

**Town of Mocksville  
Budget Workshop Meeting  
April 20, 2021**

The Town of Mocksville Board of Commissioners met for a Special Meeting budget workshop on Tuesday, April 20, 2021 at 5:30 PM in the Mocksville Town Hall building located at 171 South Clement Street.

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

**Absent:**

**Others Present:**  
 Lynn Trivette, Interim Town Manager  
 Emily Quance, Deputy Town Clerk  
 Ken Gamble, Future Town Manager (May 3, 2021)  
 Robert Bennett, Police Department Agency Head  
 Beth Wood, North Carolina State Auditor

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

The Town of Mocksville Board paused for a moment of silence.

Interim Town Manager Trivette addressed the Board to discuss Enterprise Fund option one and option two.

***Enterprise Fund Revenues***

***Option 1***

Account Description	FY 2021-2022 DRAFT BUDGET
INTEREST IN INVESTMENTS	100
FIRE SERVICE GF TO WATER	20,000
SALES /USE TAX	30,000
RENTAL INCOME	6,000
WATER SALES	1,897,747
SEWER SALES	1,774,390
WATER CONNECTIONS	20,000
SEWER CONNECTIONS	20,000
RECONNECTION FEES	5,000
LATE /PENALTIES	50,000

DEBT SETOFF		1,810
AVGOL DRIVE WATER LINE GRANT		320,000
LEONARD CREEK PUMP STATION GRANT		1,880,000
BEAR CREEK PUMP STATION GRANT		160,000
<b>TOTAL ENTERPRISE FUND REVENUES</b>		<b>\$ 6,185,047</b>

Total estimated revenues including an **18%** increase is **\$6,185,047**  
**Option 1** not using any American Rescue Plan Funds.

**Option 2**

Account Description		FY 2021-2022 DRAFT BUDGET
INTEREST IN INVESTMENTS		100
FIRE SERVICE GF TO WATER		20,000
SALES /USE TAX		30,000
RENTAL INCOME		6,000
WATER SALES		1,541,728
SEWER SALES		1,430,409
WATER CONNECTIONS		20,000
SEWER CONNECTIONS		20,000
RECONNECTION FEES		5,000
LATE /PENALTIES		50,000
DEBT SETOFF		1,810
AVGOL DRIVE WATER LINE GRANT		320,000
ARP FUNDS		700,000
LEONARD CREEK PUMP STATION GRANT		1,880,000
BEAR CREEK PUMP STATION GRANT		160,000
<b>TOTAL ENTERPRISE FUND REVENUES</b>		<b>\$ 6,185,047</b>

Total estimated revenues including an **8%** increase is **\$6,185,047**

As part of the Water Supply Study that the Board approved last year, the chart below is the comprehensive rate study from Raftelis, Inc. that provided an independent analysis of current and future rates needed.

Water Rate Increases													
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	10-year Average	State Average	National Average
Mocksville	7.0%	7.0%	7.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	4.2%	4.0%	5.0%
Davie County	2.25%	7.50%	7.50%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	3.30%		

**Option 2** using **\$700,000** of the American Rescue Plan Funds toward system improvements and lost revenues due to COVID. Examples are below

**Note:** ARP guidance on how the funds can be spent will be issued in June. The town has enough projects ongoing.

**Examples:**

Lost Revenues	\$ 40,000
Misc. WWTP Repairs	\$250,000
Water Line Replacement Program	\$250,000
Bear Creek Pump Station Upgrades	<u>\$160,000</u>
	\$700,000

These infrastructural development projects play a critical role in economic improvement.

**Enterprise Fund Expenditures Option 1 and 2**

DEPARTMENT NAME	AMOUNT
WATER OPERATIONS	1,151,107
SEWER OPERATIONS	1,894,940
CAPITAL PROJECTS	3,060,000
NON-DEPARTMENTAL	29,000
<b>ENTERPRISE FUND TOTALS</b>	<b>\$ 6,185,047</b>

North Carolina State Auditor, Beth Wood addressed the Board concerning the State Assessment that took place in January 2021 that included the Town of Mocksville. As a State Auditor of North Carolina, I am the external auditor. In this position, I also serve on the Local Government Commission, where part of my job is to approve debt in the bond market to local governments, which requires a financial health review. I see a number of financial things in audit reports that should not be, particularly not reconciling bank statements on a monthly basis. There is also an issue of Town Managers and Finance Officers not keeping the Board apprised of things. Local governments need to be compliant with G.S. 159 – Local Government Finance; compliance of G.S. 159 would prevent problematic financial situations. I assessed twenty local governments, four counties and sixteen cities that the Local Government Commission picked. Audits do not cover what I will discuss. I am here to explain the results. G.S. 159 includes budgeting, how it should

