**GOVERNING BOARD**

Mayor Chris Coats

Mayor Pro Tem Jerry Beasley

Commissioner Kelvin Gilbert

Commissioner Allen Mosby

Commissioner Marc Powell

Commissioner J.D. Raynor

**MANAGEMENT**

Town Manager, Nick Holcomb

Town Attorney, Alton Bain

Town Clerk, Karen Wooten

Police Chief, Ken Storicks

Public Works Director, Rodney Pleasant

Parks & Recreation Director, Mike Collins

Library Director, Teresa Brown

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| Town Sealtown of coats2021-22 Budget |  |

**Budget Message**

**Fiscal Year 2021-2022**

May 13, 2021

Town of Coats Board of Commissioners:

Introduction

After a year of such uncertainty, the ending of the health crisis and economic uncertainty will allow the Town to return to a ‘business as usual budget’ for the upcoming fiscal year. The budget offers very few modifications with the exception of: targeted increases to Police and Public Works salaries, demolition of hazardous structures, revision of planning and development ordinances for future growth, and replacing worn out vehicles. These increases have all been made with no funds from unappropriated surplus. The most impactful project and expenditure of the upcoming year will be AMI radio read water meters to link with Harnett County’s infrastructure and provide automatic reads. This is absent from the operating budget and will be funded and expensed through a capital project fund. This will help keep track of grant funds and is recommended for a project likely to last longer than one fiscal budget year.

The largest revenue line item and largest increase is the ad valorem property tax. We have returned the expected collection rate to 98% from a projected 95% last year. This accounts for about half of a nearly $40,000 increase. The other half of the increase can be contributed to the steady increase of new construction and renovation of homes and businesses in town. Sales tax revenues for Coats and Harnett actually began to increase for much of the previous fiscal year due to stay-at-home orders encouraging more local shopping and online purchases capturing sales tax within the County. Also a factor has been direct stimulus payments giving people more disposable income to spend on taxable goods in the County. It is difficult to predict to what extent these trends may continue. Therefore, we have estimated a conservative 4.5% increase among sales tax revenue compared to what was budgeted this time last year.

Outlined below are some highlights for planned revenues and expenditures:

|  |  |
| --- | --- |
| **Revenues** | **Expenditures** |
| No ad valorem tax increase proposed. $0.59/$100 | Strategic salary increases and purposeful raise of longevity pay. |
| No water or solid waste fee increases | New Ford F250 truck in Street Dept. |
| Minor increases in fee schedule | Demolition of hazard structures |
|  | New Unified Development Ordinance updating Zoning and Subdivision regulations. |

As required by State law, the budget is balanced at **$1,994,687**.

General Fund Revenues

The 2021-22 Ad Valorem Tax rate is proposed to remain at $0.59 per $100 valuation. The total real estate tax base (excludes personal and motor vehicles) is projected to increase by almost $2 million from the past year.

This is due to new home construction, higher demand for buildable lots, and business renovations. New single-family, commercial rehabilitation of older buildings, and property rezoning from agriculture to commercial have all added value to the tax base. Based on recent home sales in Coats, the Manager anticipates next year’s property re-evaluations to generate at least a ten percent increase in values town-wide (individual properties may be more or less).

General Fund Expenditures

**Police Dept. Capital Expenditures.**

The Town of Coats Police Department is requesting $44,300 for a new vehicle. This continues the shift to a fleet of Durango’s and is only an increase from last year’s Dodge Durango because costs associated with the cage and highway use tax have been included. Also, purchase of two laptops is included. It is anticipated that hiring the seventh position to serve as a road officer instead of Captain will allow for better coverage of shifts and therefore allow department to reduce part-time salaries.

Within the Police Department the hiring salary has been raised to $35,000.

**Street Dept. Capital Expenditures**

The Street Department has decreased several line items to trim back all areas possible for purchase of new Ford F-250 truck. This would replace the 2005 Chevrolet which has 119,180 miles and keeps the department from having two older trucks beginning to require mechanical repairs.

**Planning & Zoning Condemnation/Demolition**

$23,400 in Outside Contracts would continue our contract with N-Focus for assistance on Minimum Housing, Condemnation, and Demolition program. In addition, we are asking for another $10,000 to begin to work on creating a complete Unified Development Ordinance (UDO). This group is familiar with our ordinances after implementing the 160D updates. As towns to our north and west are consumed with residential subdivision development, Management and Planning staff strongly feel now is a critical time to reevaluate how the Town wants to grow in the future and plan for the number, quality, and location of future residential and commercial development.

We have budgeted $29,000 for the demolition of dilapidated structures. This is an item that Council should be willing to increase throughout the year if owners of hazardous structures are in non-compliance. Harnett County has indicated they will allow $10,000 reimbursement of tipping fees at the landfill associated with disposal of demolished structures.

