

HORACE C. REID, JR.  
MAYOR  
BRANDON S. SHOAF  
TOWN MANAGER  
CINDY E. SHARBER  
CLERK  
BENJIMAN M. GALLOP  
TOWN ATTORNEY



**COMMISSIONERS:**  
LILLIAN ANNE HOLMAN  
MAYOR PRO TEM  
ARCHIE L. APLES, III  
WILLIAM E. LANE  
J. SIDNEY ELEY

**Town of Hertford  
FY '17 – '18 Budget Message**

On behalf of the Town of Hertford Board of Commissioners, I am pleased to present the FY 2017-2018 Budget. This budget is a continuation of the Board's commitment to maintaining the municipal services that the citizens, businesses and customers enjoy as well as continuing the commitment to maintaining the infrastructure to allow for long-term growth in the wake of a tax revaluation that reduced the property values in the Town by an average of 25%, just last year.

For years the Town has not seen significant growth. From 2000 to 2010 the growth rate was only 3.53% when the State grew by 18.5% and the County by 18.3%. I do not anticipate any significant further growth with an upcoming Census on the horizon.

The down turn in the economy in 2008 caused development plans to halt in Hertford and those have not returned in any significant amount. If Hertford will return to a pre-2008 growth potential is hard to predict but it is safe to say that the FY 2017 – 2018 budget reflects a conservative approach to the projected revenues the Town will realize for its General Fund, as well as Enterprise Funds functions.

The goal for the proposed budget for Fiscal Year 2017- 2018 was to further fund capital needs that have been identified in recent years while maintaining operations at a true cost to the citizens and customers. During the budget process, those goals were assessed and the tax rate remains unchanged for what comprises the Ad Valorem projection that management has proposed to the Mayor and Town Council. The tax rate is proposed to be \$0.47 per \$100 of value.

This year's expenses will be impacted by several key factors:

- The budget is comprised of an almost 10% decrease to the General Fund. That included a large chunk of Fund Balance that was set aside for the process of acquiring a Ladder Truck.
- A 2% COLA raise for every town employee.
- The Town will add 1 position to its Public Works staff for the coming year, and have been approved to have inmate labor reinstated for FY '17-'18.
- Health insurance costs from the new Aetna Plan will reduce that expense by almost \$20,000 over the current fiscal year's expense.
- The Town's contribution to the State's retirement system will see an increase of 0.25%.
- The Town's Property & Liability and Worker's Comp Insurances are projected to be stable this year with little change in the premium.
- The Town staff continue to make strides in technology utilization. This budget does include cost associated with continued hardware upgrades and associated costs with a more modern office. Our consultant, Practical Computing has also offered a monthly fee

for all the work they do, instead of a piece meal billing. That work is also inclusive of all the security they provide and all of the offsite back up options we utilize.

- The Police Department's budget includes an increase to the salary line item, not only for the proposed COLA, but also for more work associated with the Regional Drug Task Force that we have been participating in.
- Several Public Works Departmental budgets share the cost of several work trucks that are desperately needed to replace some vehicles that are on the road daily, but have been in the Town's service for close to 20 years. There are also funds proposed to create another maintenance worker position in the Street Department.
- This budget proposes a \$20 Town Tag Fee for all registered motor vehicles in town limits. This is up from \$5 that has been in place since the inception of the tax. The funds raised are to be used for transportation upgrades throughout the town.
- The water and sewer funds are healthy for this coming budget year due to very conservative budgeting, but management notes that a rate study should be considered in the near future, similar to the exercise within the Electric this year, in hopes of getting a better handle on what it would take, strategically, to grow that fund. I have provided a small proposed increase to the per thousand gallon charges for both water and waste water treatment that would amount to an average of \$2.25 more, per month for the customer's bills. That is an increase of 25 cents per 1,000 gallons of water used and 10 cents per 1,000 gallons of sewer used.
- The electric fund will show a lower retail rate charge of 2.4% for usage across the board, in all rate schedules to coincide with another wholesale rate reduction from Electricities.

