



## **Budget Message Fiscal Year 2010-2011**

April 26, 2010

Mayor and Board of Commissioners

R.H. Ellington, Mayor

Joe Pleasant, Commissioner, Ward 1

Billy Surles, Commissioner, Ward 2

Stanley Carney, Commissioner, Ward 3

Craig Honeycutt, Commissioner, Ward 4

Honorable Mayor and Members of the Board

I hereby present to you the proposed budget for the Town of Angier for the fiscal year commencing July 1, 2010 and ending June 30, 2011. There has been much thought, analysis, and fiscal research involved in this year's budget to gain insight into how this may best serve our residents and business community.

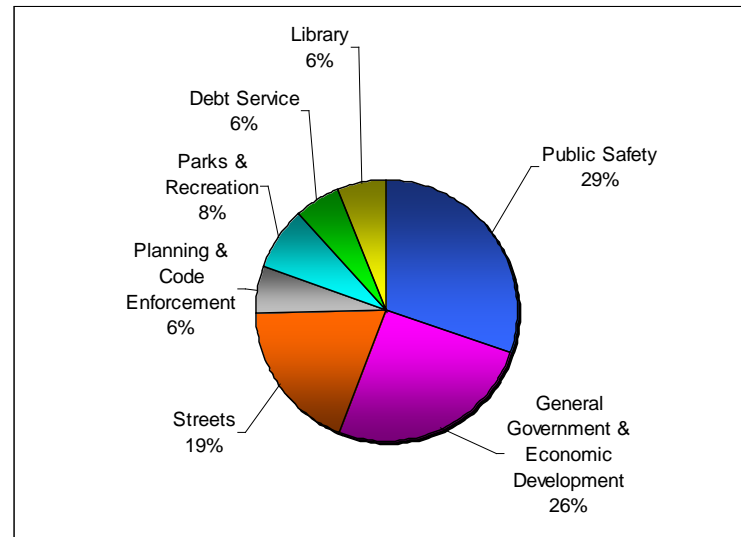
This recommended budget is my attempt to capture the Board's vision of what the Town of Angier will strive for in the coming year. My approach of the FY 2011 Recommended Budget is to save money while maintaining the same or higher level of service. These measures are considered to be at the heart of our budget plan. I have worked through our budget development process with a focus on providing high quality services in an efficient manner while working within the limits of our existing revenue sources which have been impacted significantly as a result of the current economic recession. The longer the economic recession continues, the more critical our decisions will be regarding the upcoming and future budgets and projects. It is extremely important that we do everything we can to maintain the Town's strong financial position.

Highlights of the recommended budget are listed below:

- Tax Rate remains the same at fifty three cents (\$0.53) per one hundred dollars of valuation

- Proposing eliminating all **commercial** trash/recycling pick up
- Recycling to begin July 1 with a rate of \$3.00 per household
- No new positions; and the Code Enforcement Officer reduced to 20 hours per week
- No increase in existing fee schedule
- 2.5% cost of living
- No Capital Outlay funded
- Debt service payments beginning for Phase I of Wastewater Capital Project
- Debt service payments for the Library/Municipal Building ended in the FY 2010 budget year
- Increase in group health insurance rates of eighteen percent (18%)
- Significant increase in employer contribution rates for retirement
- Harnett County begins treatment of the Town’s sewer

