

Tab 3



Town of Oriental Proposed Annual Budget Fiscal Year 2024-2025

To: Mayor Sally Belangia
Board of Commissioners

From: Diane H. Miller, Manager and Budget Officer

Date: May 21, 2024

Re: Budget Message 2024-2025

As the fiscal budget allows our citizenry to transparently view the fiscally responsible use of their tax money, I have respectfully submitted a budget to the Board for their consideration and further adoption of a Budget Ordinance for FY 2024-2025 in time for a public hearing scheduled for June 4, 2024. Discussion of fees covering services extended the discussions, and several new services were added, adjusting for turnover of staff in the most fiscally responsible way.

How money is handled and accounted for throughout the year is dictated by GAAP (Generally Accepted Accounting Principles) and GASB (Governmental Accounting Standards Board) plus monitored by our auditors and ultimately reported annually to the LGC (Local Government Commission). Two distinct funds, General Fund & Water Fund, must have separate reserves, be balanced and accounted for individually, but are worked from a central depository and are in this budget as presented.

The balanced budget has been produced in accordance with the North Carolina Local Government Budget and Fiscal Control Act, and was resolved and will be presented in its final form to the Board at the June 4, 2024 regular Town Board Meeting. We were able to produce a balanced budget within the original time constraints. At the time of publishing public notice, a copy was filed with the Office of the Clerk at Town Hall where it has been and shall remain available for public inspection until the required Budget Ordinance is adopted to take effect July 1, 2024.

The Town of Oriental was faced with flat revenue projections from the League of Municipalities for the upcoming fiscal year, moderated by local trends in the submitted budget. (We always say Oriental is unique- and the budget is no different- we have different circumstances, which require us to adjust official predication by our local trends.) We usually use the School of Government (SOG) as a steadfast guide. As expected last year, our projections were still outpaced. As real estate turned up, the addition of nearly \$2M of real property to our inventory assisted in the relief. We are still adding new single family residences and losing previously vacant lots at a pace not seen since the 1980s-1990s development booms. The Town was removed from the Unit Assistance List for fixing its low balance in the Water Fund Reserve and has complied with extra monitoring requirements that come with it. Again, in the

Manager's opinion, the proposed budget is a maintenance budget. This budget is a fiscally responsible effort, delivering required services at rates that cover the actual cost of the services.

We will continue significant contracted services to continue our drainage work progress. The Board worked diligently to find additional funds in the revenue stream for road repair. Eventually, they came to an end with a surplus that was added to the drainage lines for drainage maintenance, and proposed to get through Hurricane season prior to fixing any roads, knowing that recovery funds must be paid ahead and requested afterward, especially with dire predictions for this season. Following the season, the Board will look again at Powell reserves, anything that can be spared from drainage funds, and potentially a significant General Fund Appropriation in order to start moving again through the street assessment listing of worst to best.

At the retreat in March of 2024, a list of priority needs was discussed, in an attempt to decide which projects, in which order, with limited resources, can be accomplished. The extent or size of the services is largely controlled by the available funds (Revenues, plus any monies taken from Fund Balance) and Appropriations (expenses or monies spent) coupled with the efficiencies we practice in utilizing these funds.

The Retreat usually directs our priorities for the upcoming year and targets a few projects each year to increase our provided services or enhance services already provided. This year, the Board is continuing to direct our energy and funding toward maintaining facilities we have. This is where the Board took all recommendations on the budget prepared by the Manager in her capacity as Budget Officer. The State made a direct allocation of \$5,335,000 for water system rehabilitation, and we are just beginning that process, having selected the engineering firm required.

We had Town Dock #1 repaired and made safe, and cleared and more than 2,000 linear feet of drainage ditches, leveling some areas to increase flow.

We have acquired by donation land behind the Water Plant to address access issues for delivery and storm destruction, and will begin clearing that land for use shortly.