**Parks & Recreation**

There is a total of $10,000 for capital items in the Parks budget for improvements on drainage and upgrades on upper ball field and continued expansion and improvement of loop trail.

There has been a large increase in expenditures on the referees and umpires. This is due to anticipating a full year of all youth sports leagues as well as the women’s and co-ed softball leagues. The adult women and co-ed league generate enough participation fees to completely offset these added expenses.

General Fund revenues and expenditures are **balanced at $1,234,953**

Water Fund

**Rates**

Harnett Regional Water has not recommended any fee increases to bulk water rates. Water rates for Coats customers will remain steady at $14.75 for In-Town Customers and $29.50 for Out-of-Town Customers.

**Water System Capital Expenditures**

The Town has completed all phases of the Water Fund CIP previously outlined by engineering firm -- Church St. Hydraulic Loop, S Patterson St Hydraulic Loop, Altitude Valve for Carrie St. Water Tank, and corrected pressure issues along the Abattoir Rd. We will enter the second year of paying off the exterior blast and containment of the Carrie St. Tank. This is a price of $100,000 that has been spread over 5 years ($20,000/year). This is a large portion of the Service Maintenance line item.

To balance the budget we are asking for $20,000 to be included in the CIP that would be used to contract with MeterSYS to handle administration of AMI meter project and guarantee a seamless implementation. It is a complex project due to overlaps with Coats and Harnett Regional Water (HRW) related to infrastructure technology, billing software, and financial software sharing. Aspects at play are contract price for meters and installation, communication between meters and HRW tower, and tower to HRW’s accounting software and billing software all done in a way to separate the Coats readings and charging Coats a fair price for use.

The **Water Fund** revenues and expenditures are **balanced at $453,265**. Again, the AMI radio read water meter project will be accounted for in a capital project fund.

Remaining Funds

The **Solid Waste Fund** is **balanced at $218,406**. Garbage rates for customers will remain at $19.73/can/month. This price includes garbage, bi-weekly recycling, bulk, and brush pick-up. We have anticipated an increase of 3% from our private collection company, but are not passing this on to customers this year. This fund requires no capital expenditures in the short term. The five year contract expires next year, so we will have undergone a RFP process by this time next year.

The **Powell Bill Fund** is **balanced at $86,113**. A requested $65,000 in “Contracted Services” is an engineer estimate for maximum amount required for total renovation of N. Johnson St. at the Hwy 55 intersection. This requires to pull $20,000 from unappropriated surplus. This is not a major concern since the Powell Bill Fund balance has grown over the past two years, since this very project has not been completed. Several streets that were installed without proper engineering specs and standards are beginning to show major signs of failure. This list of streets that will need resurfacing over the next four years includes Remington, Winchester, Irbin, and Durane streets.

The **Cemetery Fund** is balanced at $1,950. Maintenance of the cemetery will be performed with in-house labor. After remaining lots are sold, it is recommended for General Fund to absorb the cemetery fund, as there will be no major incoming revenues to account for and expenses will fall within Street Department.

Summary

This proposed budget for the 2021-21 Fiscal Year is balanced in accordance with State statutes. The budget achieves some of council’s top priorities of becoming more competitive with salaries, continuing code enforcement and demolition, and maintaining our vehicle fleet. It gets our departments the minimal amount needed to maintain expected levels of service with no tax or water fee increases.

I would like to express my appreciation to all Town staff for their work on the budget and making every effort to reduce expenditures. I present this proposed budget for Fiscal Year 2021-2022 to the Mayor and Town Council. We are prepared to work with the Mayor and Council to make any necessary amendments between now and the date of adoption.



**TOWN OF COATS, NORTH CAROLINA**

**FISCAL YEAR 2021-2022 BUDGET ORDINANCE**

**BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE TOWN OF COATS, NORTH CAROLINA,** that the following ordinance establishing revenues, setting expense appropriations and Project Funds is hereby adopted and effective July 1, 2021 through June 30, 2022.

SECTION I. (10) GENERAL FUND

 The following General Fund revenues totaling $1,234,953 are hereby raised through fees, charges, and other means and are hereby approved from the following sources:

 Ad Valorem Taxes (Current and Prior) $654,745

 State Shared Revenues $118,700

 Local Option Sales Tax $343,000

 Other Revenues $118,508

**Total General Fund Revenue: $1,234,953**

A total of $1,234,953 is hereby authorized to be expended from departmental accounts of the General

Fund as follows:

 Governing Body $50,790

 General Management $287,622

 Police / Public Safety $496,904

 SRO $59,615

 Street $140,813

 Zoning $70,200

 Library $36,038

 Recreation $92,971

 **Total General Fund Expenses: $1,234,953**

SECTION II. (20) POWELL BILL FUND

The following Powell Bill revenues totaling $86,113 are hereby raised through fees, charges, and other means and are hereby approved from the following sources:

 State Street Aid $65,500

 Interest Earned $50

 Unappropriated Surplus $20,563

 **Total Powell Bill Fund Revenues: $86,113**

A total of $86,113 is hereby authorized to be expended from account of the Powell Bill

Fund as follows:

 Salaries/Wages $14,218

 FICA $1,088

 Insurance $2,899

 Worker Compensation $1,286

 Retirement $1,622

 Contracted Services $65,000

 **Total Powell Bill Fund Expenses: $86,113**

SECTION III. (31) SOLID WASTE FUND

 The following new Solid Waste Fund revenues totaling $218,406 are hereby raised through fees, charges, and other means and are hereby approved from the following sources:

 Furniture/Yard Waste Revenue $43,000

 Garbage Revenue $175,406

**Total Solid Waste Fund Revenue: $218,406**

A total of $218,406 is hereby authorized to be expended from account of the Solid Waste Fund as follows:

 Salaries/Wages $43,653

 FICA $3,339

 Insurance $10,308

 Worker Compensation $1,470

 Retirement $4,981

 Tipping Fees $15,655

 Contracted Services $139,000

 **Total Solid Waste Fund Expenses: $218,406**

SECTION IV. (60) WATER FUND

 The following Water Fund revenues totaling $453,265are hereby raised through fees, charges, and other means and are hereby approved from the following sources:

Interest Earned $500

Basic Service Charges $400,765

Tap fees $10,000

Late & Reconnect fees $41,000

 Unappropriated Surplus $0

 Miscellaneous $1,000

**Total Water Fund Revenue: $453,265**

A total of $453,265is hereby authorized to be expended from account of the Water Fund

as follows:

 Salaries/Wages $108,002

 FICA $8,339

 Insurance $21,721

 Worker Compensation $7,778

 Retirement $12,437

Operation & Maintenance $274,988

Capital Improvement $20,000

**Total Water Fund Expenses: $453,265**

SECTION V. (72) CEMETERY FUND

 The following Cemetery Fund revenues totaling $1,950 are hereby raised through fees, charges, and other means and are hereby approved from the following sources:

 Cemetery Sales $1,000

 Cemetery Permits $500

 Appropriation from General Fund $300

 Other Revenues $150

**Total Cemetery Fund Revenue: $1,950**

A total of $1,950 is hereby authorized to be expended from account of the Cemetery Fund as follows:

 Cemetery Caregiver $800

 Cemetery Maintenance $0

 Electricity $400

 Repairs $750

 **Total Cemetery Fund Expenses: $1,950**

SECTION VI. SPECIAL AUTHORIZATIONS

The Town Manager, as Budget Officer, under the N. C. Budget and Fiscal Control Act, is authorized to:

1. The Budget Officer shall be authorized to reallocate appropriations within departments and among various line accounts, as deemed necessary.
2. The Budget Officer shall be authorized to execute interdepartmental transfers, within the same fund, not to exceed thirty percent (30%) of the appropriated moneys for the department whose allocation is reduced. Notification of all such transfers shall be made to the Town Board of Commissioners at its next meeting following the date of transfer.
3. The Budget Officer shall be authorized to make inter-fund loans for a period of not more than ninety (90) days; notification of such loan shall be given to the Town Board of Commissioners at its next meeting following the date of the loan.

SECTION VII. SPECIAL RESTRICTIONS

Interfund and interdepartmental transfers of money except noted in paragraphs A, B and C above shall be accomplished by the Town Board of Commissioners only.

SECTION VIII. POSITION CLASSIFICATION PLAN

 The Position Classification Plan and the Authorized Employee list, as amended, are presented and included for reference (Appendix A and B).

SECTION IX. RATE AND FEE SCHEDULE

The Town of Coats Rate and Fee Schedule, as amended, is hereby adopted by the Board and becomes effective July 1, 2021 until rescinded or modified (See Appendix C).

SECTION X. AD VALOREM TAXES

An Ad Valorem tax rate for the Town of Coats is hereby set at $0.59 per $100 valuation of taxable property, as listed for taxes as of January 1, 2021 is hereby levied and established as the official tax rate for the Town of Coats for the Fiscal Year 2021-2022. The rate is based on a total projected valuation of $112,521,235 and an estimated collection rate of 98%. The purpose of the Ad Valorem tax levy is to raise sufficient revenue to finance the necessary municipal government operations in the Town of Coats.

SECTION XI. DISBURSEMENT OF FUNDS

Copies of this Budget Ordinance shall be furnished to the Clerk of the Governing Body and the Budget Officer to be kept by them for their direction in the disbursement of funds.

Adopted by the Coats Board of Commissioners this 10th day of June 2021:

 ATTEST: TOWN OF COATS

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Karen Wooten, Town Clerk Chris Coats, Mayor