be done; fiscal, this includes what your accounting system and finance officer should be doing; annual audits, these are due by October 31 each year; and budget documents. Assessment information will be brought to the General Assembly and for any city or county that is not in compliance with G.S. 159, they will be given time to fix issues or lose their charter. All this information will be in the report. Local governments need to take responsibility and do a good job by budgeting well, reconciling bank statements, and posting transactions weekly, reviewing fixed assets and accounts receivables. Of the thirty-one issues that was assessed from G.S. 159, the Town of Mocksville had three findings, G.S. 159-10 Budgeting; G.S. 159-10 requires that the finance officer or department heads transmit to the budget officer a complete statement of the amount expended for each category of expenditure in the budget ordinance of the immediately preceding fiscal year, a complete statement of the amount estimated to be expended for each category of expenditure in the current year's budget ordinance by the end of the current fiscal year, the amount realized from each source of revenue during the immediately preceding fiscal year, and the amount estimated to be realized from each source of revenue by the end of the current fiscal year, and such other information and data on the fiscal operations of the local government or public authority as the budget officer may request. G.S. 159-25(a) (1) keep the accounts of the local government or public authority in accordance with generally accepted principles of governmental accounting and the rules and regulations of the Commission. The bank reconciliations for the months of July, August, October and November 2020 did not agree to the general ledger cash balances and (3) Fiscal Controls; and no policy in place to prevent overspending the budget. This assessment was not done to criticize, but it is an attempt to get local governments compliant with the law. The Town of Mocksville came out better than many others and is not on the naughty list. The Local Government Commission has not held local governments accountable in the last decade or two and there had not been much direction. Two Counties and three towns did not participate in the State assessment and would not provide us with any documentation.

Interim Town Manager Trivette addressed the Board reflecting on G.S. 159-10 Budgeting; the department heads do request a line item budget worksheet to the finance director and budget officer. The department heads also present PowerPoints to the Board discussing their capital needs. The finance officer included year-to-date revenues and expenditures through April 30 and not estimated amounts for May and June. The budget officer will rename workbook revenue and expenditure columns; “Actual YTD (April 30) to “estimated current year” and add estimates for May and June.

Interim Town Manager Trivette addressed the Board reflecting on G.S. 159-25 (a) (1) Fiscal Control; the unreconciled amounts for July \$.04 (small deposit adjustment); August \$4,553.55 (due to unknown utility payment issues with the previous system); September \$0; October \$163.21(voided check) and November \$6,496.91 (voided check). The reconciliation problems were due to installing a new accounting system in September (FMS), which included a new bank reconciliation module. Due to unfamiliarity with the module, voided checks were voided with the check date instead of voiding them with the current date. Town staff is currently obtaining training on the new software.

Interim Town Manager Trivette addressed the Board reflecting on G.S. 159-25 (a) (3) Fiscal Control; the Board receives a financial report monthly budget –vs- actuals which is a detailed report of the current budget, actual current expenditures, year to date, variance (how much is left of the budgeted line item) and percent (% spent of the budgeted line item). These financials are voted on monthly. Budget Amendments are taken before the Board to keep a balanced budget.

Interim Town Manager Trivette continued her budget discussion on the Enterprise Fund and asked the Board their thoughts on option one and option two. The design of the north elevated tank was of discussion and there was a question if the land purchase should come before the design. Property with a higher elevation is desired; this would decrease construction cost. The tank design is for fire suppression, and the cost covers design only, not the land. To fund the project, grants and other options will be explored. The

American Recovery Act entitles us to 1.54 million over a two-year period. General Fund cannot be used to balance Enterprise Fund. The Board agreed on option two, an eight percent increase and use \$700,000 of recovery funds toward Enterprise Fund projects and loss of revenues. It seems possible after a couple of years; rates could decrease to six percent in 2024 and three percent in 2025.

Interim Town Manager Trivette addressed the Board to discuss Mocksville’s growth chart, prior years fund balance, fund balance average including the first six months of expenditures and General Fund option one and two.

The Growth Chart is to make you aware of the growth within each department over a five year span, Governing Board 9.64 percent, Administration 9.14 percent, Special Projects -8.11 percent, Police -.21 percent, Fire 97.5 percent, Public Works 40.31 percent, Parks and Grounds 49.03 percent, and Community Development 132.82 percent. This includes all operation cost for each department. The Prior Years Fund Balance spreadsheet is to make you aware of the fund balance for the last six years, FY 2015 \$5,553,559.00/123 percent; FY 2016 \$4,859,585/87 percent; FY 2017 \$4,562,143/98 percent; FY 2018 \$4,733,713/80 percent; FY 2019 \$4,187,224/65 percent; FY 2020 \$4,608,967/85 percent. The fund balance is shrinking. The Fund Balance Average spreadsheet shows the average fund balance for years 2015-2020 is \$4,750,865.

The Board would like to see line item by line item in order to streamline the budget to make sure funds are going where they need to go. This will increase the level of detail given to the Board.