We have been notified that a flood mitigation project has been approved by the USDA to address Hodges St flooding, the seawall and road support, and the issues recurrent flooding cause. That project was determined to be a priority in the 22-23FY as the structural integrity of the wall, sidewalk, and road has come into question following the settling that occurred following Hurricane Florence and the longer term continued separation of structures following repairs.

The Town also processed the Pierce Creek Dredge Grant and is looking forward to processing the Whittaker Creek Dredge as the govt agent for the project. Amended permits delayed that work until next year.

We will be adding a service called TextMyGov, through which residents can report potholes, receive text message for events, emergencies, and other options.

The overwhelming support and guidance offered by those with specialized knowledge was invaluable once again, and directed the most efficient use of limited funds for maximum benefit.

The Board struggled to make the best use of staff with significant turnover that began in the retreat timeline. The economy is driving the cost of retaining and recruiting capable personnel and the rates have been set accordingly, with the reduction of one person from the Public Works Department, following a reduction of one in the 2023-2024 budget. The previous Operator in Responsible Charge (ORC) completed the Lead Service Line Inventory (due October 2024) and found no liability for the Town to replace lead or other potentially dangerous old piping. The Board has chosen to contract out most mowing services and water meter reading to both remove the burden from Public Works, and to cost effectively retain the services to the citizens.

I firmly believe that we are blessed with a dedicated staff and volunteer Boards that truly care about the citizenry and do everything in their power to make things work, and accomplishes the desires of the Town. As such, the pay and benefits packages for employees are directly in line with those across the

State with populations less than 2500. Our staff was reduced by one member in 2023, following eighteen months of unsuccessful advertising to fill the position. Another was reduced for this budget with contracted services taking up some of the duties previously performed by staff. Public Works will now operate with four total members, once open positions are filled, including a working supervisor who is also the ORC of the Water Plant. At the time of this writing, Public Works staff is two.

No property tax increase is proposed, but it is understood that Pamlico County's property rates are beyond our control and may affect our residents if that governing body chooses to raise them. The Board chose not to fund capital reserves and all capital projects will be grant funded only, in order to fund a minimal amount of paving. In addition, Bay River Metropolitan Sewer District rates are outside our control; we simply provide the billing service and it is a pass through- what we collect, we forward, less a fee for the service of collecting, to Bay River. We understand that they have proposed a \$2 flat fee increase and an increase in processing fees after 5000 gal usage.

The Board and staff feel that the need to not increase the burden on its citizens is significant; however, some of the fees currently collected are not covering the cost to the Town. Flat fees have not increased for any customers. Green Waste disposal (yard waste) is still covered by the general fund, as the Town Board agrees that the removal of such results in unintended and worthy good results, including reduced burning, and decreased vegetation overgrowth and dumping in drainage paths. This is now the ONLY portion of the sanitation fund currently covered by the GF, the trash and recycling are just about at break even as an enterprise fund.

Fees in the Chapter S Fee Schedule will be adjusted this year to include:

Water

Residential/commercial ¾" meters

5001 gal and over: from \$4.95 to \$5.25/1000.

Commercial Over 25,000 gallons \$6.50 to \$7.50.

Long Tap fees under NCDOT roads will be assessed whatever overage the Town is charged by the contractor.

Tampering fees (It is illegal for anyone other than Town employees or a licensed plumber to touch the water meter):

Tampering \$25 to \$50

Damage-meter \$45 to \$100

Damage-angle stop \$45 to \$78

Damage-check valve \$40 to \$50

Using staff to perform many of the repairs may have brought many repairs and services in under estimates. We continue to look for additional efficiencies to improve. This schedule is presented at the Public Hearing with the proposed budget as is customary.

We currently retain approximately 82% of our operating budget. Budgets as small as ours are recommended to reserve at least to 50% in case of catastrophic system failure or weather emergency and repair.