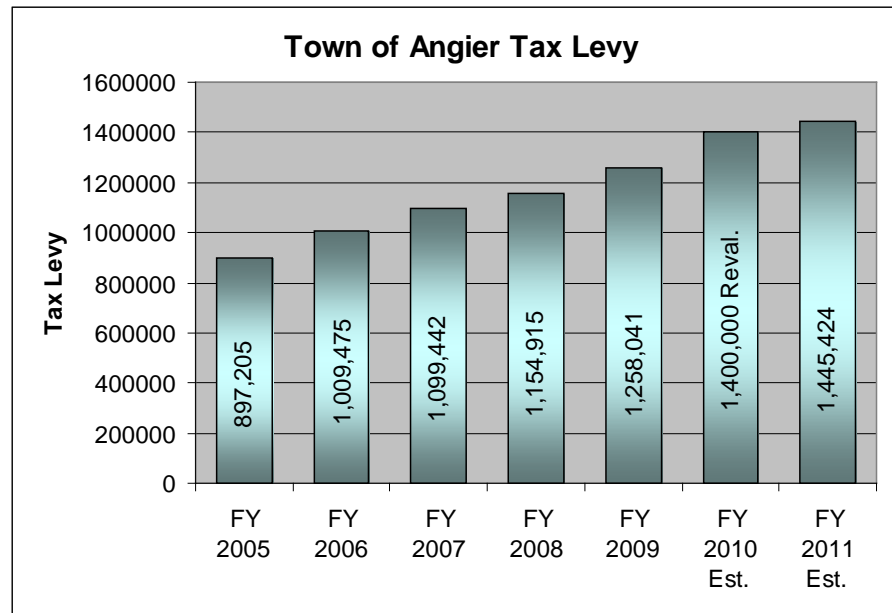
Despite the impacts of the recession of the Town’s finances and operations, the recommended budget for FY 2011 provides a high quality level of service for our citizens while continuing to protect and maintain the core infrastructure that is so vital to sustaining our quality of life. The general fund is where we account and pay for the majority of non-utility related services. Identified in the chart below is a breakdown of where our \$2,553,450 general fund budget is broken down to carry out the Town’s operation in FY 2011. This year’s overall general fund operating budget represents a net decrease of \$216,187 or .0781%.



## Major Issues Impacting the FY 2011 Budget

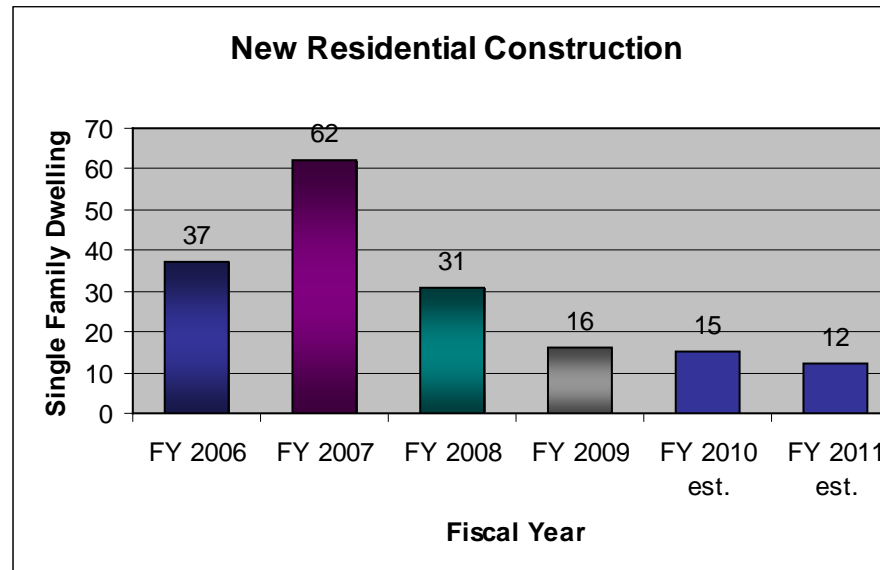
### Tax Levy

The tax base in FY 2011 is estimated at \$279,743,060, which includes real property (land and buildings), personal property (boats, mobile homes, campers, etc), public service property (public utilities), and vehicles. This equates to a tax levy of \$1,316,248 for Harnett County and \$129,175 for Wake County within the Town of Angier's city limits. A historical perspective of the Town's tax levy since FY 2005 is provided in the graph below. The increase in the FY 2010 is the result of property revaluation conducted by Harnett County.



