

Town of Black Mountain FY10–11 Recap and FY11–12 Budget Summary

June 13, 2011

Dean M. Luebbe, Finance Director



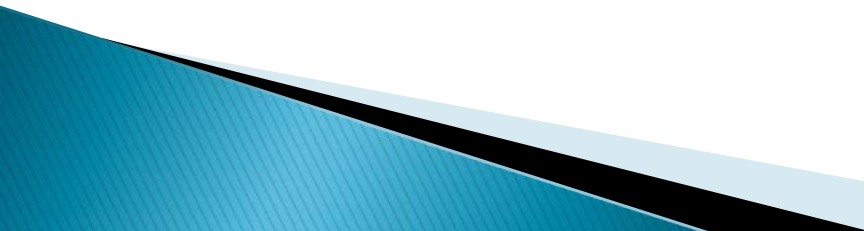
General Fund Summary, FY10-11

- ▶ Estimated Revenues 7,000,000
- ▶ Estimated Expenditures 7,400,000

- ▶ Difference (400,000)

Fiscal Year	2010	2009	2008	2007	2006
Actual (Revenues less Expenditures)	58,380	(92,783)	181,470	92,672	(101,377)

General Fund Summary FY11-12

- ▶ Almost 50% of General Fund revenues are from property and motor vehicle taxes.
 - ▶ Three components of Ad Val taxes: (Property values, collection rate, tax rate)
 - ▶ Property values have shown very little growth. Revaluation is scheduled for 2014. Our collection rate is close to 99%.
 - ▶ Buncombe County receives close to 60% of property taxes.
 - ▶ The 4.5 tax rate increase from FY11 paid for a \$200,000 increase in Solid Waste Fees from FY09 and Sewer Line Extensions.
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Water Fund Summary, FY10-11

- ▶ Estimated Revenues 1,360,000
- ▶ Estimated Expenditures 1,424,000

- ▶ Difference (64,000)

- ▶ Mostly due to a \$155,000 transfer from the Water Fund for the Sewer Line Extension.

Golf Fund Summary, FY10-11

- ▶ Estimated Revenues 814,000
- ▶ Estimated Expenditures 961,000
- ▶ Difference (147,000)
- ▶ The one-time Marketing Membership program successfully increased revenues for FY09-10, but green fees and memberships are back to previous years levels in FY10-11.

General Fund, FY11-12 Budget

- ▶ Revenues have not grown from FY10-11 levels.

	FY10-11	FY11-12
Ad Val/DMV	3,428,964	3,430,879
Other Taxes	1,109,000	1,081,000
Unrestricted Revenue	593,891	625,965
Restricted Revenue	238,913	239,462
Permits/Fees	95,000	103,600
Sales/Services	923,842	944,396
Misc	235,240	208,540
TOTAL	6,624,850	6,633,842

General Fund, FY11-12 Budget

▶ Sales Tax by Year

Fiscal Year	Sales Tax
FY07	1,118,000
FY08	1,090,000
FY09	992,000
FY10	934,000
FY11	969,000
FY12	990,000

General Fund, FY11-12 Budget

- ▶ Building Permit revenue, by month, last three years. (highest revenue)

2010	January	117,743
2011	April	20,090
2011	May	18,474
2008	July	17,110
2009	September	15,861
2008	September	12,736
2010	March	12,084
2009	August	11,227
2008	October	11,141

General Fund, FY11-12 Budget

- ▶ Fund Balance, Appropriated by year.

FY	Appropriation	Actual
2012	289,733	??
2011	791,708	(410,000)
2010	328,042	58,380
2009	309,975	(92,783)
2008	314,840	181,470
2007	296,184	92,672
2006	479,648	(101,377)

General Fund, FY11-12 Budget

- ▶ Our available fund balance at the end of FY11 will be approximately 30%. The state average for our group is 68%.

	2007	2008	2009	2010
Black Mountain	40%	42%	37%	42%
Brevard	30%	35%	32%	40%
Conover	54%	48%	36%	47%
Dunn	19%	22%	30%	29%

Water and Golf Funds, FY11-12 Budget

- ▶ Water and Golf Revenues are both expected to be close to FY10-11 levels.

QUESTIONS ?



