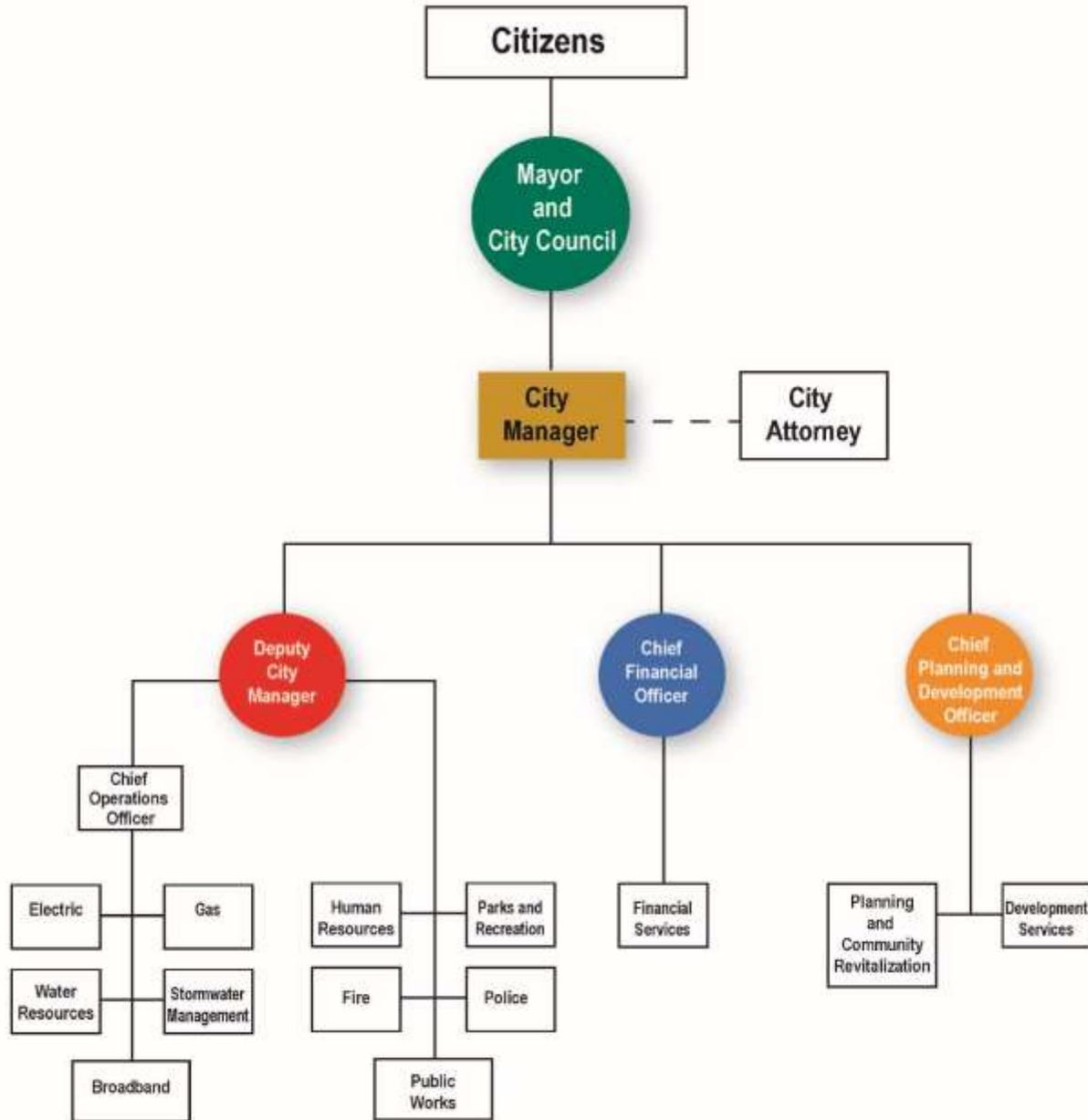




# INTRODUCTION

# CITY OF WILSON



**LISTING OF CITY OFFICIALS  
FISCAL YEAR 2020-2021  
CITY OF WILSON, NORTH CAROLINA**

**ELECTED OFFICIALS**

Carlton L. Stevens ..... Mayor  
James M. Johnson, III ..... Mayor Pro Tem

**ELECTED MEMBERS OF CITY COUNCIL**

Gillettia M. Morgan ..... District One  
Michael S. Bell ..... District Two  
William T. Fyle..... District Three  
James M. Johnson, III ..... District Four  
Donald I. Evans..... District Five  
Logan T. Liles ..... District Six  
Derrick D. Creech ..... District Seven

