$50,000 for the future purchase of a fire truck.

These funds can, of course, be used for other types of capital projects at the discretion of the Board but they cannot be used for personnel or operational expenses in future budgets.

In addition to the Capital Reserve and Capital Project Funds, the Town has many capital improvements budgeted for FY 2019-20 that include the following:

- Investing in a vehicle lease program for the Police Department **\$ 43,500**
- Investing in LPR Cameras for the Police Department **\$ 44,000**
- Upgrading field maintenance equipment for Parks and Grounds **\$ 50,000**
- Investing in SCBA equipment and turnout gear for the Fire Department **\$135,300**
- Wayfinding Signs and planters for downtown beautification efforts **\$ 27,500**
- Investment in DFI Study for Energy United Property **\$ 27,000**
- Paving of Town Streets **\$100,000**

The consensus of the Board was acceptable to purchase the jungle gym in this year's budget due to the grant funds already received from Davie County in the amount of \$11,035. The cost of the jungle gym is \$23,708. The jungle gym will replace the monkey bars.

The \$100,000 for paving would include Hemlock and Crow Street. The paving of Depot Street would be included but how far is unknown.

Commissioner Southern would like to address again the possibility of full-time firefighters in the next few years.

The COVID-19 will have an impact on revenues for the future budget but how much is unknown. The plan for capital project purchases is to wait until the fall of 2020 and revisit the revenues. Purchases will require management approval.

Adjourn

A motion was made by Commissioner Taylor to adjourn the April 16, 2020 Special Board Meeting. The motion was seconded by Commissioner Southern which carried by a unanimous vote 5-0.

William J. Marklin, Mayor

Lynn Trivette, Town Clerk, NCCMC