**MANAGER'S
RECOMMENDATIONS
FY11-12 Proposed Budget**

Marcy Onieal, Town Manager
June 1, 2011

BUDGET HIGHLIGHTS

REVENUE SIDE

- ▶ Property Tax Rate: 36.5¢/\$100 valuation
unchanged from last year

Every penny on the tax rate generates ≈ \$90,000

- ▶ Fire District Tax Rate: 9¢/\$100 valuation

Fire District Tax provides \$780K in revenue toward total cost of \$1.2M in fire services

BUDGET HIGHLIGHTS

REVENUE SIDE

New Solid Waste Fee Proposed:

- ▶ \$6/household/month, effective Jan. 1, 2012 to realize \$150K in FY12
- ▶ Every dollar per/month generates \approx \$50K/yr
- ▶ Cost of solid waste services \approx \$750K/yr
- ▶ 100% Cost recovery through fees would require a fee of \$15/household/mo

BUDGET HIGHLIGHTS

REVENUE SIDE

Water Rates:

- ▶ \$5.25 / 1000 gal for in-town customers
- ▶ \$8.52 / 1000 gal for out-of-town customers

No increase proposed

(in contrast to customary practice of increasing rates annually by 3–6%)

BUDGET HIGHLIGHTS

REVENUE SIDE

▶ Golf Course Rates *No increase proposed*

Annual Memberships:	In-town	Outside
Junior	\$170	\$250
Individual-Sr	\$450	\$590
Individual-Reg	\$560	\$730
Couple-Sr	\$615	\$780
Couple-Reg	\$730	\$950
Family	\$730	\$950

BUDGET HIGHLIGHTS

REVENUE SIDE

▶ Golf Course Rates *No increase proposed*

Daily Fees:	<u>WKE</u>	<u>WKE-T</u>	<u>WKD</u>	<u>WKD-T</u>
Ride 18:	\$35	\$27	\$32	\$27
Ride 9:	\$20	\$17	\$20	\$17
Walk 18:	\$25	\$20	\$20	\$20
Walk 9:	\$15	\$10	\$10	\$10

BUDGET HIGHLIGHTS

REVENUE SIDE

- ▶ **Fund Balance:** \$290,000 appropriated
*Will drop available fund balance to 26% ,
down from the Board's approved minimum of
30.5%*
- ▶ Fund Balance Fluctuations are normal
- ▶ Since 2006, Fund Balance has grown as much as \$181K and decreased by as much as \$400K for a 5-yr next loss of \$270K

BUDGET HIGHLIGHTS

EXPENDITURE SIDE

- ▶ Total Immediate Needs (All Funds)
- ▶ \$11M Identified Ongoing Needs
- ▶ \$9.1M Available Revenue
- ▶ Gap = \$2M

General Fund Activities – Tax supported
Water Fund–Business Enterprise/Fee supported
Golf Fund–Business Enterprise/Fee Supported

BUDGET HIGHLIGHTS

EXPENDITURE SIDE


What comprises the General Fund?

- ▶ Personnel Costs = 51%
- ▶ Operating Costs = 38%
- ▶ Capital Costs = 4.5%
- ▶ Debt Service = 6.5%

Personnel Costs comprise 65–82% of departmental budgets, in all departments except for Public Services

BUDGET HIGHLIGHTS

EXPENDITURE SIDE

- ▶ **Why are we anticipating such large operating deficits in FY11-12?**
 - ▶ Slow/Little Recession Recovery
 - ▶ Flat or reduced Revenues
 - ▶ Increasing Operating Expenses
(Fuel, State costs, 3.4% inflation in past year, cost of employee retirement/medical plan rising)
 - ▶ Deferred maintenance causes emergency expenditures
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BUDGET HIGHLIGHTS

EXPENDITURE SIDE


- ▶ **Why are we anticipating such large operating deficits in FY11-12?**
- ▶ Absorbing cost increases w/o supporting revenue (Solid Waste Contract ↑ \$170K)
- ▶ Continued use of savings account to pay for ongoing expenses
- ▶ Emphasis on capital development since 2007
- ▶ Grant expirations/Gift obligations
- ▶ Delay of legally obligated expenditures for as much as 25 years

BUDGET HIGHLIGHTS

EXPENDITURE SIDE

Board of Aldermen Directives to Manager

- ▶ Maintain low property tax rate/no new taxes
 - ▶ Maintain fiscal soundness
 - ▶ No contributions to outside agencies
 - ▶ Consider citizen pocketbooks amidst recession