**APPOINTED OFFICIAL**

Grant W. Goings ..... City Manager



## A GUIDE FOR REVIEWING THE BUDGET

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### Introduction

This budget document describes recommended City services and revenue sources for the fiscal year beginning July 1, 2020 and ending June 30, 2021.

Adopting an annual budget is one of the most important tasks the Mayor and Council undertake. Through the adoption and implementation of this budget, the interests and values of our community are translated into plans for programs, projects, services and resources intended to benefit all our citizens.

### Budget Process

The budget process begins in November each year with an initial planning phase by the budget staff. Following a lengthy planning period, and taking into consideration the needs of all stakeholders, departments then submit their requests to the City Manager and budget staff for review and analysis. Community agencies, such as the Economic Development Corporation, the Rocky Mount-Wilson Airport, Upper Coastal Plains Council of Governments and various non-profit service agencies, also submit financial reports and applications for City funding to assist with their various community assistance needs.

The proposed budget is essentially a recommendation, made by the City Manager, for review and deliberation by the Mayor and City Council. The budget becomes final only after the Mayor and Council thoroughly study the proposal and accept the proposed budget as presented or request the City Manager make any desired changes. After reviewing and amending the proposal, the Council takes formal action to adopt the budget.

The adopted budget takes the form of: 1) an ordinance, authorizing expenditures and the raising of revenues during the coming budget year; and 2) resolutions, authorizing fees, charges and related actions.

Once the budget is adopted by Council, it becomes the shared responsibility of the City Manager, Chief Financial Officer, budget staff, and department heads to oversee the implementation of budgeted programs and to continually monitor expenditure and revenue levels throughout the year.

### Fund Structure

Like other cities and towns in North Carolina, the City of Wilson organizes expenditures and revenues by fund. All the City's budgetary funds are shown in this document and include the **General Governmental Funds**: 1) General Fund, 2) Community Development Fund, the **Capital Projects Funds**, the **Enterprise Funds**: 3) Electric Fund, 4) Gas Fund, 5) Water Resources Fund, 6) Broadband Fund, 7) Stormwater Management Fund, 8) Mass Transit Fund, and 9) Industrial Air Center Fund, the **Internal Service Funds**: 10) Group Insurance Benefits Fund, 11) Risk Management Fund, and 12) Operations Center Fund.

Also included in this document are the Downtown Development Corporation and the Wilson Cemetery Commission, which are considered component units of the City. They are included because City Council has budgetary authority over these operations.

City services supported partly or entirely by the property tax and other general taxes are budgeted in the General Fund. The General Fund includes costs and revenues for services like police, fire, parks and recreation, planning, inspections, sanitation and street services, administrative and support services and some miscellaneous items.

### State Laws Regarding Local Government Budgets

The City of Wilson, like all cities and towns in NC, is subject to requirements of the N. C. Local Government Budget and Fiscal Control Act, a part of the NC General Statutes. This legislation requires that the City Manager submit a recommended budget to the Mayor and Council, that the Council hold a public hearing on the proposed budget and adopts an annual budget or interim budget for FY 2020-2021 by July 1, 2020.

State laws determine the types of services and regulatory authority that the City has, and the types and maximum levels of revenue sources available to the City. Cities and counties may, at times, provide similar public services. Certain services, however, are always the responsibility of County -- not City -- governments in North Carolina (e.g. jails, schools, courts, social services, public health and various other programs).