### **GENERAL FUND**

The revenues for the General Fund will decrease by \$12,957 or less than 1%, but \$100,000 of last year's total was an up front fund balance appropriation for a down payment on a ladder truck. State collected revenues; is projected to be \$8,350 more than last year, or almost 1.5%. The value of Town property increased, from \$118,318,389 to \$123,339,583 after the revaluation of last year. The collection rate for property is projected at 94.41%, and is up, in part, because of the "Tax and Tag" program for Motor Vehicles, which alone is at 96%. The Ad Valorem tax rate proposed in this budget is, unchanged, at \$0.47/ \$100 of valuation.

The Police Department budget increased by \$52,742 or 7.9%. The Fire Department budget is \$85,586 or almost 42% lower than last year, which is directly related to the fund balance appropriation for a ladder truck that was purchased in last fiscal year. The Street Department budget has increased by \$6,241. Salary allocations were adjusted to make sure other funds supported a new public works position. The Sanitation Department will see a CPI of 2.7% increase because of a contract with Waste Industries for curbside collection which raised the per cart cost to \$9.87. The DMV Department budget remains basically unchanged except for an increase to the salary based line items. The Cemetery Department contract expense is projected to be the same at \$25,500. The Planning Department budget increased, because of the increase to the COLA for all staff and the increase to the retirement contribution.

Because of the movement of salary allocations and a reduction of charges for medical insurance premiums the General Fund Expenditures will be balanced with an appropriation of \$12,804 from Fund Balance.

### **WATER & SEWER FUND**

The revenues in the Water and Sewer Fund for FY '17 - '18 are projected to be higher by \$47,400 or 3.8%. The increase is due to a projection of a small increase to the per gallon charges for water and sewer but, takes into account conservation and little to no residential growth. Charges to Winfall for sewer treatment are also projected to stay conservative because of inflow and infiltration work that has been completed on their system, and includes no increase in billing to Winfall. This budget proposal shifts some expenses back to the General Fund though, to balance a

fund that needs attention in the way of rate study and possible debt restructuring. I would ask you to keep in mind those two factors in this budget and future ones. I am confident that staff will continue to look for ways to save when possible as they have year after year.

### **ELECTRIC FUND**

The sales of electricity in the Electric Fund for FY '17 – '18 are projected to remain the same, from an energy standpoint, but the actual costs and revenues of that will be slightly lower. The retail rates will be adjusted by a 2.4% decrease across the board beginning in July.

There are, however capital needs that are in the electric budget for this year and the years to come, as part of a newly form Capital Improvement Plan that was part of the work of another rate study conducted by an outside consultant after the wholesale power cost reduction earlier in this fiscal year.

### **SUMMARY**

This budget is the culmination of our efforts to balance the cost of government and services during economically challenging times, all while being mindful and fair of our citizens' and customers' quality of life. Due to conservative fiscal decisions for numerous years, it appears the Town is in a position to continue its commitment to its employees and citizens. As always, I have the utmost confidence in my staff that we will continue to provide a level of service not seen in other small towns.

All in all, I believe this budget meets the challenge of this economy and places the Town in the best position possible and continue to build and grow where practical and keep the Town's funds healthy and at a level that also meets our financial commitments. I am always extremely proud of the Town Staff and all their efforts throughout the year as well as in this budget process. Without them you, nor I, could not do what we do for our citizens and customers, day in and day out.

  
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Brandon S. Shoaf, Town Manager

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## 2017-2018 BUDGET ORDINANCE

**BE IT ORDAINED** by the Governing Board of the Town of Hertford, North Carolina:

**SECTION 1:** It is estimated that the following revenues will be available in the General Fund for the Fiscal Year beginning July 1, 2017, and ending June 30, 2018:

Ad Valorem Taxes	\$573,613.00
State Shared Revenues	\$578,850.00
Investment Earnings	\$800.00
Sales & Services	\$341,072.00
Grant Revenues	\$11,000.00
Payments From Other Funds	\$122,390.00
Miscellaneous	\$27,334.00
Fund Balance	<u>\$12,804.00</u>
	<b>\$1,667,863.00</b>

