Questions from May 28 Budget Public Hearing

1. Why do you need to increase the taxes by ~5%?

Raising the tax rate from .41 to .43 will increase revenues by roughly $50,000.

1. So the balanced budget is by increasing taxes why not use some of the money over-collected during the past many years?

The budget also calls for an appropriation from the general fund balance.

1. Do you have designated times in this next year for revisions in the budget?

Revenues and expenses will be reported monthly. At mid-year trends will be analyzed and changes considered.

1. What plans are in place to cut expenses if the projected income appears to fall short?

A mid-year review will analyze revenue and expense trends. Necessary recommendations will be developed based on that analysis.

1. What are the worst-case scenarios for income and expenses that you have projected?

The proposed budget is a conservative budget, meaning that that we budgeted revenues assuming shortfalls would be stark. Some local governments are projecting sales tax revenues to decline between 11% and 30%. There is not much consensus for either extreme. We have followed the model of economists working with the League of Municipalities to budget for an 18% shortfall.

1. If total valuation increases each year and expenses increase each year, what will happen if the total valuation decreases?

The NC Constitution requires municipalities to pass a balanced budget. There are multiple strategies, from cutting expenses, to raising revenues, to appropriating fund balance. Each year is evaluated independently and ultimately the Commission guides the process to apply the best strategy, or set of strategies, to each particular budget cycle.

1. What is the projected effect that Ridgecrest will have on Montreat valuations?

We have not valuations at this time that specifically connect Ridgecrest to Montreat.

1. Is an expense item for repairing the cracks in the roads to we do not have to spend more money on roads?

The Streets Department’s line 10-20-5600-340 is for “repair and widening.”

1. Has the water problem in the old town hall been solved? When will it be solved?

The water problem has been addressed but not solved. Previous administrations dug trenches along the back and side of the building as well as replaced the roof.

1. If there the Powell bill appropriation is zero for this year where was this money spent in the 2020-2021 budget?

Though capital outlay for the Streets Department is zeroed out this year, other eligible line items are funded. Such line items include ‘repair and widening’ and ‘road maintenance.’

1. Why did the retirement increase from 18-19 to 20-21 by ~12,000

Retirement for all departments increased by $9,318. The State mandates rates for the Pension system. This year’s budget reflects those costs.

1. How does this line up with the average wage earner in Buncombe county receiving 3%?

Local government workers in Buncombe County are budgeted for the following:

|  |  |  |
| --- | --- | --- |
|  | COLA | Merit |
| Montreat | 0% | 0% |
| Biltmore Forest | 2% | 0% with review in 6 months |
| Black Mountain | 1% | 0% |
| Woodfin | 3% | 0% |
| Weaverville | 1.5% | 1.5% |
| Asheville | 0% | 0% |
|  |  |  |

1. What are the professional services? Do we need this much?

“Professional Services” include legal fees, auditor fees, surveyors, engineers, and architects.

1. Why did capital outlay increase?

“Capital Outlay” includes large purchases or projects planned for in the Capital Improvement process, usually exceeding $5,000 in value and tangibly lasting at least 1 year. The Administrator Recommended budget included capital outlay for furniture, and finance and water billing software. However, the Commission decided to defer the municipal and finance software from this year’s budget.

1. Why are the salaries and wages increasing?

No cost of living adjustments (COLAs) or merit increases are included in this year’s budget. However, a few employees have yet to complete their first year of employment. This means that not only do we have to include a full year’s salary in this year’s budget fort those positions, but we also have to fund the obligated probationary increases for those positions.

1. Why do we have one of the highest retirement packages of any group of workers in
   1. Buncombe county?

Municipalities in NC are required to participate in the Local Government Employees Retirement System (LGERS.) It is industry standard to also offer 401K contributions. The following table lists the 401k matches of area local governments:

|  |  |
| --- | --- |
| Montreat | 5% |
| Biltmore Forest | 5% |
| Black Mountain | 5% |
| Woodfin | 8% |
| Weaverville | 6.5% |
| Asheville | 5% |
| Buncombe County | 8% |

1. Why did postage increase almost 5 times? Is this ongoing?

Postage, decreased by 3% in the Administration Department, increased by 6.67% in the Police Department (representing $1), and decreased by 4% in the Water Department.

1. Why was this the person moved to the water department?

We have one employee predominately dedicated to water services. All employees in the Public Works Department assist with any projects that require more manpower. In the past we have split the salary for the one position between Public Works and Water, but that did not reflect the reality o the function. This year we moved the entire salary to Water to clean up payroll accounting.

1. Why has the auto supplies increased 536%

Auto Supplies include gas, oil, and tires for two vehicles - as well as safety inspections and boom repairs for the bucket truck. Also, in FY 19-20 the Public Works Department purchased a new truck, minimizing maintenance costs for that year.

1. As the updated Budget was sent only hours before the meeting, it would have been helpful for changes made to have been highlighted in red, or a cover letter stating the changes.

This suggestion has been noted and included in the latest version of the budget.

1. Please, Detail changes made from the first proposal.

Changes between the Administrator’s recommended budget and the Commission’s workshop have been highlighted in yellow.

1. On page 18 of the document, explain the figures for the operating expenses for Governing Body.

The various operating expenses for the Governing Body Department are itemized and discussed on pages 45-48 of the agenda packet for the June 11th meeting. (<https://townofmontreat.org/wp-content/uploads/2020/06/packet06112020.pdf>)

1. Why are the figures so different in each of the fiscal years listed?

Various factors drive changes between fiscal years, including inflation, priority changes, and actual vs. projected costs.

1. The only item identified under this line item was for audit expenses.  Were audits that high in FY 19/20?  If so, why? If not were there other expenses?  If so what were the specific expenses paid?  
   Between 07/02/2018 and 01/08/19 the Town of Montreat paid $41,950 for Audit Services. Some of these expenses crossed fiscal years. However, the Town bid out new auditors and is not contracting for a lower price.
2. In the original budget proposal, the Flat Creek Bridge was not included. Have not had time to review current proposal to see if it has now been included.  
   Texas Road Bridge is not included in the proposed budget.