## Budgetary Goals

Each year, the recommended budget is based on **general** financial management goals as follows:

- To maintain efficient and effective basic municipal services with as low a tax rate as possible;
- To implement additional services and programs, identified by City Council having high priority, within the limit of identified resources;
- To make moderately conservative estimates of revenues and costs to minimize the chance that actual revenues received may be less than expected, or that actual costs may be more than expected;
- To seek to recover from user fees -- without creating an undue hardship for low income families, youth and senior citizens -- all or a significant portion of the cost of some services, so that the citizens who benefit most from a service will pay for the service;
- To keep a reserve of money saved in past years (called "Available or Unassigned Fund Balance"), so that the City: 1) will not have to borrow funds early in the fiscal year when income is often less than costs, 2) will have a reserve for any major unexpected cost or for revenue fluctuation from one year to the next, and 3) will have a reserve available for funding major one-time capital improvements;
- To seek to properly maintain buildings, equipment and properties to protect the community's investment in these assets;
- To maintain a competitive position in the area's labor market to recruit and retain qualified employees who will provide services at the level of quality desired by the community.

In any given year, the recommended budget may also be based on **specific** financial management goals that are defined by City Council and/or the City Manager. Specific financial management goals are usually outlined in the budget message.

## Budget Format

Program Summaries - Each section of the budget is organized similarly. The budget is divided first by fund, then by departments within funds. **Departmental summaries** include specific program objectives related to the Council Goals Program. The **Program (or Division) Summaries** include descriptions of services, goals and objectives statements, and measures of evaluation (called performance indicators in the document). Performance indicators are intended to better enable staff to evaluate programs at year-end and to determine whether the City has, in fact, met established goals. A separate Performance Measures section includes excerpts from the North Carolina Local Government Performance Measurement Project report on selected City services.

Consolidated Budget Format - Internally, financial records are kept in detailed line item format, but in order to make the budget document as simple and straightforward as possible, we use an object format, consolidated into Personnel, Operating, Capital, Recovered Cost, and Offsetting Revenues categories. This format considerably reduces the bulk of the document, while allowing the reader a better review of the overall budget within a program-oriented context.

## How to Use This Document

Divider Tabs - The budget is divided into two sections: 1) one section contains information pertaining to the General Fund and other general government funds; 2) the other section contains information pertaining to the Enterprise and Internal Service funds.

Budget Message - The budget message is an executive summary of the entire operating budget presented by the City Manager to the Mayor and City Council.

Index/Table of Contents - There is a table of contents immediately following the Budget Message. For a more detailed listing, please see the Index in the Appendix at the very back of the budget.

Council Goals - Behind this tab is a complete listing of the Goals Program established by City Council for the City of Wilson. You will find these goals addressed on each department's summary page throughout the budget document.

**Budget Summaries** - This section includes summary information about the City's budget process, fund structure, long-term debt financing, organizational structure, tax rates, and personnel allocation.

**Fund Tabs** - For each fund, behind its respective divider tab (e.g. GENERAL FUND, ELECTRIC FUND, WATER RESOURCES FUND), the section includes summaries of revenues and expenditures, descriptions of the sources of revenue and a summary of fund balance for the fund.

**Departmental Tabs** - The General Fund is divided by departments. Each department summary includes personnel, capital requests and expenditure summaries, and narrative sections defining the department's primary purpose and function and highlighting specific objectives addressing City Council's Goals Program.

Following each departmental summary is a summary page for each division or program within the department. These program summaries include a brief listing of services provided, expenditure and personnel summaries, and sections outlining goals,

objectives, and performance indicators. The goal is intended to be a long-term continuing target of the division. The objectives are intended to define specific measurable activities that are planned for the 2020-2021 fiscal year. Performance indicators are the means of measuring service results so that we may continually evaluate our efforts from one year to the next.

**Conclusion**

We have tried to minimize the use of technical words and phrases in this budget, so that the information contained here is understandable to citizens with a basic knowledge of business practices and most City services.

Copies of this document are available for public viewing in the City Clerk's Office located in City Hall. It is also available on the City's webpage at [www.wilsonnc.org](http://www.wilsonnc.org). If something in this material is not clear, or if you have questions on the information contained in this document, we invite you to contact us for clarification at **252-399-2150**.

