



# TOWN OF WILKESBORO

*"Where the Mountains Begin"*

P.O. Box 1056 • 203 West Main Street  
Wilkesboro, North Carolina 28697

[www.wilkesboronc.org](http://www.wilkesboronc.org)

Phone (336) 838 – 3951 • Fax (336) 838 - 7616

## BUDGET MESSAGE

May 1, 2023

To the Town of Wilkesboro Mayor, Council and Citizens:

I am pleased to present the recommended budget for the fiscal year 2023-2024. 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 (Fund 10) and Utility Funds (Fund 30) are balanced, and all revenues and expenditures are identified for the fiscal year 2023-2024.

The recommended budget for fiscal year 2023-2024 totals \$18,019,500 for all Town operations, capital improvements and debt service. This represents a 1.6% decrease from the current budget. This decrease is attributed to fewer capital purchases than in the previous year in both the General and Utility Funds.

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 \$3,360,000 based on property tax collection rate of 98.00%. This amount has increased by \$15,000 over the last year. This increase is minimal, but the Town is primed to grow its tax base in the near future with projects currently under construction and on the horizon.

In the Utility Fund, I am proposing a 10% increase on October 1, 2023. 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. A rate increase is also needed to keep up with operating costs that have increased due to a significant increase in the cost of chemicals. With 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 \$9,400,000 or about 50% of the total budget. Residential customers using an average of 3,000 gallons a month will receive a combined water and sewer bill of \$28.76 per month after the rate increase in October. 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.

## OTHER REVENUES

**Local Option Sales Tax:** Retail sales in North Carolina have shown good growth recently. An increase reflective of experience as well as modest expected growth has been budgeted for the fiscal year 2023-2024. The Town receives four (4) sales tax allocations:

MIKE INSCORE  
Mayor

KENNETH D. NOLAND  
Town Manager  
[townmanager@wilkesboronc.org](mailto:townmanager@wilkesboronc.org)

JAMES K. BYRD  
Town Clerk

NELLIE ARCHIBALD  
JIMMY HAYES  
ANDREW "ANDY" SOOTS  
Council Members

RUSSELL F. FERREE  
Mayor Pro Tem

(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 \$1,675,000 in the fiscal year 2023-2024. This is an increase of \$125,000 over the current year.

**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 2023-2024. 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. 136-41.3](#) 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 2023-2024 are \$125,000 which is the same estimate as prior year.

**Fund Balance:** The proposed budget includes a general fund balance appropriation of \$380,400 in order to get a balanced budget as required by statute. If spent this would leave the Town approximately \$1,832,392 or 23.05% of the proposed General Fund budget in unappropriated fund balance, which is within the guidelines of the Town's Policy Fund Balance Policy's range of 20%-40%. However, this presented budget is merely a step towards the finished product and staff anticipates the appropriation to decrease along the way. The Local Government Commission recommends that municipalities maintain at least 8% in reserves.

## EXPENDITURES BY CATEGORY

**Personnel:** This category of expenditures accounts for \$8,293,000 or 46% of the total budget. These expenditures include salaries and wages, FICA, retirement, group insurance and other miscellaneous benefits for 100 full-time employees, 37 part-time and volunteer firemen, and 5 elected officials. The request includes a rising retirement and healthcare costs, as well as the creation of a new full time fire captain position.

The budget contains \$1,912,000 for group health and dental insurance for 100 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% in July in response to continued rising inflation.

Approximately \$50,000 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 31.5% or \$5989,100 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 the 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 7.68% or \$1,384,00 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 \$5,000. Items included in the General Fund are sidewalk rehabilitation, eight police vehicles, design work on the next phase of downtown revitalization, and multiple park projects. In the Utility Fund, items include two dump trucks, 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 7.3% or \$1,310,000 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 2022-2023 budget summary of revenues and expenditures for all funds is:

<b>FUND</b>	<b>REVENUES</b>	<b>EXPENDITURES</b>
General	\$ 7,950,000	\$ 7,950,000
Water & Sewer	\$ 10,069,500	\$ 10,069,500
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<b>TOTAL</b>	<b>\$ 18,019,500</b>	<b>\$ 18,019,500</b>
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**CONCLUSION**

The budget presented to you above and in detail through other documents is reflective of the days and times we are experiencing. It is large, by typical Wilkesboro standards, but flexible enough to allow us to maintain the high customer service business model we have created while continuing to capitalize on opportunities to enhance the community. Through the use of various grant funds, state funds and federal funds being made available, I believe that the opportunity exists to leverage these dollars into community goals such as: improving streets and sidewalks, improving and expanding our parks system, fortifying our utility systems for the future, continuing the revitalization of our downtown, growing the outdoor economy, etc. It is a truly exciting time for our Town!

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