

revenues increased by a combined \$573,000 to present a balanced budget. The balanced budget being presented tonight has expenditures of \$7,789,853. This is a 5.3% reduction from our original FY 2011 General Fund budgeted expenditures of \$8,227,618.

INCREASED COSTS

Examples of increases in costs include healthcare with an increase of 15%. This is about a \$74,000 increase to the General Fund expenditures. Staff looks at comparative costs in the healthcare insurance market and makes complex decisions on the best way to keep these costs down. Some cost like the amount the City is charged to support the retirement system are very difficult to control. The State increased the City's percentage contribution to the Local Employment Governmental Retirement System by 0.5% causing an increase of \$25,000 in the General Fund.

REDUCED REVENUE

Oxford's **sales tax** revenues will be reduced by an estimated \$190,000 in FY 2012 due to its small gain in population from 2000 to 2010 and the relatively large gain in population by Granville County. **Property taxes** are estimated to decrease by \$106,780 due to a lower collection rate.

CAPITAL EXPENDITURES

Only a small amount of funding for capital purchases is included this year. Included are a new police cruiser and computer server for the Police Department and turnout gear and face shields with amplifiers for the Fire Department. These total \$56,200. These will be financed over five years at \$12,850 per year.

FUND BALANCE

The Local Government Commission has been recommending increasing the fund balance and our auditor has recommended not dipping into the fund balance. In 2005, our Fund Balance Available (FBA) in the General Fund was \$2,120,035 and was at 34.6% of expenditures. The FBA reached a low in 2008 at \$1,620,053 or 20.54% of expenditures. In 2008 expenditures increased by 16% and revenues by only 9%. In 2008, the fund balance was reduced by \$513,617. In 2009 and 2010 the Fund Balance has steadily increased. In 2010 the FBA was \$1,767,359 and was 23.5% of expenditures.

LOOKING FORWARD

Although we are faced with budgetary constraints, Oxford can have a bright future where we will have positive growth and resources to meet the needs of our citizens. We are in North Carolina, the number one location for business and industry in the United States. We are near the Research Triangle, a position many envy. Oxford can be clearly identified on a map of the United States showing it to be part of the Piedmont Atlantic Megaregion. We are on a Interstate Highway 85, within a short drive to an international airport, and we have a labor force experienced in modern manufacturing. We have excellent training facilities at the Vance Granville Community College. We have water and sewer resources. We have a nice community. Oxford has a lot we can sell. We need to continue to develop plans that recognizes our strengths and builds our resources so we can have funds to maintain and improve our capital resources and build our fund balance.

LOWERING COSTS AND IMPROVING PERFORMANCE

The management team is looking to lower cost and improve productivity. We are working to keep our health insurance costs down through implementing a comprehensive wellness program to motivate our employees to make healthy choices in food selection, and emphasize exercise. Over the last two years we have cut our workforce by 4%. We are proposing a 3% cut in in the work force in this budget. We propose to eliminate 2 fulltime positions, 2 part-time positions, and delay filling two positions. This is not something we want to do but when payroll makes up 50% of the budget and there is a need to cut over \$550,000, cuts in jobs are inevitable. We will be implementing a program to cut overtime and comp-time buildup. We have started implementing supervisor training and implementing a performance review program.

The **Combined Recommended Budget** for all funds for the FY 2012 is \$14,856,371. The combined budget for FY 2011 was \$13,263,197. This is an increase of \$1,593,174. This increase can be accounted for primarily by the increases in the Water Fund Capital Project Fund.

GENERAL FUND

The proposed General Fund Budgeted Expenditures for the FY 2012 are \$7,789,853. Expenditures were budgeted for \$8,227,618 in FY 2011 a decrease of 5.3% or \$460,265. Highlights of the General Fund Budget include:

	FY 2011	FY 2012
Budgeted Expenses	\$8,227,618	\$7,789,853

<u>DEBT SERVICE FUND</u>	Revenues	Approp Fund Bal.	Expenditures
	\$997,390	\$0	\$997,390

Total Debt Service is down \$149,003 from \$1,146,396 in FY 2011
General Fund – FY 2012 is \$272,860. Only new financing for FY 2012 is for a police car, server computer, firefighter turnout gear, and face shield with amplifier (\$12,850 annually over 5 years).
Water Fund – FY 2012 is \$724,530

<u>POWELL BILL</u>	Revenues	Approp Fund Bal.	Expenditures
	\$227,127	\$32,701	\$259,828

This year's Powell Bill allocation from the State (\$225,127) will likely be down 4% from last year due to adjustment in census population count.
Street resurfacing will be reduced significantly (FY 2011 - \$306,141 budget to \$93,000 FY 12 budget). The FY 2011 resurfacing budget figure included a carryover from FY 2010.

<u>2011 DOT SIDEWALK GRANT PROJECT</u>	Revenues	Approp Fund Bal.	Expenditures
	\$157,905	\$0	\$157,905

(General Fund Capital Project)
Budget is the same as last year, because engineering work is just now beginning on the project.

<u>STORM WATER</u>	Revenues	Approp Fund Bal.	Expenditures
	\$151,259	\$9,741	\$161,000

\$91,000 budget increase over FY 2011 is due primarily to funding of the \$80,000 Goshen/Cherry Stormwater renovation.

Note: Stormwater revenues do not reflect a proposed increase of residential S/W rate from \$2 to \$3. If the increase were to be in effect as of 1/1/2012, FY 12 revenues would increase by \$70,000.

<u>WATER FUND</u>	Revenues	Approp Fund Bal.	Expenditures
	\$4,418,000	\$498,035	\$4,916,035

Total Expenditure budget net increase from FY 2011 to FY 2012 - \$244,810
This increase is primarily due to a \$275,000 increase in funding of water capital projects.

Revenues (\$4,418,000 FY 2012 vs. 3,881,000 in FY 2011) 5.9% increase in WATER rate and 16.9% increase in SEWER rate.

<u>WATER FUND CAPITAL PROJECT</u>	Revenues	Approp Fund Bal.	Expenditures
	\$2,655,000	\$0	\$2,655,000

\$355,000 increase in Capital Projects from FY 11 to FY 12
Cherry / Goshen Stormwater project \$80,000
Raleigh Street CDBG \$600,000

CONCLUSION

We will be holding a public hearing on June 6th beginning at 5:30 pm. The Board of Commissioners will be considering a vote on the budget on June 14th or prior to the end of the month.

I am grateful to the Mayor, Commissioners, and members of the Management Team for their hard work, leadership, and support. We had to make dramatic cuts and Management Team members brought forth suggestions to cut significant funds and to raise revenues to bring this balanced budget to you. Steve and the Finance Department have spent long hours helping us prepare this budget and I appreciate their hard work.

I welcome your comments and suggestions as you review the attached information in the days ahead.

CM Donham also presented the following:

FY 2012 Budget Message
City of Oxford, NC
June 1, 2011

By
Mark F. Donham
City Manager

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CONSTRAINTS

- ◆ CUT \$570,000
- ◆ NO PROPERTY TAX INCREASE
- ◆ NO FUND BALANCE

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BALANCED BUDGET

- ◆ 2011 \$8,227,618
- ◆ 2012 \$7,789,853 BALANCE
- ◆ REV/CUT \$573,000
 - ◆ 5.3%

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BALANCED BUDGET
TEAM DETERMINED NEEDS
REVENUES ESTIMATED
TEAM SUGGESTED CUTS
PREPARED BALANCED BUDGET
PRESENTED TO COMMISSIONERS

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INCREASED COSTS

- Health Insurance 15% \$111,000
- Pension Contribution .5% \$25,000
- Other \$174,000
- Total \$310,000

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REDUCED REVENUE

- SALES TAX \$190,000
- PROPERTY TAX \$106,000
- OTHER \$19,000
- TOTAL \$315,000

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INCREASED REVENUES

- ◆ PRIVILEGE LICENSE \$83,000
- ◆ UTILITY FRANCHISE TAX \$44,000
- ◆ PARKS AND REC FEES \$13,000
- ◆ TOTAL \$140,000

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CAPITAL PROJECTS

- ◆CAPITAL PROJECTS 2011 \$463,000
- ◆CAPITAL PROJECTS 2012 \$56,200

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FUND BALANCE

2005 \$2,120,035 34.6%
 2008 \$ 1,620,053 20.5%
 2010 \$ 1,767,359 23.5%

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**THANK YOU
 MANAGEMENT TEAM
 MAYOR AND COMMISSIONERS
 FINANCE DEPARTMENT**

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CM Donham stated that the Board has asked for there to be a reduction in comp time. This is being worked on. Human Resources Director Carol Dorsey is also working on programs to train supervisors and assessing employees. The pool will stay open until the first of August and will also open next year at the request of the Finance Committee. Nothing has yet been decided about the Airport. The budget is balanced at this point, but there can be further discussion if the Board wishes.

ANNEXATION REPORT FOR HIGHWAY 158 AND CRITCHER ROAD APPROVED

Planning Director Cheryl Hart stated that this will not include the tennis court, because it is not contiguous. Once the annexation process includes Shalag, other properties in question by Commissioner Currin can be annexed. As these properties are right now, they do not meet the qualifications for annexation. PD Hart also stated that if a property is owned by a church and it is non-profit, taxes cannot be collected. However, if a church property is owned by an individual, taxes can be collected.

MAYOR PRO TEM HERRING MADE A MOTION TO APPROVE THE REPORT.
 ALL VOTES WERE IN THE AFFIRMATIVE. THE MOTION CARRIED.

ANNEXATION REPORT FOR ROXBORO ROAD APPROVED

PD Hart stated that this annexation does not include the school because there are no funds available to survey the property. Commissioner Sergent reminded the Board of the earlier stated intent not to pick and choose but to follow the proposed schedule.

COMMISSIONER CURRIN MADE A MOTION TO APPROVE THE REPORT.
 ALL VOTES WERE IN THE AFFIRMATIVE. THE MOTION CARRIED.

**ORDINANCE AMENDING THE FEE SCHEDULE FOR INTERNET ACCESS OR CYBER/INTERNET
SWEEPSTAKES PROVIDERS ADOPTED**

Mayor Woodlief stated that this amendment would increase fees to \$500/establishment and to \$1,000/machine.

COMMISSIONER SERGENT MADE A MOTION TO ADOPT THE AMENDMENT.
ALL VOTES WERE IN THE AFFIRMATIVE. THE MOTION CARRIED.

ORDINANCE NO. 11-06-01

ADOPTED: 06-01-11

EFFECTIVE: 06-01-11

**AN ORDINANCE TO AMEND THE FEE SCHEDULE
SET FORTH IN ORDINANCE NO. 02-01-10**

WHEREAS, the Board of Commissioners is preparing the Budget Ordinance for the year beginning July 1, 2011 and ending June 30, 2012; and

WHEREAS, in order to increase revenues for the City , the Board of Commissioners has decided that the Fee Schedule used by the City and being designated as Schedule C and the Fee Schedule set forth in Ordinance 02-01-10 should be amended;

NOW, THEREFORE, BE IT ORDAINED by the Board of Commissioners of the City of Oxford:

1. Schedule C of the Code of Ordinances and as set forth in Numbered Paragraph 1 in Ordinance No. 02-01-10 is hereby amended as follows:

Internet Access or Cyber/Internet Sweepstakes providers: \$500 per establishment and \$1000.00 per machine.

2. Except as hereby amended, all other provisions of Ordinance No. 02-01-10 shall remain in full force and effect.

3. This ordinance is effective as of the date of its adoption.

Adopted this 1st day of June 2011.

ADJOURNMENT

WITH THERE BEING NO FURTHER BUSINESS, MPT HERRING MADE A MOTION TO ADJOURN.
ALL VOTES WERE IN THE AFFIRMATIVE. THE MOTION CARRIED.