**SECTION 2:** The following amounts are hereby appropriated in the General Fund for the operation of the Town government and its activities for the Fiscal Year beginning July 1, 2017, and ending June 30, 2018:

Administration Department	\$261,399.00
Police Department	\$719,854.00
Fire Department	\$121,465.00
Street Department	\$354,149.00
Sanitation Department	\$118,672.00
DMV-License Plate Agency	\$47,846.00
Cemetery Department	\$25,500.00
Planning/Main Street Department	\$18,978.00
Contingency	<u>\$0.00</u>
	<b>\$1,667,863.00</b>

**SECTION 3:** It is estimated that the following revenues will be available in the Water and Sewer Fund for the Fiscal Year beginning July 1, 2017, and ending June 30, 2018:

Charges for Services	\$1,268,500.00
Tap Fees	\$2,000.00
Interest Earned	\$0.00
Grant Revenue	\$0.00
Winfall Charges	\$78,500.00
Miscellaneous	\$1,500.00
Fund Balance	<u>\$0.00</u>
	<b>\$1,350,500.00</b>

**SECTION 4:** The following amounts are hereby appropriated in the Water and Sewer Fund for the operation of the water and sewer utilities for the Fiscal Year beginning July 1, 2017, and ending June 30, 2018:

Water Department	\$499,321.00
Wastewater Collection Department	\$168,110.00
Wastewater Treatment Department	<u>\$683,069.00</u>
	<b>\$1,350,500.00</b>

**SECTION 5:** It is estimated that the following revenues will be available in the Electric Fund for the Fiscal Year beginning July 1, 2017, and ending June 30, 2018:

Charges for Services	\$2,705,517.00
Connect/Disconnect Fees	\$60,000.00
Other Operating Fees	\$269,000.00
Fund Balance Appropriated	<u>\$0.00</u>
	<b>\$3,034,517.00</b>

**SECTION 6:** The following amounts are hereby appropriated in the Electric Fund for the operation of the electric utility for the Fiscal Year beginning July 1, 2017, and ending June 30, 2018:

Administration	\$342,030.00
Cost of Power	\$2,012,619.00
Electric Operations	\$243,500.00
Loans	\$19,400.00
Non-Departmental	\$291,968.00
Contingency	<u>\$125,000.00</u>
	<b>\$3,034,517.00</b>

**SECTION 7:** there is hereby levied a tax at the rate of forty-seven cents (\$0.47) per one hundred dollars (\$100) valuation of the property as listed as of January 1, 2017, for the purpose of raising the revenue listed as Ad Valorem Taxes in the General Fund in Section 1 of this ordinance. This rate is based on a total estimated valuation of property for the purposes of taxation of \$123,339,583 and an estimated rate of collection of 94.41% for real property and 96% for motor vehicles. This estimated rate of collection is based on the fiscal year 2015-2016 audited collection rate and an average of the last three years' reported collection rates.

**SECTION 8:** The Town Manager (Budget Officer) is hereby authorized to transfer appropriations as contained herein under the following conditions:

- A. He may transfer amounts up to \$3,000 between line-item expenditures within a department with an official report of such transfers being given at the next regular meeting of the Board of Commissioners.
- B. He may transfer amounts up to \$1,000 between departments of the same fund with an official report of such transfers being given at the next regular meeting of the Board of Commissioners.
- C. He may not transfer any amounts between funds or from any contingency appropriation within any fund, except as approved by the Governing Board in the budget ordinance as amended.
- D. Capital Purchases in excess of \$5,000 shall first be approved by the Town Council, and registered as a fixed asset.
- E. Purchases between \$500 and \$5,000 shall be recorded on an internal inventory managed by the Town Clerk.

**SECTION 9:** Copies of this Budget Ordinance shall be furnished to the Finance Officer and to the Budget Officer of this Town to keep on file by them for their direction in the disbursements of funds.

**Adopted this, the \_\_\_\_\_ day of June, 2017.**

Attest:

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Cindy E. Sharber, Town Clerk

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Horace C. Reid, Jr., Mayor