 - ▶ Consensus around Service & Program priorities difficult to achieve given diversity of opinion and expectation within community
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BUDGET HIGHLIGHTS RECOMMENDATIONS

- ▶ No budget for capital & equipment replacements (except Powell Bill & ADA)
- ▶ Decline SAFER grant providing for six new firefighter positions
(saves \$32K now & \$300K in two years, or almost 4¢ on the tax rate)

BUDGET HIGHLIGHTS

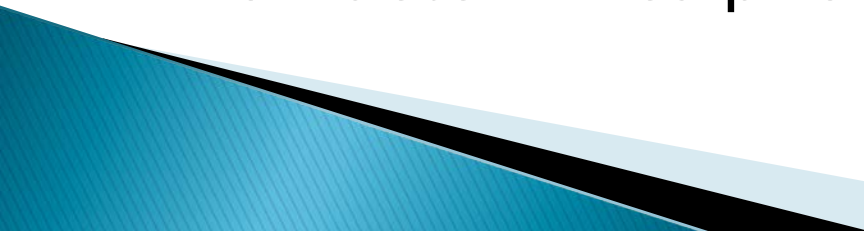
RECOMMENDATIONS

Personnel Cost Considerations

- ▶ Town absorbed 11% increase from state last year and again absorbing unknown increases in state retirement & medical coverage costs
- ▶ No COLA or Merit adjustments for ees
- ▶ Reduction of Longevity Bonus by ½ for 1 year
- ▶ Freezing three vacant positions for 1 year
- ▶ Privatizing service where possible
- ▶ Reducing approx \$400K in salary/wages through RIF based on board goals & priorities

BUDGET HIGHLIGHTS RECOMMENDATIONS

RIF Impacts

- ▶ Town has already engaged in cost cutting, efficiency building, privatization, productivity improvements, and cost control over the last 3 years
 - ▶ Cannot cut personnel costs without impacting level, quality, number of services and programs
 - ▶ No specific positions, programs or services for RIF have been identified or targeted to date
 - ▶ BoA determines priorities and mix of services
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BUDGET HIGHLIGHTS

RECOMMENDATIONS

RIF is last resort -- what else was considered?

- ▶ Employee Furloughs
- ▶ Reduction in hours (40 → 35 hr workweek)
- ▶ Voluntary Separation Incentive
- ▶ Retirement buyouts
- ▶ Further reduction in employee benefits
- ▶ Employee cost-share in benefit expenses
- ▶ Dipping further into General Fund
- ▶ Promoting New Revenues (*ABC-mixed beverage revenue; even higher solid waste fee*)

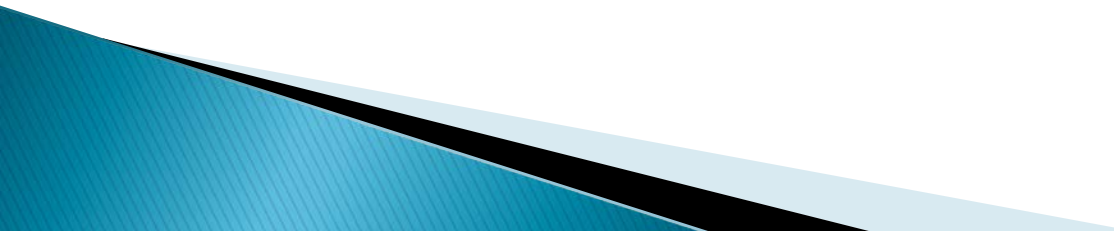
BUDGET HIGHLIGHTS

RECOMMENDATIONS

If RIF is necessary, what happens to ees?

- ▶ Effective July 1, but w/ severance
- ▶ Full accumulated vacation payout, or conversion to sick leave (ee option)
- ▶ Six weeks severance – full salary/benefits
- ▶ Eligibility for unemployment benefits
- ▶ Transition assistance
- ▶ Free tuition & books for selected courses through AB Tech, aimed at enhancing employability

WHAT'S NEXT?

- ▶ **Additional Budget Workshops**
 - Tuesday, June 21, 8:30 am
 - Tuesday, June 28, 8:30 am
 - ▶ Revision of proposed budget numbers as board and staff work through different options
 - ▶ Adoption of FY11-12 budget by June 30, 2011
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QUESTIONS ?



FY 11-12 PROPOSED BUDGET

**PUBLIC HEARING
NOW**