**DEPARTMENT TO FUND RELATIONSHIP**

	General Fund	Electric Fund	Gas Fund	Water Resources Fund	Broadband Fund	Stormwater Management Fund	Community Development Fund	Mass Transit Fund	Industrial Air Center Fund
Administrative Services	X								
Financial Services	X								
Human Resources	X								
Police	X								
Fire	X								
Planning & Community Revitalization & Development Services	X						X		
Parks & Recreation	X								
Public Works	X							X	X
Electric		X							
Gas			X						
Water Resources				X		X			
Broadband					X				
Stormwater Management				X		X			

The above table excludes internal service funds and component units.

## **BUDGET PROCESS**

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The City's annual budget process provides a framework for communicating major objectives for the upcoming fiscal year and for allocating resources to achieve these objectives. The budget adoption process begins in November of each year and ends with the passage of a budget ordinance no later than June 30th.

### **Budget Calendar**

Preparation of the budget begins in November with planning for the upcoming year's budget process by budget staff. In early December, departments submit requests for new positions and reclassifications, along with building maintenance improvements for early assessment. Departments submit their completed budget requests to the City Manager and budget staff during the latter part of January and early February. From February to April, those requests are reviewed, analyzed, and utilized by the budget team and City Manager in an effort to prepare a recommended budget.

The chart on the next page further outlines each step of the annual budget process.

### **Budget Adoption**

The North Carolina General Statutes require the City Manager to submit a proposed budget together with a budget message to the City Council no later than June 1st of each year. The budget submitted by the City Manager may be balanced or unbalanced. Traditionally, the Manager of the City of Wilson submits a balanced budget. Another requirement of the proposed budget is the inclusion of financial plans for internal service funds and information concerning capital projects and grant projects authorized or to be authorized by project ordinances.

The City Council must adopt a balanced budget ordinance no later than July 1st, but no earlier than 10 days after the City Manager's proposed budget has been presented. A public hearing must be held before the budget ordinance is adopted. The budget is balanced when the sum of estimated revenues and appropriated fund balances is equal to appropriations. The budget ordinance sets the property tax rate for the fiscal year.

