



# TOWN OF WILKESBORO

*"Where the Mountains Begin"*

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Wilkesboro, North Carolina 28697

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## BUDGET MESSAGE

May 3, 2021

To the Town of Wilkesboro Mayor, Council and Citizens:

I am pleased to present the recommended budget for the fiscal year 2021-2022. The budget was prepared in accordance with NCGS 159.7, The North Carolina Local Government Budget and Fiscal Control Act. All funds within the proposed budget for the General and Utility Funds are balanced, and all revenues and expenditures are identified for fiscal year 2021-2022.

The recommended budget for fiscal year 2021-2022 totals \$18,847,000 for all Town operations, capital improvements and debt service. This represents a 17.7% increase of the current budget.

This increase can be attributed to an overall addition in personnel and capital items to be purchased across all departments as well as a proposed capital project in the Utility Fund. In addition to these increased needs, I would note that the prior year's plan was produced with the intent of being conservative due to economic uncertainties.

In the proposed General Fund budget, I recommend a tax rate of forty-eight cents (.48) per \$100 of valuation, which is in line with the current year. A property owner who has real property of \$150,000 will still receive a tax bill of \$720. The ad valorem taxes will yield \$3,320,000 based on property tax collection rate of 97.80%. This amount has increased by \$110,000 over last year. The increase can be explained by both the growth of tax base and a marked increase in collections, overall.

In the Utility Fund, I am proposing a 7.5% increase on October 1, 2021. Given both the current and potential future projects involving this fund, I believe it to be in our best interest to move forward in raising rates that allow us to provide our current levels of service while planning for the future capital projects we have already identified. With significant expansions on the horizon for both the water and wastewater treatment facilities, it is imperative that we be financially prepared for these capital projects.

Water and sewer fees and charges at current rates generate \$9,450,000 or 50% of the total budget. Residential customers using an average of 5000 gallons a month will receive a combined water and sewer bill of \$29.58 per month. This bill remains one of the lowest in the state at less than 1/3 of the median charges for the same service statewide of **\$80.00**. Water rates, sewer rates and charges for all out-of-town customers excluding the water associations will have a multiplier of 2.0 added to the bill. These revenues show an overall increase of \$1,000,000 over last year. This estimate is based on a recent shift in usage and additional revenue gained from rate increases.

MIKE INSCORE  
Mayor

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Town Manager  
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JAMES K. BYRD  
Town Clerk

NELLIE ARCHIBALD  
JIMMY HAYES  
ANDREW "ANDY" SOOTS  
Council Members

RUSSELL F. FERREE  
Mayor Pro Tem

## OTHER REVENUES

**Local Option Sales Tax:** Retail sales in North Carolina have shown good growth recently. An increase reflective of experience as well as expected growth has been budgeted for fiscal year 2021-2022. The Town receives four (4) sales tax allocations:

(1) Article 39 one-cent tax, which is the original local government sales and use tax dating from 1971, (2) Article 40 (1983 one-half cent) tax, (3) Article 42 (1986 one-half cent) tax and (4) Article 44 (2001 one-half cent) tax. The Town's sales tax revenues are distributed on a per capita basis. It is estimated that the Town will receive \$1,375,000 in fiscal year 2021-2022. This is a increase of \$225,000 over the current year. Admittedly, prior year was reduced in a conservative effort due to economic uncertainty tied to the pandemic.

**Unrestricted Intergovernmental: Utility Franchise Tax** - Each town's share of the utility franchise tax is based on the actual receipts from electric, telephone, and natural gas service within the municipal boundaries during fiscal year 2021-2022. The utility franchise tax is estimated to yield \$590,000. This remains unchanged from the previous year and has been slowly declining over the last 3 years.

**Restricted Intergovernmental: Powell Bill Allocation** - These funds, unlike other State-shared taxes, are limited in their use. N.C.G.S. 136-413 directs that the money be spent "only for the purpose of maintaining, repairing, constructing, reconstructing, or widening of any street or public thoroughfare including bridges, drainage, curb and gutter, and other necessary appurtenances within the corporate limits of a municipality or for meeting the municipality's proportionate share of assessment levied for such purposes." Three-quarters of the proceeds are distributed on a per capita basis, while the remaining quarter is distributed on the basis of the number of miles of non-state streets in the town. Estimated receipts from the Powell Bill Allocation in fiscal year 2021-2022 are \$115,000 which is consistent with prior years. This revenue source continues to be stagnant and is not sufficient to maintain our roads on a year-to-year basis.