**General Fund Estimated Revenues**

Account Description	FY21-22 Adopted Budget
DMV PRIOR YEAR TAX	-
PRIOR YEARS TAX INTEREST	4,000
PRIOR YEARS TAX	6,000
PREVIOUS YEAR TAX	25,000
CURRENT YEAR VEHICLE TAX	128,000
VEHICLE TAX \$15.00	73,000
CURRENT YEAR TAX INTEREST	6,500
<b>CURRENT YEAR TAX</b>	<b>2,862,500</b>
RENTAL VEHICLE TAX	2,000

Account Description	FY21-22 Adopted Budget
FIRE PROTECTION	413,000
PARK RENTAL	8,500
DOWNSTAIRS RENTAL	12,000
FARMERS MARKET	1,000
CDC CHRISTMAS PARADE	1,500
CHRISTMAS PROJECTS	500
CEMETERY	15,000
<b>SALE OF ASSETS</b>	<b>18,738</b>

LOCAL SALES TAX	975,000
SALES/USE TAX REFUND	60,000
DC SALES TAX HH	-
WINE & BEER TAX	24,000
FRANCHISE TAX	482,000
SOLID WASTE DISPOSAL TAX	4,000

ABC REVENUE - POLICE	50,000
OCCUPANCY TAX	60,000
POWELL BILL	156,800
ABC LAW ENFORCEMENT EDU	4,000
ARREST FEES	1,000
RECYCLE (MULCH)	2,000
CODE ENFORCEMENT	500
REDLG LOAN REIMBURSEMENTS	50,000
LANFILL FEES & RECYCLE FEES	347,000

INTEREST ON INVESTMENTS	1,000
POWELL BILL INTEREST	-
FUND BALANCE APPROPRIATED	250,000
E.U. INTEREST	500

**TOTAL GENERAL FUND REVENUES** **6,045,038**

**.01 tax increase would mean an additional \$98,707**

**Optional Funding**

- Rose Cemetery (budgeted \$1,000)
- Arts Council requesting \$27,000
- Cognition requesting \$15,000
- Ignite Davie requesting \$10,000
- YVEDDI requesting \$13,500

The \$1000 for Rose Cemetery is for maintenance. It was discussed that the \$26 recording fee should be added to the fee schedule, this would increase the cost of cemetery plots to \$626 and \$1226. The Town would cover the cost of the sales tax and record the document.

Since revenues are down due to the past years pandemic and other additional expenses that have arose, it was discussed to decrease charitable giving to the Arts Council to \$12,500.00, Ignite Davie to \$10,000.00, Cognition to \$10,000.00 and none to YVEDDI.

**OPTION 1**

All recycle and landfill fees pass on to the customer. \$30.80 bi-monthly (increase of \$16.80 per customer bi-monthly)

Landfill and Recycle Fees **(cost to the town is \$0.00)**

Appropriated fund balance **\$250,000**

Sale of Assets \$18,738

No capital items removed \$280,300 including (police cars, fire utility truck, shop roof, parks service truck, benches, planters and wayfaring signs)

Recommending a 2% COLA in January 2022.

Optional funding included are Arts Council \$27,000, Cognition \$10,000 and Ignite Davie \$10,000

The Board discussed passing the cost of recycling and landfill fees to the customer.

## OPTION 2

Recycle and landfill fees split into two years. \$15.40 bi-monthly (increase of \$8.40 first year).

Landfill and Recycle Fees **(cost to the town estimated at \$95,000 1<sup>ST</sup> Year)**

Appropriated fund balance **\$345,000**

Sale of Assets \$18,738

No capital items removed \$280,300 including (police cars, fire utility truck, shop roof, parks service truck, benches, planters and wayfaring signs)

Recommending a 2% COLA in January 2022.

Optional funding included are Arts Council \$27,000, Cognition \$10,000 and Ignite Davie \$10,000

The Board agreed to have another meeting where they can go line item by line item to make a more informed decision between option 1 and option 2. The Board was given a copy of line items to take home and review. Interim Town Manager Trivette will make changes and balance the budget to reflect what was discussed tonight. The next meeting is April 28 at 5:30pm.

The contract and presentation for the Wayfaring signs will be reviewed at the next meeting.

## Estimated Expenditures

DEPARTMENT NAME	AMOUNT
GOVERNING BOARD	47,800
ADMINISTRATION	532,550
CONTRACTS, SPECIAL PROJECTS	409,973
POLICE DEPARTMENT	1,902,700
FIRE DEPARTMENT	747,660
PLANNING AND DEVELOPMENT	56,680
PUBLIC SERVICES	598,800
LANFILL/RECYCLING	347,000

NON-DEPTMENTAL			548,000
COMMUNITY DEVELOPMENT			192,725
POWELL BILL			156,800
PARKS AND GROUNDS			504,350
<b>GENERAL FUND TOTALS</b>			<b>\$6,045,038</b>

Motion to enter closed session per NC GS 143-318.11 (a) (1) and (6), to prevent the disclosure of information that is privileged or confidential pursuant to the law of this State and to discuss personnel.

*A motion was made by Commissioner Williams to enter into close session. The motion was seconded by Commissioner Taylor and approved by a unanimous vote 5-0.*

*A motion was made by Commissioner Taylor to re-enter into open session. The motion was seconded by Commissioner Southern and approved by a unanimous vote 5-0.*

**Adjourn**

*A motion was made by Commissioner Southern to adjourn the April 20, 2021 Special Board Meeting budget workshop. The motion was seconded by Commissioner Taylor which carried by a unanimous vote 5-0.*

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William J. Marklin, Mayor

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Emily Quance, Deputy Town Clerk