



TOWN OF ARCHER LODGE

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Mayor:

Matthew B. Mulhollem

Council Members:

Clyde B. Castleberry

Mayor Pro Tem

Teresa M. Bruton

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Mark B. Wilson

Annual Budget Message 2020-2021 Fiscal Year Budget

To: Honorable Mayor and Members of the Archer Lodge Town Council
Archer Lodge, North Carolina

From: Teresa M. Bruton, Budget Officer

Date: May 18, 2020

For your review and consideration, I am pleased to submit the 2020-2021 proposed Annual Budget for the Town of Archer Lodge. The proposed \$1,534,850 Annual Budget is comprised of the General Fund 10, Capital Reserve Fund 30, Park Reserve Fund 31, and the Public Safety Reserve Fund 32. The 2020-2021 proposed budget is based on ideas and objectives discussed during the Town Council's annual budget retreats, combined with cautious consideration of the Town's ability to fund these ideas and objectives with limited revenue sources.

While maintaining the Town's current tax rate of \$0.22 / \$100 value, the proposed 2020-2021 budget is lower than the Town's current 2019-2020 Amended Budget for all funds. The lower proposed budget amount is due to the anticipated decrease in state shared revenues resulting from the economic situation caused by the COVID-19 pandemic. It should also be noted that the balanced budget for all funds was prepared in accordance with NC General Statute §159-11.

The table below compares the proposed projected revenues for the General Fund in

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next year’s budget to the current year projected revenues, as amended, and the prior year actual revenues from the Audit Report for the period ending June 30, 2019.

General Fund 10 Revenue Sources:	Prior Year (FY 2018-2019) Actual Revenues	Current Year (FY 2019-2020) Revenues as Amended	Proposed Projected Revenues (FY 2020-2021)
Ad Valorem Taxes	\$ 674,603.00	\$ 825,500.00	\$ 846,000.00
Unrestricted Intergovernmental	\$ 411,905.00	\$ 385,010.00	\$ 341,710.00
Restricted Intergovernmental	\$ 154,054.00	\$ 63,000.00	\$ 83,000.00
Permits and Fees	\$ 7,880.00	\$ 6,140.00	\$ 5,140.00
Investment Earnings	\$ 24,602.00	\$ 17,000.00	\$ 16,000.00
Miscellaneous	\$ 25.00	\$ 6,700.00	\$ -
Transfer From Other Funds	\$ 202,049.00	\$ 67,919.00	\$ 64,000.00
Installment Loan	\$ 400,000.00	\$ -	
Total Revenues / Estimated Resources	\$ 1,875,118.00	\$ 1,371,269.00	\$ 1,355,850.00

DETAILS OF THE GENERAL FUND PROJECTED REVENUES

- Due to the COVID-19 pandemic, projected retail sales tax revenues were reduced by 25.0%
- Electric franchise sales tax revenues were projected to increase 1.0%, but other franchise taxes, such as video programming and telecommunications, were projected to decrease
- Annual alcohol beverage distribution from NCDOR were projected to remain constant
- Surplus from the Johnston County Alcohol Beverage Control were projected to increase
- Due to a couple of new subdivisions and an increase in the fee-in-lieu of recreation to \$1,500 / lot, approximately \$30,000 was projected to be collected in the General Fund and transferred to the Park Reserve Fund
- Due to the economy’s downward turn, a reduction in investment earnings was projected
- In accordance with State Law and to cover the Town’s associated expenses, the fee amounts on the Fee Schedule have been reviewed and updated
- As detailed in the table below, it was projected that the Ad Valorem Tax collection rate will be between 97.0% - 98.0%, even though it is typically above 99.0%

Date	Type	Net Assessed Value	Provided By	Levy \$0.22 / \$100
12/31/2019	Motor Vehicles	\$ 48,235,193	Jo Co Tax Office	\$ 106,117
08/30/2019	Public Service Companies	\$ 2,034,635	NC Dept of Rev	\$ 4,476
05/04/2020	Real and Personal Property	\$ 340,026,344	Jo Co Tax Office	\$ 748,058
07/01/2020	TOTAL	\$ 390,296,172		\$ 858,651
PROPOSED	AD VALOREM	TAXES	CONSERVATIVE	\$ 844,000

A summary of the proposed 2020-2021 expenditures for each Department is provided on a comparative basis in the table below with the current year budget, as amended, and the prior year actual expenditures from the Audit Report for the period ending June 30, 2019:

General Fund 10 Expenditures:	Prior Year (FY 2018-2019) Actual Expenditures	Current Year (FY 2019-2020) Expenditures as Amended	Proposed Anticipated Expenditures (FY 2020-2021)
General Government	\$ 380,211.00	\$ 448,803.00	\$ 452,014.00
Public Safety	\$ 271,616.00	\$ 336,500.00	\$ 334,000.00
Transportation	\$ 17,112.00	\$ 78,500.00	\$ 53,000.00
Economic & Physical Development	\$ 93,945.00	\$ 142,129.00	\$ 156,767.00
Cultural and Recreation	\$ 102,832.00	\$ 45,000.00	\$ 45,000.00
Debt Service	\$ 43,563.00	\$ 145,337.00	\$ 145,069.00
Capital Outlay	\$ 600,000.00	\$ -	\$ -
Transfer To Other Funds	\$ 527,375.00	\$ 175,000.00	\$ 170,000.00
Total Estimated/Appropriated	\$ 2,036,654.00	\$ 1,371,269.00	\$ 1,355,850.00