Budget Overview

The budget being presented for your consideration is balanced in accordance with N.C.G.S. §159-8. The proposed operating budgets for our major funds are:

| | |
|-------------------------------------|-----------------|
| General Fund | \$ 1,230,641.00 |
| Water Fund | \$ 416,250.00 |
| Combined 2024-2025 Operating Budget | \$ 1,646,891.00 |

This budget is based solely on property, Occupancy, and Sales and Use Taxes. The General Fund budget was derived and balanced with no increase to the tax rate. The Water Fund is balanced with increases to highest user water rates, mostly due to increases in chemicals used to disinfect and test the water as required. (N.C.G.S §143.355.4) The total budget has increased by \$40,101.02, including an increase in the water fund of \$72,600- mostly accounted for by the requirement of a contracted ORC for a time, and the Water Fund containing a portion of benefits traditionally allocated to the General Fund. A decrease in the general fund of \$32,498.98 is mostly accounted for by salary changes due to turnover, reduction in force, and includes contracted services to aid in the transition.

General Fund

GF Revenues

Ad Valorem (“according to value”) property taxes should amount to \$554,360.00 of revenue as computed within guidelines, with our proposed tax rate at \$0.22 per \$100 county assessed valuation. One penny (\$.01) on the tax rate generates \$25,198.18. Oriental contracts with the Pamlico County tax office to collect our taxes. (as adjusted by a 99% collection rate- the collection rate [from May 2024- used as directed by N.C.G.S. §159-13 (b)(6)] is likely due to new construction in progress. The collection rate is projected to be approximately 99% for the 2023-2024 FY, and 98% was used to budget.

Sales and Use tax, and expected revenues from sales of beer & wine have been conservatively estimated as is customary for Oriental, and based on projections received from the North Carolina League of Municipalities (NCLM), but continues on a slight downward trend, likely due to other economic constraints as vacationers are carefully budgeting trips and residents are prioritizing purchases. As a mostly residential community, property tax is the disproportionate contribution of all revenue. As the market is coming to a flat line, we will likely see a smaller increase in new homes added to the inventory and fewer homes vacant. We have issued twenty four (24) new single family residential zoning permits as well as twenty three (23) other improvements on compliance forms in this fiscal year, with several more previously vacant lots now developed, and several more in development and planning stages. The addition of nearly \$2 million dollars in property value added this fiscal year attests to the fact that new structures and mobile units are gracing our Town. Other revenues were typically based upon historical data and trend observations and analysis.

The popular Dog Park Tags expire June 30, 2024 and new tags and registration will be required for July 1. Rabies vaccination proof must be presented at Town Hall to renew the tags. OPD and Pamlico Animal Control are checking tags intermittently at the park. The Parks and Recreation Committee has worked tirelessly to clean up, drain, and rehabilitate old and install new facilities at the Recreation Park to make it a destination for families as well as dogs. Lupton Park renovations and additions to Lou Mac Park have also been accomplished by this dedicated group of volunteers.

Our small staff functions efficiently enough to deliver the services expected from a much larger contingent, by the education received and dedication given. Staff has moved forward with certification renewal and continuing education in all departments. Public works has recertified in OSHA standards, water distribution, pesticide application, herbicide application, backflow and cross connection, and our new Public Works Director is closing in on holding all the licenses required to operate the plant without a contracted assistance. Police maintain state certifications in several different categories as required and audited by the state, including, but not limited to, bloodborne pathogens, de-escalation, crowd control, domestic violence control, hazmat operations, legal updates, interview and interrogation, search and rescue, and radar certification. In addition, the Police Department is in the planning stages of a community event that brings us all together and allows positive interaction with Law Enforcement.

GF Appropriations

General Fund appropriations were typically based upon historical data adjusted by trend observations. 2024-2025 General Fund changes/projects:

- Storm water drainage maintenance will be performed by staff with the assistance of a contractor and is expected to continue to be a prime focus.
- Reserve Funding is not included in this budget, but will be appropriated as projects come online.
- Additional Capital Projects are removed from this budget.
- Capital purchases are removed from this budget.