**Fund Balance:** The proposed budget includes a general fund balance appropriation of \$565,000 in order to get a balanced budget as required by statute. If spent this would leave the Town approximately \$1,880,000 or 21.1% of the proposed General Fund budget in unappropriated fund balance, which is within the guidelines of the Towns Policy. The Local Government Commission recommends that municipalities maintain at least 8% in reserves.

## EXPENDITURES BY CATEGORY

**Personnel:** This category of expenditures accounts for \$8,543,000 or 45.3% of the total budget. These expenditures include salaries and wages, FICA, retirement, group insurance and other miscellaneous benefits for 95 full-time employees, 34 volunteer firemen and 5 elected officials. The request includes an increase to the Police Department of 5%, rising retirement costs, as well as the creation of 8 new positions and the expansion of 1 other.

The budget contains \$1,800,000 for group health and dental insurance for 95 employees, 5 elected officials, and 7 retirees. In general, health insurance costs continue to rise faster than inflation. The Town may have to look at charging for dependent coverage as well as reducing benefit levels. Currently, the Town has been very successful at investing in our employees and their families through this benefit. The budget does include the adoption of a formal wellness plan as part of the overall group health plan. Different wellness initiatives have been implemented in the past and will continue to be explored.

The budget contains provisions to allow for a total cost of living and /or merit increase of 5.0% in July.

Approximately \$45,000 has been budgeted for training/travel this year. This funding will be used to improve job skills, gain knowledge of the latest equipment and technology, and to remain up to date on a variety of issues that impact the Town. Internal training will focus on safety, the use of technology and general compliance.

**Operating Expenditures:** This category of expenditures accounts for 26.6% or \$5,135,400 of the total budget. These expenditures include costs other than personnel and capital outlay that are required for the operations of the Town. Overall, this category has remained constant when compared to prior year. This is a testament to staff’s diligence towards efficiency and “doing more with less,” as the saying goes.

**Capital Outlay:** This category of expenditures accounts for 20.2% or \$3,699,000 of the total budget. These expenditures are for the purchase of vehicles, equipment, utility projects, and other items that are too permanent in nature to be considered expendable at the time of purchase and have a value greater than \$5000. Items included in the General Fund are paving and sidewalk projects, four police vehicles, upgrades to buildings, and multiple park projects. In the Utility Fund, items include work vehicles, a utility vehicle, technical upgrades to plants, and continued line replacement. We have also budgeted money towards utility maintenance and capital projects.

**Debt Service:** Debt service accounts for 7.9% or \$1,469,000 of the total budget. This category represents commitments that the Town has entered for equipment or projects that are substantial in nature. Sometimes, the equipment is financed as a way of spreading out the costs to reflect the time of service to the citizens, as in the financing of Police vehicles and Fire trucks. Thus, those paying the debt service through their tax dollars are the ones receiving the benefit of the equipment. Other times, the project is of such a large scale, it is not feasible to pay cash when interest rates are at an acceptable level, as in some utility projects.

**BALANCED BUDGET**

The fiscal year 2021-2022 budget summary of revenues and expenditures for all funds is:

<b>FUND</b>	<b>REVENUES</b>	<b>EXPENDITURES</b>
General	\$ 8,874,500	\$ 8,874,500
Water & Sewer	\$ 9,972,500	\$ 9,972,500
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<b>TOTAL</b>	<b>\$ 18,847,000</b>	<b>\$ 18,847,000</b>
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**CONCLUSION**

In many ways, this budget represents opportunities where last year’s budget represented a conservative plan due to the levels of uncertainty worldwide. The opportunities exist across funds and across departments but allow for the Town of Wilkesboro to continue its path towards revitalization for both citizens and business partners alike. It will allow for our residents to enjoy enhancements to their quality of life as well as fortify the utilities that they use every day for a moderate tax and utility rate. Overall, I believe that this fiscal plan allows for us to give our citizens great value for their tax dollar that they have come to know and appreciate. Staff is excited at the prospect of the year to come and appreciate the opportunity to serve our citizens.

This budget is proposed by the Town Manager. At this time, it is neither final nor is it necessarily a reflection of what will be approved by the Town Council. The Town Council will undertake a thorough study of this proposal to arrive at what it considers the proper program of revenues and expenditures for the Town government for the coming year.

Respectfully submitted,

*Kenneth D. Noland*  
 Kenneth D. Noland  
 Town Manager