DETAILS OF THE GENERAL FUND PROJECTED EXPENDITURES

- With estimated Ad Valorem Tax revenues of \$844,000, the Archer Lodge Fire District Tax portion of the Archer Lodge Tax Rate (\$0.09 / \$0.22) will result in the Archer Lodge Volunteer Fire Department receiving approximately \$329,000
- An increase in the anticipated Town Administrator hours to 1400 / year, including membership in the Local Government Employees' Retirement System (LGERS)
- A 1.5% Cost of Living Adjustment (COLA) that will become effective July 1, 2020 for all Archer Lodge full-time and part-time employees

- Potential Performance-Based Merit increases of up to 2.0% that will become effective the first payroll in January 2021 for all Archer Lodge full-time and part-time employees
- A 1.0% increase in the Town’s NC 401-K contributions for all Archer Lodge full-time employees
- ALVM - Property & Liability Insurance, Flag Replacements, Sidewalk and Gravel Parking area with 3 - 5 bumpers
- Annual Outdoor Events and Decorations
- The Town’s 20.0% cost share for curb and gutter and sidewalk along Buffalo Road
- A 23.0% increase for the Financial Statements preparation and Auditing services
- “Go Live” with Permitting & Code Enforcement Edmunds GovTech Software
- Continuation of recreational support with the Archer Lodge Community Center
- Continuation of contracting with The Brough Law Firm for ordinance updates
- Continuation of Park Reserve Transfer of three cents (\$0.03) of Ad Valorem tax revenues
- Continuation of Public Safety Reserve Fund Transfer of \$25,000
- Removal of the \$25,000 Capital Reserve Fund transfer for this fiscal year
- The Debt Service Payments for the Town’s individual loans are itemized in the table below:

Loan	Lender	FY 2019-2020	FY 2020-2021	FY 2021-2022
Town Hall	BB&T Gov’t	\$ 42,426	\$ 41,290	\$ 40,153
Park Loan	M/M G. Smith	\$ 66,000	\$ 64,000	\$ 62,000
Town Hall Expansion	KS Bank	\$ 36,817	\$ 39,774	\$ 38,829
TOTAL		\$ 145,243	\$145,064	\$140,982

The proposed budget for the Town's other funds are noted in the tables below:

Capital Reserve Fund 30:	Proposed Estimated Revenues (FY 2020-2021)	Proposed Estimated Expenditures (FY 2020-2021)
Investment Earnings	\$ 4,200.00	
Transfer from General Fund 10	\$ -	
Transfer to General Fund 10		\$ 4,200.00
Revenue Totals = Expenditure Totals	\$ 4,200.00	\$ 4,200.00

Park Reserve Fund 31:	Proposed Estimated Revenues (FY 2020-2021)	Proposed Estimated Expenditures (FY 2020-2021)
Investment Earnings	\$ 2,400.00	
Transfer from General Fund 10	\$ 145,000.00	
Transfer to General Fund 10		\$ 64,000.00
Park Development		\$ 83,400.00
Revenue Totals = Expenditure Totals	\$ 147,400.00	\$ 147,400.00

Public Safety Reserve Fund 32:	Proposed Estimated Revenues (FY 2020-2021)	Proposed Estimated Expenditures (FY 2020-2021)
Investment Earnings	\$ 2,400.00	
Transfer from General Fund 10	\$ 25,000.00	
Public Safety Development		\$ 27,400.00
Revenue Totals = Expenditure Totals	\$ 27,400.00	\$ 27,400.00

Total Proposed Annual Budget for All Funds (FY 2020-2021)	Total Proposed Estimated Revenues for All Funds	Total Proposed Estimated Expenditures for All Funds
Revenue Totals = Expenditure Totals	\$ 1,534,850.00	\$ 1,534,850.00

As you may recall, the NC Parks and Recreation Authority approved a \$500,000 matching grant from the Parks and Recreation Trust Fund (PARTF) for the Archer Lodge Town Park Project in the fall of 2019. Since the grant agreement extends from December 1, 2019 to November 30, 2022, a period longer than one fiscal year, the Town adopted a Capital Project Ordinance: Archer Lodge Town Park (Ordinance No. AL2020-03-1) on March 2, 2020, which is provided for informational purposes only in the budget books as Fund 41. Please note that the Town has not received any invoices for Fund 41. Thus, while expenses are being incurred from the engineers and landscape architectures diligently working on the park plans, no transactions exist within the fund. However, it is anticipated that Fund 41 will show activity during fiscal year 2020-2021.

In the future, financial stability will be maintained through Archer Lodge's ongoing efforts to provide quality services in the most efficient and cost-effective manner possible. Financial stability has been, and will continue to be, achieved through establishing and following sound financial management designed to protect the public's finances and provide accountability to the taxpayers. This budget, considered a reliable financial plan for the 2020-2021 fiscal year, reflects a balance between current economic realities while working within our financial constraints.

I wish to extend my personal gratitude for the hard work provided by the Town Staff assisting with the preparation of the proposed budget. I also want to thank Mayor Mulhollem and the Archer Lodge Town Council for their leadership and continuing support. I am confident that the upcoming fiscal year will be another year of progress and improvement for our rural community, and I welcome your comments and suggestions as you review the attached information in the days ahead.

Respectfully submitted,

Teresa M. Bruton
Budget Officer

Signature: *Teresa Bruton*
Teresa Bruton (May 18, 2020)

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