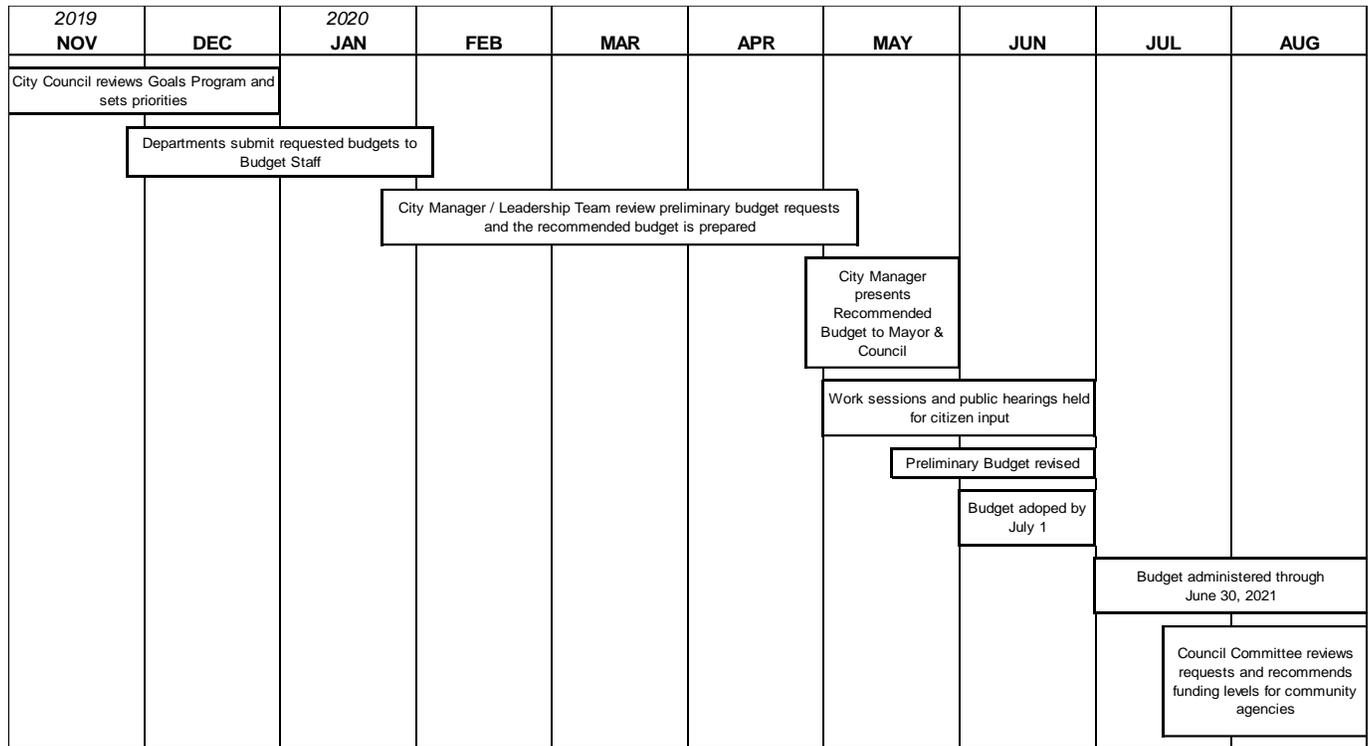
### **Implementation and Monitoring**

Full implementation of the budget begins on July 1st of each year. The continuous monitoring of expenditures and estimated revenues throughout the year is a shared responsibility of the City Manager, Chief Financial Officer, and department heads. Budgetary control is exercised at the departmental level for the budget ordinance and at the line item level for grant and capital project ordinances.

### **Budget Amendment**

Any time after adoption, the budget can be changed through the amendment process. Excluding two exceptions as described below, any revision of the ordinance must be approved by the City Council. First, all appropriations lapse on June 30th of each year; however, encumbrances outstanding at year-end are automatically re-budgeted in the succeeding year's budget, pursuant to Section 4.1 of the annual ordinance. Secondly, the City Manager is authorized to transfer budgeted amounts between objects of expenditures within any department without limit and up to \$50,000 between departments within a fund. Revisions that alter the total expenditures of any fund must be approved by the City Council. No public hearing or any other type of public notice is required in order to amend the budget. The amendment must adhere to the statutory requirement for a balanced budget.

## BUDGET PREPARATION TIMELINE 2020-2021



The above chart depicts the annual budget preparation timeline. The City's budget preparation process begins in November and is completed at the time of budget adoption in June. The adopted budget runs from July 1 through June 30th. Budget administration and monitoring of the adopted budget is ongoing and spans the twelve month budget period. In addition to oversight by the Chief Financial Officer, financial reporting is prepared monthly and shared for review and action with department heads. The monthly financial reports contain budget to actual results that assist departments in identifying differences between the planned financial outcomes (Budget) and the actual financial outcomes (Actual).

## GUIDING FINANCIAL PRINCIPLES

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**Financial Policy:**

Certain guidelines are followed by the City in the overall conduct of its fiscal affairs. These principles are the basis for decisions and recommendations made by management. Most of the principles are long-standing and have evolved over the years through traditions and practices that have enabled the City to attain and maintain a strong financial position. New principles or modifications to existing principles are necessary from time to time as conditions warrant. Some of the most significant financial and budgetary principles are listed below.

