



## MEMORANDUM

TO: Mayor and Board of Commissioners

FROM: Bryan Gruesbeck, Town Manager

**SUBJECT: FY 2015-2016 Annual Budget Draft**

DATE: June 8, 2015

**Background:** Attached please find the updated Draft of the Fiscal Year 2015-2016 Annual Budget. This update should reflect comments made during your discussion during the May 26, 2015 “worksession” portion of the regular Board meeting. It will continue to display a “DRAFT” watermark until you elect to approve it.

The General Fund does not currently contemplate an ad valorem property tax increase and uses extremely conservative estimates based on last year’s collections. As a result, we anticipate applying a Fund Balance Appropriation of \$56,306. This is \$40,000 less than the version of the Budget you reviewed at the previous meeting. Again, this figure is very conservative and we may allow for a lower Fund Balance Appropriation if revenues continues to increase during the next fiscal year.

This version of the Annual Budget assumes a balanced Enterprise Fund if you approve a 6% increase in water and sewer charges – approximately 2% lower than the previous estimate. Attached behind the copy of the Budget are spreadsheets intended to reflect the effect of various rate increase scenarios on our revenue streams as well as the difference a customer could expect on typical bill. Staff is prepared to review these charts during our meeting.

Other notes:

4800-Engineering:

- Removed Jordan Lake line item of \$25K. This will be absorbed by Chatham Park “department” (\$10,000, as well as capital reserves (\$15,000).
- New line item for Storm Water Program of \$2,500. This is for mandatory public education program required by the state.

5400-Public Works:

- Recalculated debt service for backhoe to from four (4) year installments to seven (7) year installment purchase. This resulted in a decrease or “savings” of \$12,000.

6200-Parks:

- Originally budgeted for a “half-time” or .50 FTE position with benefits (shared with Public Works). However, we revised the budget to reflect no benefits for this part-time position. This resulted in a decrease or savings of approximately \$5,000.

8100-Water Treatment Plant:

- Removed \$55,000 from capital outlay for dual media filters. We can re-evaluate this purchase request during the upcoming year if necessary. As a result of this removal, we are able to estimate a lower proposed water/sewer rate increase.

This draft Annual Budget for 2015-2016 will be made available for public inspection in the lobby of Town Hall as well as on the Town of Pittsboro website ([www.pittsboronc.gov](http://www.pittsboronc.gov)).

**Action Requested:** Review the FY 2015-2016 Annual Budget Draft and provide direction as appropriate.