



City of Roanoke Rapids

OFFICE OF THE CITY MANAGER

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Joseph Scherer, City Manager

June 12, 2018

CITY OF ROANOKE RAPIDS, NORTH CAROLINA
Mayor and City Council

Re: Budget Message FY 2018/2019

Mayor and City Council:

I am pleased to submit the proposed Roanoke Rapids City Budget for FY 2018-19. It has been prepared in accordance with the NC Local Government Budget and Fiscal Control Act. The Budget is balanced and identifies all the revenue and expenditure estimates for FY 18/19. The General Fund budget includes revenues and expenditures each totaling \$18,052,137. The property tax rate is recommended to remain the same at \$.651/\$100 of valuation.

The Local Government Budget and Fiscal Control Act mandates that every local government shall operate under a balanced annual budget and mandates every local government shall have on hand an undesignated fund balance equal to no less than 8% of the current year's expenditures. The proposed budget you have been presented with meets both requirements. This budget reflects our commitment to provide quality services and amenities to our citizens and includes all operating, special revenue and capital project funds for the City. The total amount appropriated for expenditure in these multiple funds that, when combined, make up the proposed budget for the next fiscal year is \$18,052,137, as noted above. This amount is slightly above the amount presented to you at the May 30th budget presentation. This is due to the slight increase in a couple of our revenue sources estimation by our Finance Director.

While this proposed budget does not fund all our department's needs, it does address City Council's priorities and goals without requiring an increase in the City's property tax rate. As always, we will continue to seek new ways to minimize our expenses and improve efficiencies through technology, public/private partnerships and new or revised work processes.

Once adopted by City Council, the budget establishes the direction for all City government programs and services for the coming fiscal year. It represents the synthesis of City Council direction and employee recommendations on how best to accomplish our goals and respond to community needs in accordance with available resources, established policies and sound financial and business practices. With that in mind, the review and adoption of the budget is one of City Council's most important roles.

Goals

The goals for the FY 18-19 Budget are as follows:

- a. Improve the Public Works Department's ability to accomplish better street maintenance and reliable sustainable street and alley repairs.
- b. Improve the ability of the Police Department to provide better public safety service by aggressively investigating misconduct involving drug related crime and gang violence.
- c. Provide our valued employees with a relevant monetary honor that is financially practical for the City.
- d. Provide for quality recreational, leisure and cultural opportunities as outlined in the 158 Master Plan.
- e. Continue to provide quality services and amenities to our citizens to make Roanoke Rapids a livable community.
- f. Finalize the sale of the Roanoke Rapids Theatre into private hands and complete the bond termination process.

General Fund Revenue

Ad-Valorem taxes comprises approximately 36.9% of General Fund revenue. The estimated property tax revenue is based on a projection of \$6,655,115 and a levy of \$.651/\$100 of valuation with a 98% collection rate. Sales taxes are the second largest source of City revenue, at approximately 18.7% and are estimated to increase approximately 1% over the current year; however, local sales tax revenues are not projected as high as the overall state rate is estimated to be. We are estimating Sales Tax income to be approximately \$3,387,062. The Utility Franchise Tax is the City's third major source of revenue, at 8.1%, which we are estimating at being approximately \$1,475,132. Powell Bill funds are the City's fourth major source of revenue, at 2.4% and we estimate it will provide \$448,399. Solid Waste fees are the City's fifth largest source of revenue. Due to increased operational expenses such as tipping and landfill fees, we request the fee be increased by \$10.79 to \$215.29 per year per household. The previous rate of 204.50 has been in place for the last 4 years. We are also requesting the City's share of license plate fees be increased by \$5 to \$11 total. This additional revenue of approximately \$67,650 will be dedicated for street infrastructure maintenance. Most other taxes and unrestricted intergovernmental revenues are projected to be stable. No fund balance appropriation is proposed for FY 18/19.

Several anticipated grant awards or loans impact the general fund revenue. If approved, both a \$150,000 grant from the Kate B. Reynolds Foundation and a \$200,000 grant from the state Parks and Recreation Trust Fund (PARTF), plus a \$50,000 appropriation from the City will provide 100% funding for major improvements at the Chaloner Recreation Center, including the construction of a new splash pad. The City will compete in the coming fiscal year for an additional \$50,000 in grants from NCDOT for improvements to our Roanoke Avenue area including key intersection safety improvements in the 800 thru 1100 blocks. The Fire Department is looking at receiving up to \$198,000 in a grant to upgrade their radio communications capabilities.

General Fund Expenditures

We are proposing to add two (2) investigator positions to the Police Department to concentrate on drug activity and gang violence. No other new positions are proposed. Employee wages will remain flat this budget year. There is not a planned COLA or merit

salary increase for the employees included in this budget year. What is planned is to provide a one-time bonus of \$1500 to full time employees and \$750 to eligible permanent part-time employees. The health insurance costs for next year's plan increased only 1.8% over this year's costs. The City offers health plans to the employees, including primary health coverage, at a 60/40 coverage plan and a \$2,500 deductible amount of which the employee is required to pay the first \$500. This approach has worked well for the City in keeping health costs down although the family dependent coverage, paid by the employees, has increased. Dental, vision, eye, and life insurance expenses are slated to remain the same. The City's contribution to the State and Local Government Employees Retirement System has increased from 7.56% of salary to 7.82% this year. A 3% contribution to the State 401(k) program has been maintained. Other employee benefits proposed for funding is the continuance of longevity pay, Christmas bonus and contributions for a Health Reimbursement Account (HRA).

All Departmental operating budgets are proposed for funding levels similar to the current year.

Capital Outlay/Equipment

The following equipment/capital items are proposed to be purchased with a 5-year short-term loan proceeds. Police Department: financing of 5 police patrol vehicles, a radar speed monitoring trailer and taser equipment; Public Works: (2) dump trucks, (1) asphalt patching machine, (1) street sweeper, (1) knuckle boom trailer, (1) pick-up truck, (1) leaf machine ; Parks and Recreation: (1) pick-up truck.

Debt Service

At July 1, 2018, the City's total debt is anticipated to be \$1,223,109 compared to \$1,769,292 at July 1, 2017. Annual debt service payments for the General Fund in the proposed budget are \$258,285. Debt service expenditures for the Roanoke Rapids Theatre are anticipated to be an additional approximately \$1,080,000 to be paid in quarterly installments

Fund Balance

The total fund balance in the General Fund is expected to be \$6,829,308 as of June 30, 2018, compared to \$5,106,884 as of June 30, 2017. Approximately \$3,097,777 or 45% of the fund balance is reserved, leaving a fund balance available for appropriation of \$3,731,531 or 21% of budgeted expenditures. The General Fund budget for the fiscal year ending June 30, 2018 was balanced without using any fund balance appropriation.

I would like to commend my staff for their teamwork, vision and sense of accountability to our citizens they have displayed as we developed this budget. I offer a special commendation to our Finance Director, Leigh Etheridge and her staff who worked diligently to provide the financial information needed to prepare this proposed budget.

Sincerely,

Joseph Scherer, City Manager
City of Roanoke Rapids, NC