1. The City will strive for a property tax rate that produces revenues sufficient to offset Police and Fire services.
2. The City will charge a fee for services when appropriate.
3. It is City policy to maintain an amount of fund balance available for appropriation in the General Fund within a reasonable range of comparable cities, but no less than twenty-five percent (25%) of annual expenditures.
4. Transfers will be permitted from the utility funds to support General Fund activities after considering the operating, capital, and debt service requirements of the utility funds. It is a policy of the City to maintain the operating transfer from the Electric Fund to an amount no greater than five percent (5%) of Electric Fund gross fixed assets.
5. The City will set rates for utilities at a level that will allow the funds to be self-supporting.
6. The City will strive to recover 100 percent (100%) of disposal costs for household solid waste.
7. The City will make every effort to utilize fund balance to finance nonrecurring expenditures only.
8. The City will seek additional revenue sources as a means of balancing the budget without increasing the burden on the property tax.
9. The City will maintain an aggressive annexation policy to ensure good growth and stability in the City's assessed valuation.
10. The City will use conservative revenue estimates in budget development.
11. The utility funds will compensate (through cost allocation) the General Fund for the provision of all administrative and other support services such as: administration, accounting, payroll, purchasing, utility billing, collection, customer service, credit, etc.
12. The General Fund will compensate the utility funds for utilities, including street lights.
13. No new or expanded programs will be added without the exchange of other expenditures or the identification of an ongoing revenue source or sources to support these programs.
14. The City will strive to maintain a diversified and stable revenue structure.
15. The City will incur expenditures today that improve efficiency and reduce costs in the future.
16. The City will emphasize safety, liquidity, and yield, in that order, for investment of city funds.
17. The City will prepare a five-year Capital Improvement Plan and update it annually.
18. Debt incurred for utility fund activities will be repaid from utility fund revenues.
19. The City will not incur debt to finance operating costs.
20. The City's net debt will not exceed four percent (4%) of the assessed valuation of property.
21. An independent audit will be performed annually by certified public accountants.
22. The City will issue a comprehensive annual financial report in conformity with generally accepted accounting principles that meet the requirements of the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting Program.
23. The City will maintain a system of internal controls where the costs do not outweigh the benefits.

## FUND STRUCTURE

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The City of Wilson's annual budget document is organized by funds. Funds are independent accounting entities with self-balancing sets of accounts in which financial transactions are recorded and segregated to carry on specific activities or attain certain objectives. The funds established by the City fall into three categories: governmental, proprietary, or fiduciary. The budget includes all funds in these categories that have appropriations for the upcoming fiscal year. No expenditures are anticipated in the Electric Rate Stabilization Fund, and Economic Development Reserve Fund.

Budgets are also included for the Downtown Development Fund and the Cemetery Fund, which are component units of the City and which require budgetary approval by City Council.

### Overview of Major and Non-Major Funds

The conception of major funds, and the determination of which are major funds was established by GASB Statement 34 and replaces the combining of like funds and presenting them in total. Major Funds present the major activities of the City for the year, and may change from year to year as a result of changes in the pattern of the City's activities. The General Fund is always a Major Fund and since their revenues are derived from other City Funds. Internal Service Funds may not be considered Major Funds.

The City of Wilson has one governmental fund that is considered a Major Fund, the General Fund. All other governmental funds are considered Non-major and include the Community Development Fund, Downtown Development Fund, and a number of other Capital Project Funds. There are seven proprietary funds operated by the City, four of which are designated here by the City as Major.

### Governmental Funds

The General Fund accounts for the normal recurring activities that are traditionally associated with local government and are not required to be accounted for in another fund.

Resources are provided primarily through taxes and intergovernmental revenues and expended for services such as police and fire protection, recreation, street construction and maintenance, and solid waste disposal.

**Special Revenue Funds.** Governmental fund type used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specific purposes.

The Community Development Fund accounts for community development programs and housing rehabilitation loans supported mainly by U. S. Department of Housing and Urban Development block grant proceeds.

**Capital Project Funds.** Governmental fund type used to account for the resources used for the acquisition, construction, or renovation of major general government and utility capital facilities of the City.

The Economic Development Capital Project Fund accounts for expenditures for the purchase and/or construction of buildings for economic development purposes.

### Proprietary Funds

The Electric Fund accounts for the operations of the City's electric distribution system. The fund is self-supporting through user charges and electricity sales to residential, commercial, and industrial customers.

The Gas Fund accounts for the operations of the City's natural gas system. The fund is self-supporting through natural gas sales to residential, commercial, and industrial customers.