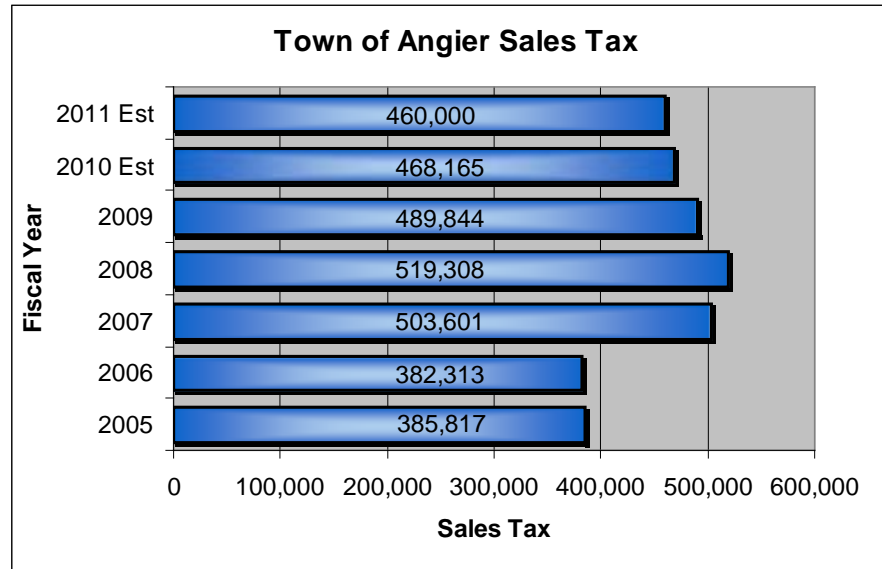
### Single Family Residential Permits

The Town has had a sharp decline in growth and this has had a direct affect on the revenues. The graph below shows new single family residential permits issued since FY 2006 and the dramatic reduction in the number of permits issued during this recession.



**Local Option Sales Tax**

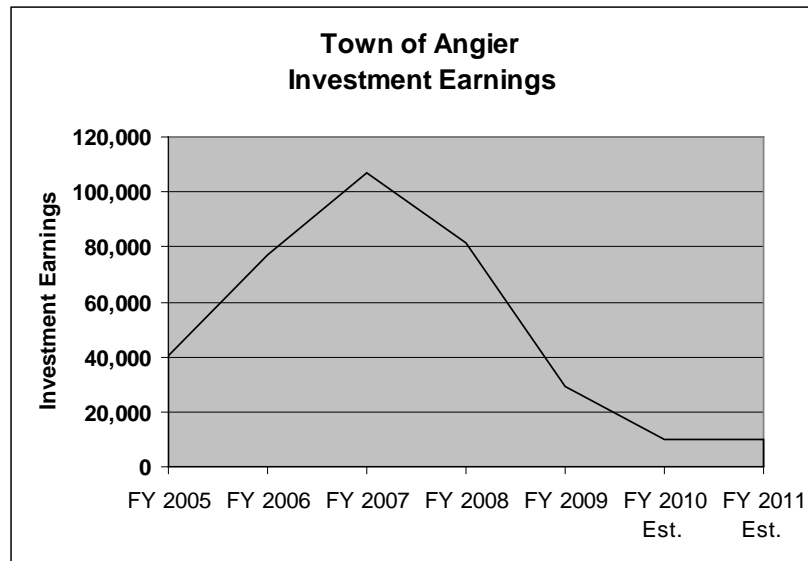
Projected sales tax revenues totaling \$460,000 make up 18% of all general fund revenues. The historical growth rate of this major revenue source was greatly impacted by the economic slowdown as shown in the graph below:



**Investment Earnings**

Existing cash balances on hand are invested temporarily to earn the Town income in the form of investment earnings to help in funding needed for Town services. The sagging economy drove debt service rates lower in the bond market and also reduced the amount of return available for the Town’s investments. Market changes have affected the Town’s income over the past few years. Investment earnings in the FY 2010 budget are expected to decrease by 63% from the previous year. For comparison purposes, each

penny on the tax rate in FY 2011 is expected to generate \$27,974 in revenue, so the Town's much weaker investment earnings in the general fund are expected to generate only about 36% of one penny's worth of tax revenue.