Water Fund

Budgeting for the water fund has few changes. The percentages of employee salary attributed to the Water Fund are reduced so that the GF absorbs more of the administrative costs. Also, adhering to N.C.G.S. §143.355.4(b)(1), the Town must establish rates and maintain adequate reserves for the repair and rehabilitation of the system's aging infrastructure to be eligible for any grants or loans through the state in the future.

2024-2025 Water Fund projects:

- continuation of meter replacement schedule
- planning for looping cul de sac waterlines and reduce flushing.
- Planning for distribution system replacement
- Begin State funded project to rehabilitate water system

For comparison of Oriental's water rates to other municipalities and water suppliers across the state it is recommended to visit the website:

<http://www.efc.sog.unc.edu/reslib/item/north-carolina-water-and-wastewater-rates-dashboard>

- Our water quality surpasses State water quality regulations and the Town of Oriental is committed to delivering a quality product at a reasonable cost. The current cost is less than recommended by the State, less than Pamlico County, as can be seen on the dashboard linked above. Water quality has increased significantly with the rehabilitation of our water softeners. Our water loss remains around 8%. Our CCR is available online as required by NCGS, with no notices of deficiency. Our testing requirements had been increased by the State, owing to addition of so many users. However, the increased draw and service provided means increased numbers of tests are now being required. Installation of fencing between water plant and neighborhood has been accomplished and the sealing of the plant to the elements has been again pushed out. Acquisition of additional land contiguous with the water plant will provide additional storage space and access point for emergency and delivery purposes.

In closing, exiting the FY 23-24 budget better than projected, the addition of so much development and the promise of more coming, makes planning for the future necessarily include assessment of the potential to require delivery of so much more water, including permit limits and capacity of the plant and its aged equipment.

Thank you to the Board for their vision, looking toward the future needs of the Town of Oriental and its economic stability, and identifying those items as priority that service our residents and keep visitors coming. Noting the shift in traditional visitors from sailors to motor boat/recreational fishing visitors has been addressed by the Board in the adjustment of the docking Ordinance to provide limited time docking for recreational fishing guides. The Board worked tirelessly to produce a maintenance budget that includes no new taxpayer funded projects, but also no new taxes. My thanks to those who offered guidance and alternative solutions during the construction of this budget. The general public participated in the creation of this budget, and made their concerns abundantly clear to the Board. The Board conducted a budget retreat on March 15, 2024 and then participated in four additional budget planning sessions, discussing at length additions/deletions to the budget and priorities for the upcoming year. The Board and I always welcome input, most especially during the creation of the budget, and we encourage

the general public to contact me or the Board directly with any questions or suggestions throughout the year.

Respectfully submitted,

Diane H. Miller, MPA, ICMA-CM
Manager, Town of Oriental

**TOWN OF ORIENTAL
BUDGET ORDINANCE 2024-299
FISCAL YEAR 2024-2025**

BE IT ORDAINED by the Board of Commissioners of the Town of Oriental, North Carolina:

SECTION 1: APPROPRIATIONS. The following amounts are hereby appropriated for the operation of the Oriental Government and its activities for the fiscal year beginning July 1, 2024 and ending on June 30, 2025 in accordance with the following schedules:

SCHEDULE A. GENERAL FUND

| | |
|-----------------------------------|------------------|
| Administrative Department | \$ 461,213.00 |
| Police Department | 142,251.00 |
| Public Works Department | 317,437.00 |
| Sanitation | 201,410.00 |
| Transportation and Streets | 46,330.00 |
| Non-Powell Transportation/Streets | 16,000.00 |
| Special Appropriations | <u>46,000.00</u> |

TOTAL GENERAL FUND APPROPRIATIONS \$ 1,230,641

SCHEDULE B. WATER FUND

| | |
|----------------------------|----------------------|
| Administrative Department | \$ 192,454.00 |
| Distribution & Water Plant | \$ <u>223,796.00</u> |

TOTAL WATER FUND APPROPRIATIONS \$ 416,250.00

SECTION 2. ESTIMATED REVENUES. It is estimated that the following revenues will be available during the fiscal year beginning July 1, 2024 and ending June 30, 2025 to meet the foregoing appropriations.

SCHEDULE A. GENERAL FUND

| | |
|-----------------------------------|--------------|
| Current Year Property Tax | \$536,316.00 |
| Current Year DMV Tax | \$25,000.00 |
| Prior Year Property Tax | \$10,000.00 |
| Interest on Taxes | \$2,500.00 |
| G/F Sales Tax | \$245,280.00 |
| Federal and State Fuel Tax refund | \$1,500.00 |
| NC Sales Tax Refund | \$5,000.00 |
| Franchise Tax | \$64,960.00 |

| | |
|--|--------------|
| Beer & Wine Tax | \$4,192.00 |
| Occupancy Tax (Tourism) | \$13,800.00 |
| Occupancy Tax (Waterfront Enhancement) | \$22,000.00 |
| Occupancy Tax (Parks and Recreation) | \$9,000.00 |
| Solid Waste Fees | \$110,000.00 |
| Recycling Fees | \$62,600.00 |
| Powell Bill Allocation | \$46,330.00 |
| Police Tickets | \$25.00 |
| Police Report | \$10.00 |
| Police Other income | \$25.00 |
| G/F Other Income | \$500.00 |
| Dog Park Registration | \$700.00 |
| Zoning and Permit Fees | \$12,000.00 |
| Solid Waste Disposal Tax | \$589.00 |
| G/F Interest Income | \$9,000.00 |
| Watercraft Rack Rental | \$180.00 |
| WFE Appropriated | \$0.00 |
| G/F Appropriated | \$41,600.00 |
| Powell Interest Income | \$2,500.00 |
| NCCF grant | \$5,034.00 |

TOTAL GENERAL FUND ESTIMATED REVENUES \$ 1,230,641.00
SCHEDULE B. WATER FUND

| | |
|--|--------------|
| Water Collections | \$360,000.00 |
| Late Fees | \$5,000.00 |
| Reread Fees | 0 |
| Reconnect Fees | \$2,000.00 |
| Water Impact Fees | 0 |
| Water Service Fees (meter deposit) | \$8,000.00 |
| Water Billing Service Fees (use of webpay) | \$4,000.00 |
| Water Tap Fee | \$15,000.00 |
| Irrigation Meter Fee | \$0.00 |
| Water Fund Interest | \$1,800.00 |
| NC Sales Tax Refund | \$7,600.00 |
| Other Income | \$150.00 |
| BRMSD Billing Fee | \$12,700.00 |

TOTAL WATER FUND ESTIMATED REVENUES \$ 416,250.00

SECTION 3. TAXES LEVIED. There is hereby levied the following rates of tax on each hundred dollars (\$100) valuation of taxable property, as listed for taxes for January 1, 2024, for the purpose of raising the revenue for the Current Year's Property Tax, as set forth in the foregoing estimates of revenues, and in order to finance the foregoing appropriations:

GENERAL FUND (for the general expenses incident to the proper government of the Town of Oriental).....\$0.22

TOTAL RATE per \$100 of valuation of taxable property.....\$0.22

Such rate of tax is based on an estimated total valuation of property for purposes of taxation of \$251,173,071 property value (\$554,360-levy, including additional discoveries), and an estimated rate of collections of 98% (\$548,816.00).

SECTION 4. TRANSFERS. The Budget Officer is hereby authorized to transfer appropriations as contained herein under the following conditions that she may transfer amounts up to \$2,500 between departments within the same fund. She must make an official report on such transfers at the next regular meeting of the Board of Commissioners.

SECTION 5. DISTRIBUTION. Copies of this ordinance shall be furnished to the finance officer of the Town of Oriental, to be kept on file by her for her direction in the disbursement of funds.

Adopted this 4th day of June, 2024.

Mayor

Town Manager, Clerk to the Board

Town of Oriental
Ordinance 2024-300 Capital Reserve

RESOLUTION CONTINUING CAPITAL RESERVE ACCOUNTS

Moving forward, and recognizing the impact of having reserves on capital purchases, the Mayor and Commissioners choose to incorporate the practice of reserving funds for specific capital purchases into the Standard Operating Procedure during the creation of the annual budget.

Whereas, a Capital Reserve Fund was created in the 2022-2023 FY for replacement of 2018 Ford Explorer in Police and funded in each of 2023-2024 through 2027-2028 at \$8,000; and the expected cost of that replacement is \$45,000; and the purchase of this vehicle is expected to take place in the 2028-2029 Fiscal Year; and that the source of these funds are the property tax collected in the annual budget as allowed by N.C.G.S. 159-48(b)(15) and the sale of the previous Police vehicle to be moved at EOY 23-24; and

Whereas, a Capital Reserve Fund was created in the 2022-2023 Fiscal Year at \$26,603 for acquisition of a multi-terrain skid steer loader/mini excavator, and in the 2023-2024 and 2024-2025 FYs at \$20,000 each, and the expected cost of acquisition is \$66,000, and that the expected acquisition is scheduled for the 2024-2025 Fiscal Year, and this purchase was put on hold in 2024-2025 in favor of purchase of a pickup truck replacement due to the Town end of 2024; and

Whereas, the 2024-2025 Budget is restricted further in order to maintain the current tax rate, the Mayor and Board have chosen to defer the planned payments to above listed reserves for one year, thus pushing out purchase to the following year as noted on the separate above reserves.

Now, Therefore it be resolved, The Mayor and Commissioners of the Town of Oriental do hereby create the effective reserves as allowed by N.C.G.S. 159-18.

Approved

this 4th Day of June, 2024.

Sally Belangia, Mayor

Attest:

Diane H. Miller, Manager/Clerk

2024-2025-HOLIDAY SCHEDULE

JULY 4, 2024-INDEPENDENCE DAY (Thursday)

SEPTEMBER 2, 2024-LABOR DAY

NOVEMBER 11, 2024-VETERAN'S DAY

NOVEMBER 28th-29th-THANKSGIVING HOLIDAY-FLOATER

DECEMBER 24TH-Tuesday-FLOATER, 25TH Wednesday-

CHRISTMAS DAY, 26TH Thursday-FLOATER-24TH

JANUARY 1, 2025-NEW YEAR'S DAY (Wednesday)

JANUARY 20, 2025-MARTIN LUTHER KING, JR.

APRIL 18, 2025-GOOD FRIDAY-JUNETEENTH 19TH-(Thursday)

FLOATERS

MAY 26, 2025-MEMORIAL DAY

2024-2025-MEETING SCHEDULE

JULY 2, 2024

AUGUST 6, 2024

SEPTEMBER 3, 2024- SEPT. 2nd-LABOR DAY-CLOSED

SEPTEMBER 26, 2024-QUARTERLY WORKSHOP

OCTOBER 1, 2024

NOVEMBER 5, 2024- ELECTION DAY

DECEMBER 3, 2024

JANUARY 7, 2025

JANUARY 30, 2025-QUARTERLY WORKSHOP

FEBRUARY 4, 2025

MARCH 4, 2025

MARCH 14, 2025-RETREAT

MARCH 27, 2025-QUARTERLY WORKSHOP

APRIL 1, 2025

MAY 6, 2025

JUNE 3, 2025

JUNE 26, 2025 End of Year Budget Amendment