The Water Resources Fund accounts for the operation of the City's water distribution system and the sanitary sewer system. Revenues from water sales and charges for sewer services support the normal operating costs and the debt service of the fund and partially provide for the replacement of plant and equipment.

The Broadband Fund accounts for the operation of the City's broadband services over fiber optic cable. Revenues from providing video, voice, and data services will support the normal operating costs and the debt service of the fund.

## FUND STRUCTURE

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The Stormwater Management Fund accounts for the operation of the City's stormwater run-off system. The fund is intended to be self-supporting through fees assessed against residential and business properties within the City.

The Mass Transit Fund accounts for the operation of the City's fixed-route bus system. The fund is supported by passenger fares, grants from other governments, and transfers from other funds.

The Industrial Air Center Fund accounts for the operation of the municipal airport. This fund provides for the maintenance of the facilities to ensure the safety of the businesses and individuals and transient aviators. The actual flight operations are handled through a contractual arrangement with a fixed-base operator.

The Electric Rate Stabilization Fund accounts for funds accumulated to help offset future electric rate increases.

The Water Resources Capital Reserve Fund accounts for funds accumulated to be used for the purpose of constructing, purchasing, renovating, or otherwise acquiring capital assets for water supply, production, treatment, distribution, and wastewater collection and treatment.

**Internal Service Funds.** Proprietary fund type may be used to report any activity that provides goods or services to other funds, department, or

agencies of the primary government and its component units on a cost-reimbursement basis.

The Group Insurance Benefits Internal Service Fund accounts for the City's limited risk self-insurance for health, dental, vision, and life insurance benefits for City employees and their dependents.

The Risk Management Fund accounts for the City's self-insurance for general liability, automotive, workers' compensation, and public official insurance coverage.

The Operations Center Internal Service Fund accounts for the costs of operating and maintaining the Operations Center which is used by multiple departments of several funds.

### **Component Units**

The Downtown Development Fund accounts for programs aimed at the economic revitalization and renovation of the City's downtown area. Revenues are provided by a transfer from other city funds, contributions from the County of Wilson, and a special downtown district property tax.

The Cemetery Fund accounts for the operations of the City's cemeteries and is supported through the sales of burial plots and other charges for services.

## BUDGETARY/ACCOUNTING BASIS

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### Measurement Focus

The City's budgetary and accounting records utilize the current financial resources measurement focus for governmental fund types. The current financial resources measurement focus accounts for the increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. For proprietary fund types, the measurement focus is based upon the flow of economic resources in total net assets (total assets less total liabilities) rather than just net current assets.

### Basis of Accounting

Governmental funds utilize the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both *measurable* and *available*). "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Proprietary funds utilize the accrual basis of accounting for financial statement reporting purposes. Under this basis, revenues are recognized in the period earned, and expenses are recognized in the period incurred.

### Budgetary Accounting

Budgetary accounting is used for the management control of all funds of the City. The annual budget is adopted on the modified accrual basis of accounting and is amended as necessary to ensure efficient operation of governmental and proprietary funds. As a result of proprietary funds being accounted for and budgeted for using different bases of accounting,

differences may be noted as depicted in the following paragraphs.

Proprietary financial statements include depreciation as an expense. Conversely, depreciation expense does not affect the flow of current financial resources and therefore, is not considered for budgetary purposes.

Capital outlays are not reflected in the financial statements of proprietary funds because the purchase of a capital item does not affect the fund's economic resources. However, because the budget is adopted using modified accrual for all funds, capital outlay acquisitions are treated as expenditures regardless of the fund type.

Capital leases are included in the City's annual budget at their inception at the net present value of the minimum lease payments. Any debt service requirements are also included in the budget for the year of inception as well as the budgets for subsequent years as necessary.

Generally, expenditures are recognized when the related liability is incurred. However, principal and interest on general long-term debt and vacation and sick pay are recognized as expenditures when paid.

The budget does not distinguish between encumbrances and expenditures; therefore, encumbrances are treated essentially the same as expenditures for budget purposes. Encumbrances at year-end are not considered as expenditures but are a commitment of appropriated funds to purchase an item or service. To encumber is to set aside or commit funds for future expenditures.