### Utility Fund

Utility Fund revenues are budgeted at \$1,544,305. The projected water sales are \$655,000 which represents 42.41% of the budget and the projected sewer sales are \$700,000 which represents 45.33% of the budget. The water and sewer rates are projected to remain the same for the FY 2011 year. We are closing our wastewater treatment plant on Smith Drive and will be pumping our sewer to Harnett County as a regional approach through Phase I of the Town's Wastewater Project.

There is an interfund transfer of \$120,000 to the general fund for indirect expenses.

### Capital Improvement Projects

The Board has expressed interest in several very important capital projects for the Town of Angier. While there is no new funding being recommended in the FY 2011 operating budget for the following projects they are included in this message for your information and consideration:

<b>Department</b>	<b>Project</b>	<b>Cost</b>	<b>Justification</b>	<b>Estimated Time Schedule</b>
Administration	New Town Hall	\$2,500,000	Improved service, current building was constructed in 1956 and does not provide adequate space	5 to 7 years
Recreation	Phase II Jack Marley Park	\$325,000 50% PARTF grant match Town's contribution is \$162,500	Fitness stations, Pre-fabricated shelter, New landscaping & fountain, New bleachers & backstop, Upgrade skate park, Other miscellaneous improvements	1 to 3 years
Water/Sewer	Continue I/I Repairs	\$50,000 per year	Held reduce excess flow and free capacity in existing treatment facilities	
Water/Sewer	WWTP Upgrade or Interconnection to County System	\$1.2 to \$3.3 million	Needed to comply with State Regulations regarding WWTP capacity	1 to 3 years
Water/Sewer	CL <sup>2</sup> Injection System	\$55,000	Improved system operation, reduction costs due to less water used for flushing	3 years
Water/Sewer	ETJ Water Distribution system Expansion (County Line Purchase)	➤ \$1.25 million Project Estimate ➤ \$60,000 Design & Permitting Estimate	Acquire water lines to control growth and to provide water services to customers within the ETJ	3 years
Water/Sewer	500,000 Gallon Elevated Water Storage Tank	➤ \$1.9 million Project Estimate ➤ \$125,000 Design & Permitting Estimate	Improved service, eliminate low pressures in northern part of system and make water available in the Wake County area	3 to 5 years
Water/Sewer	Hwy 210 Water Line Extension (Old Stage Road)	➤ \$400,000 Project Estimate ➤ \$30,000 Design &	Improve service and give the Town an additional connection to Harnett County	1 to 3 years

		Permitting Estimate		
Water/Sewer	Lillington Street Water & Sewer Replacement	<ul style="list-style-type: none"> <li>➤ \$750,000 Project Estimate</li> <li>➤ \$50,000 Design &amp; Permitting Estimate</li> </ul>	Improve service, eliminate low psi, install fire hydrants and upgrade old sewer lines	1 to 3 years
Water/Sewer	Williams Street Area Water Line Improvements	<ul style="list-style-type: none"> <li>➤ \$150,000 Project Estimate</li> <li>➤ \$15,000 Design &amp; Permitting Estimate</li> </ul>	Improve service, eliminate low psi and older water lines	1 to 3 years

The FY 2011 budget recommendations have been made relative to the current overall financial condition of the Town and to meet the goals set by the Town Board of Commissioners for the future of the Town. Revenue assumptions have been developed according to the effects of the economy as they directly impact many of the Town’s revenues such as ad valorem taxes, permit and inspection fees, solid waste fees, sales taxes, utility franchise tax, wine and beer tax, cable TV franchise fees and recycled goods. The Town’s controllable revenues are property tax, solid waste fees, permits and fees, business licenses, recreation fees and the uncontrollable revenue sources are sales taxes, state shared revenues and investment earnings.

In summary, the FY 2011 Recommended Budget is balanced in accordance with state statutes and addresses the goals and priorities established by the Town Commissioners for the Town’s future. The budget is fiscally sound, and although it does not fund all initial requests made by departments, it does address top priority needs.

I wish to recognize and extend thanks to the Finance Department, as well as the rest of the Town employees for their assistance in the preparation of this budget. This budget is the result of many hours of research and honest efforts to work together as a team to improve the community in preparation for growth and prosperity here in our home.

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Coley B. Price  
Town Manager