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*Dr. Linda R. Jordon, Mayor*  
*Jordan McMillen, