



# CITY OF WILSON

*North Carolina*

INCORPORATED 1849  
27894-0010

OFFICE OF CITY MANAGER

May 21, 2020

Honorable Mayor Carlton Stevens  
Members of City Council  
City of Wilson, North Carolina

Dear Mayor and Members of City Council:

Pursuant to Section 159-11 of the North Carolina General Statutes, I am pleased to present the Fiscal Year 2020-21 (FY 2021) Budget for your consideration. The budget is balanced, meets the requirements of the North Carolina Local Government Budget and Fiscal Control Act, and adheres to the City's financial management guidelines.

The FY 2021 Budget totals \$250,584,970, a decrease of 1.1% from the current budget, and recommends no change to the City's tax rate of 57.5 cents per \$100 of taxable valuation. The Municipal Service District rate remains unchanged at 18 cents per \$100 of taxable valuation.

This budget, as most things in our lives today, is clearly impacted by the COVID-19 pandemic. We have substantially lowered our projections for sales tax revenue in the coming year, we have funded a small percentage of capital requests, we have implemented a hiring freeze for positions not related to the provision of critical services or crisis recovery, we have shifted as many employees as possible to work from home, and we have re-purposed employees whose jobs have been temporarily impacted due to closures. As most of the services we provide are needed despite the pandemic, the City has found creative methods of service delivery in order to protect our employees and our citizens. I would like to take this opportunity to thank our employees for their dedication to our citizens, and I would like to thank our citizens for showing flexibility and adjusting to new ways of doing business with the City.

The North Carolina General Statutes uses some references to the term "budget estimate". In fact, any municipal budget includes a great deal of estimates on an annual basis. These estimates are based on the best knowledge we have at the time. Wilson's record of accomplishment for budget estimates, as proven by audit reports, has been impressive. FY 2021 will have the potential for more variances from projections than we would see in a typical year. Our estimates are Wilson-specific to the extent possible. For example, a community that is tourism dependent or communities with large sales volumes of luxury items will see different sales tax impacts from the pandemic than a community with sales taxes generated from sales of essential products. When considering utility sales volumes, some communities have seen most of their industries close, while others such as Wilson have seen most continue to operate. The budget reflects your staff's best efforts to forecast an unknown future. We are fortunate to have a wealth of experience on our staff, and I am proud of the budget we are submitting for your consideration.

I am also proud of the Wilson City Council. Few candidates for office cite the City's strong financial position as part of a campaign platform. Generally speaking, citizens get more excited when you spend money than when you save money. For example, most citizens may know that the City invested in Lake Wilson or other parks, they likely have seen the improvements to the 301 corridor under the City's TIGER Grant, and they may be excited about our downtown redevelopment success. However, few realize the steps you have taken to financially prepare our city for an uncontrollable event such as this pandemic. Since the

devastating impacts of Hurricane Floyd on our community, the Wilson City Council has been committed to maintaining a strong financial position so that we may continue to provide quality services to our community despite unforeseen circumstances. I doubt any of you have ever received a thank you from a citizen for the City's savings accounts. But today, as both a citizen and your employee, I say thank you. Your financial stewardship has prepared us for the unknown. Without your leadership, the FY 2021 Budget would look much different. Due to your leadership, the budget uses some of our reserves to guarantee our citizens will not suffer from loss of City services in addition to all of the other challenges they are facing due to the pandemic.

One of the unknowns is how much relief the City may receive from state and federal government. Many proposals and many theories exist, but we have little clarity at this time. For conservative budgeting purposes, we are not including major financial assistance in this budget estimate. Some proposals would go as far as holding the City harmless from revenue losses. Others argue for no assistance to local governments. I believe we will end up somewhere in between, but this budget is not dependent upon those unknowns. Where we have budgeted to use fund balance, should outside assistance come to fruition, we will not draw down fund balance. In the worst-case scenario, if we receive no assistance, we are still predicting a General Fund Balance at the end of FY 2021 that exceeds many of our peer group's current balances.

The FY2021 budget includes no water and sewer base rate increases. The Stormwater Fee increases \$0.50 per month as recommended by our citizen-led Stormwater Committee to support infrastructure improvements. This recommendation is included because it came from a Council-appointed committee. However, staff stands ready to eliminate this Stormwater Fee increase if Council desires.

As we have done in the past, permitting fees will increase by the standard 3%. This inflationary increase helps support growing operating and capital needs surrounding technology in this area. In recent months, building permits and inspections have averaged above the same period for 2019, and 2019 was a strong year for Wilson.

City Council has provided specific direction to preserve high levels of City services for our citizens. The budget continues to meet and exceed our service benchmarks in a fiscally responsible manner. Technology, resourceful employees, proper equipment, adequate staffing levels and a commitment to excellent customer service will allow us to serve our citizens well, while efficiencies, conservative budgeting, and maintaining our comparatively low tax rate ensures value.

Year-to-date performance for FY 2020 indicates that our overall year-end financials will remain stable, and based on trends closer to October; I may request an allocation for employee raises this fall. The City will experience a 4.0% increase in employee health insurance expenses for FY 2021 at a cost of \$509,870 across all funds. By managing our own insurance funds, the City is able to improve cash flow and maximize interest income from investments during the life of the plan to help minimize large increases. In comparison, large employers will again experience an increase of about 5 percent in health benefit costs. The City's employer contribution rate to the Local Government Retirement System will increase 1.2%, impacting the citywide budget by \$519,860.

The City's staffing levels were reduced during the last recession and have not risen significantly with the increased demands of growth. Maintaining a strong team requires us to define strategic roles for each team member and through collaboration bring different strengths to the table. Our continuous staffing management plan takes into consideration not only the staff needed to maintain efficient operations, but also processes that can be improved by technology advances or additional training. As a result, staffing levels may vary from year-to-year as we shift staff between various divisions and departments to meet operational needs throughout the year to maximize productivity. Overall, staffing level needs for FY 2021 will result in a net decrease of eight positions in the budget.

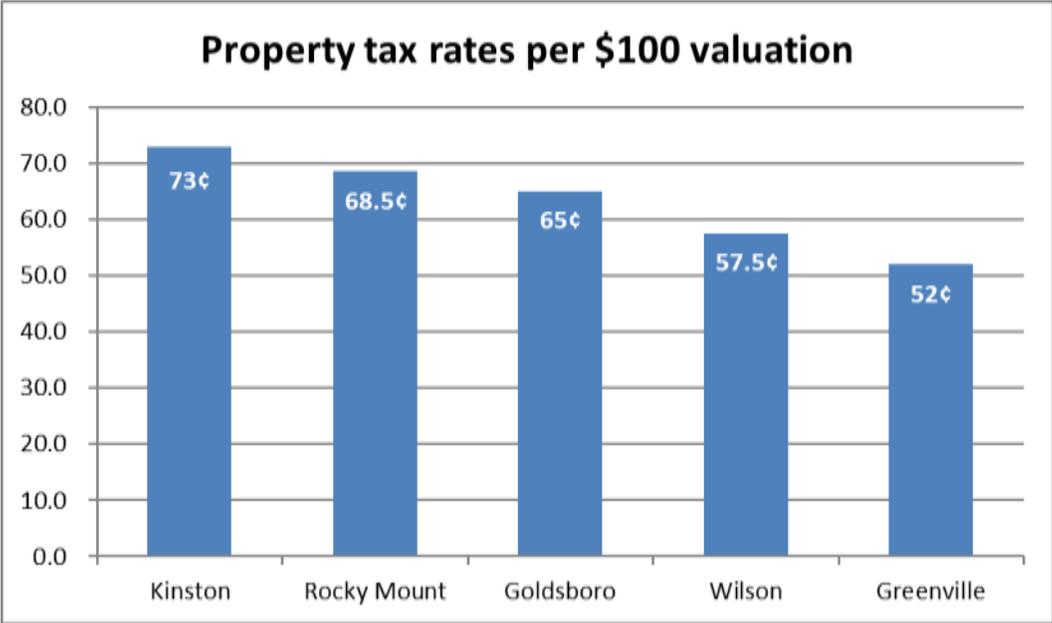
**Budget Priorities**

Momentum for an exciting year of continued growth and development throughout the City is projected for FY 2021. While maintaining high levels of service is a top priority, Wilson’s City Council has been explicit in prioritizing the revitalization of the heart of our city, Historic Downtown Wilson. City Council has also supported substantial investments in our recreation and parks facilities and the potential addition of passive recreation greenway and blueway trail systems. FY 2021 will be another year of progress in downtown Wilson and investment in our parks and recreation system while maintaining high levels of traditional services to our citizens.

**GENERAL FUND:**

**Revenues**

The primary revenue source for the General Fund is property taxes at 48% of total revenues. Sales Tax is the second largest contributor to the General Fund at 16%, followed by sales for service revenues at 13% and intergovernmental revenues at 13%. The remaining 10% of General Fund revenue is comprised of licenses, permits, assessments, investment income, interfund transfers and miscellaneous income.



We continue to experience gradual economic growth and revenues are budgeted conservatively. Overall, we project net revenues to be slightly higher than in FY 2020. Property taxes are budgeted at a rate of \$0.575 per \$100 of valuation. Sales tax revenues, while highly sensitive to economic conditions, are projected to decrease by 13.9% below the estimates for FY 2020 and sales/charges for services are projected to decrease by 4.78% below the estimates for FY 2020.

**Expenditures**

Departmental budgets increased by 1.88% over the FY 2020 budget. In addition to the 4.0% increase in group health insurance costs, employer retirement contribution, personnel costs, storm sewer maintenance charge, operations center use charge, and the Gig East Exchange project are substantial contributors to the \$985,500 increase in expenditures.

**Debt Management**

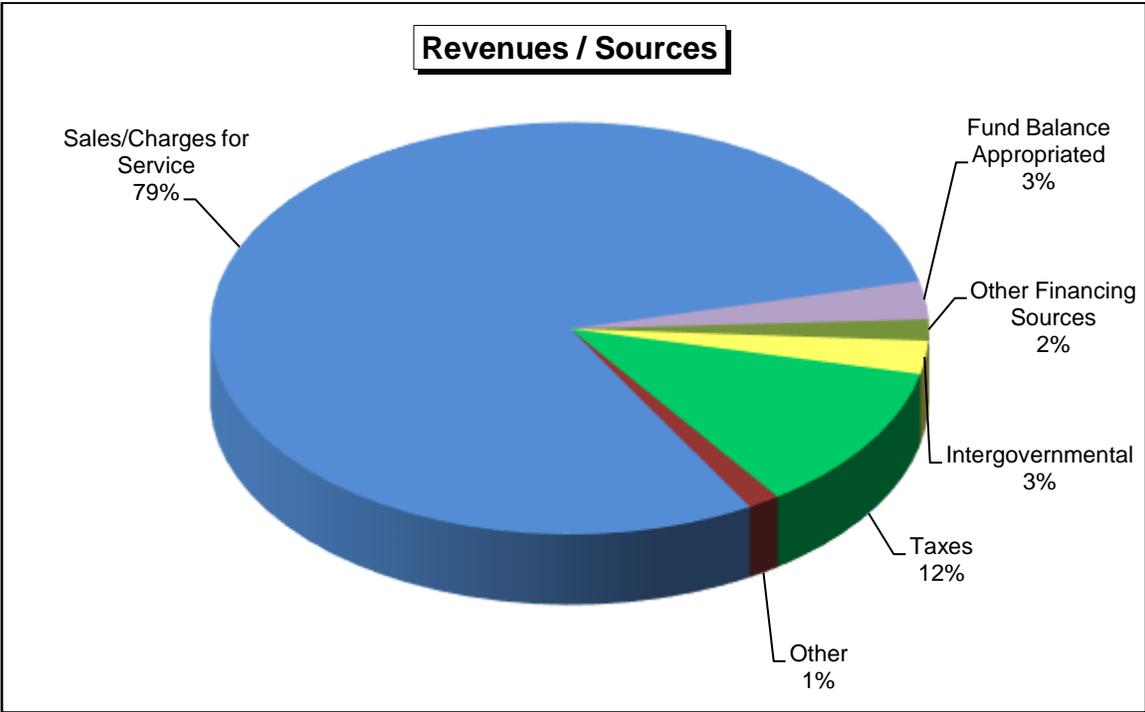
No additional new debt is planned for the General Fund in FY 2021. The amount requisite to service outstanding debt will be approximately \$349,170 as we pay down existing obligations, which will be paid off in FY 2023.

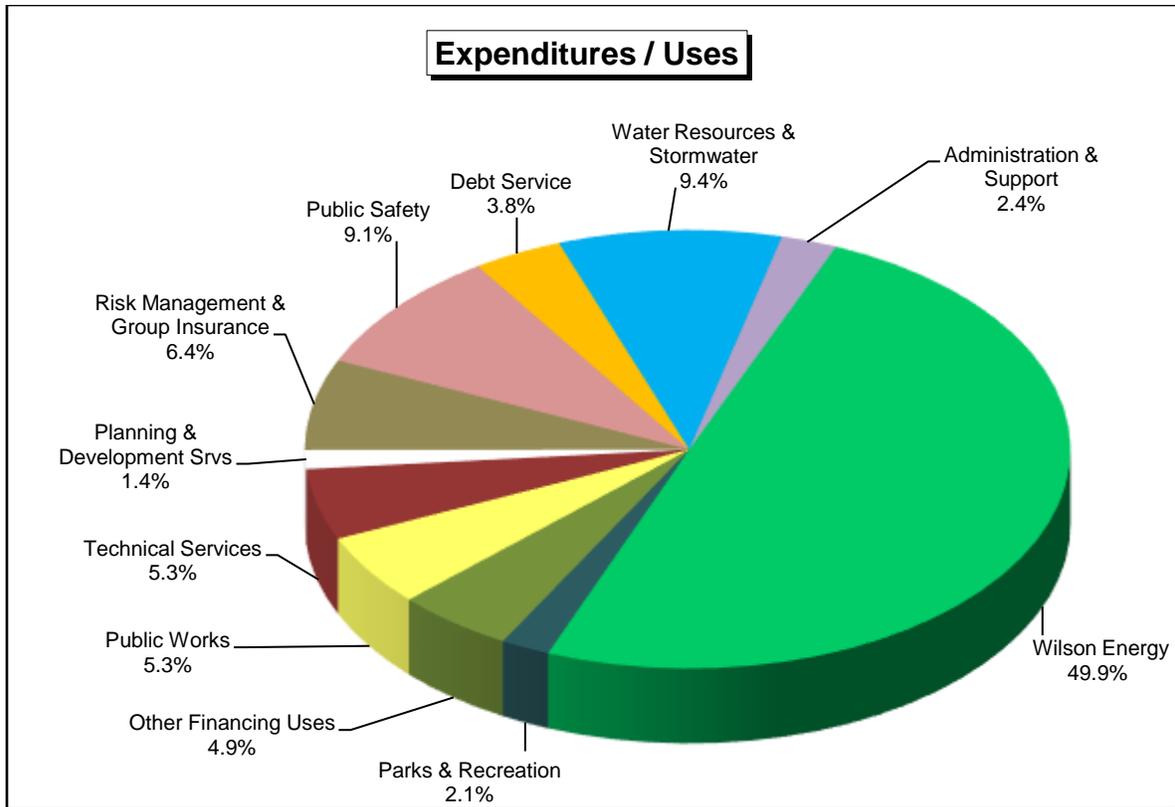
**Capital Outlay**

Capital in the FY 2021 General Fund budget is \$1,404,630. With initial requests totaling \$16,355,440, the list was vetted with priority given to urgent capital needs. The remaining capital requests are being deferred until FY 2022; however, our solid Fund Balance allows us to address urgent needs as they arise during the year with Council-approved budget amendments.

**Fund Balance**

Fund Balance appropriated for FY 2021 is \$6,047,230. Conservative budgeting and prudent monitoring of revenues and expenditures has allowed the City to maintain a healthy fund balance to support needs during emergencies or a slower economic interval. The City will be slightly below its target fund balance, estimated to be about 20% at the end of FY 2021.





**ELECTRIC FUND:**

***Revenues***

In developing budget estimates for a utility fund we must estimate revenues that are highly impacted by weather conditions. We are assuming that volume sales during FY 2021 will remain similar to the FY 2020 level before the COVID-19 pandemic. Overall sales and charges for services are budgeted slightly lower (0.6%) for FY 2021.

***Expenditures***

For budgetary purposes, electric power purchases for resale are 5.7% lower than FY 2020. The remaining operating budget increases by 12.9% over the prior year budget.

***Debt Management***

There is no new debt planned for the Electric Fund in FY 2021. The amount requisite to service outstanding debt will be approximately \$1.58 million.

***Transfers***

The transfer to the General Fund and payment in lieu of taxes amount remains constant with previous years and in line with the City's budget policy. Also planned is a transfer to support Economic Community Investment for downtown building revitalization and improvement to U.S. 301 Corridor totaling \$281,000. These both play an integral role in the future prosperity of the community served and helping to grow the utility's customer base, attract and retain businesses, and add to a growing workforce.

### ***Fund Balance***

No Fund Balance is appropriated for FY 2021.

### **GAS FUND:**

#### ***Revenues***

We are projecting that weather patterns for FY 2021 will return to more traditional conditions creating a slightly higher demand (3.4% increase) for gas than in FY 2020. We anticipate an increase in sales and charges for services of approximately 3.7% for FY 2021 compared to estimated revenues for FY 2020.

#### ***Expenditures***

Expenditures for gas purchases are expected to increase 2.5% for FY 2021 compared to estimated expenditures for FY 2020.

#### ***Debt Management***

There is no new debt planned for the Gas Fund in FY 2021. The amount requisite to service outstanding debt will be \$456,780.

#### ***Transfers***

The transfer to the General Fund and payment in lieu of taxes amount remains constant with previous years and in line with the City's budget policy.

### ***Fund Balance***

Fund Balance appropriated for FY 2021 is \$372,060.

### **WATER RESOURCES FUND:**

#### ***Revenues***

We are projecting FY 2021 volume sales for water and sewer will be similar to those in FY 2020. FY 2021 revenues from sales and charges for service are budgeted approximately 1.5% over the FY 2020 budget.

#### ***Expenditures***

The total expenditures for the FY 2021 budget decreased by 6.0% compared to FY 2020 budgeted expenditures.

#### ***Debt Management***

There is no new debt planned for the Water Resources Fund in FY 2021. The amount requisite to service outstanding debt will be approximately \$3,966,150.

#### ***Transfers***

There is \$3,500,000 in transfers from the Water Resources Fund included in FY 2021 to fund capital projects.

***Fund Balance***

Fund Balance appropriated for FY 2021 is \$1,045,370.

**MASS TRANSIT FUND:**

***Revenues***

FY 2021 revenues are budgeted 35.4% below FY 2020 budgeted revenues. This is primarily due to grant funding for capital purchases in the prior year of transit buses.

***Expenditures***

Total expenditures for the FY 2021 budget are 38.4% lower in comparison to FY 2020 budgeted expenditures. This is due to absence of capital appropriations for buses budgeted in the prior year.

***Transfers***

There are transfers from the General, Fund, Electric Fund and Gas Fund that collectively total \$612,500.

***Fund Balance***

Fund Balance appropriation for FY 2021 is \$114,480.

**COMMUNITY DEVELOPMENT FUND:**

***Revenues***

Estimated revenues for loan repayments are expected to decline 23.8% comparing the FY 2021 budget to FY 2020.

***Expenditures***

FY 2021 expenditures are projected to be flat, with a slight reduction from the FY 2020 budget.

***Transfers***

There is a transfer from the General Fund of \$65,000 in the FY 2021 Community Development Fund budget.

***Fund Balance***

Fund Balance appropriated for FY 2021 is \$57,490.

**BROADBAND FUND:**

The City continues to expand the use of our network to provide or improve essential services to our citizens and customers. In addition, subscribership for the broadband services we offer for purchase continues to increase, and we have numerous service contracts in place for services we provide to other local governments.

### ***Revenues***

Estimated total revenues for FY 2021 are projected to increase by 4.7% from the previous year's revenues. FY 2021 sales/charges for service revenues are budgeted about 6.2% over the FY 2020 budgeted revenues.

### ***Expenditures***

FY 2020 expenditures are projected to be approximately 5.5% over the FY 2019 expenditures. Expenditures for FY 2021 are budgeted 4.65% higher than the FY 2020 budgeted expenditures.

### ***Transfers***

There are no transfers in the FY 2021 Broadband Fund budget.

## **STORMWATER MANAGEMENT FUND:**

### ***Revenues***

FY 2021 revenues from sales and charges for service are budgeted approximately 5.7% over the FY 2020 budget. The FY 2021 budget includes a Stormwater Fee increase of \$0.50 per month per equivalent residential unit (ERU).

### ***Expenditures***

FY 2021 operating expenditures are projected to be approximately 6.7% lower than the FY 2020 estimated.

### ***Transfers***

There are no transfers in the FY 2021 Stormwater Management Fund budget.

### ***Fund Balance***

No Fund Balance is appropriated for FY 2021.

## **SUMMARY:**

The FY 2021 budget continues the City's tradition of conservative budgeting. It upholds public safety staffing levels in both Police and Fire, proposes a competitive property tax rate, and departmental operating budgets reflect modest increases. Although \$11,870,130 of capital outlay requests are included from the initial requests totaling \$29,993,700, most departmental priorities have been funded.

During this tenuous time, we continue to provide the high-level quality driven city services that the citizens of Wilson count on. There remain many unknowns that make municipal budgeting for next year particularly difficult. We will be closely monitoring the financial position we are in and will adjust the budget once we fully understand the economic impact of this pandemic as it relates to our local receipts and other sources of revenue in the new fiscal year.

With low electric rates, a relatively low property tax rate, the continuation of high levels of services, support for public safety and a high quality of life, and reasonable capital investments, I trust the budget meets City Council's priorities. I look forward to working with you in the coming weeks toward adoption of our FY 2021 Budget.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Grant W. Goings". The signature is fluid and cursive, with a large loop at the end.

Grant W. Goings  
City Manager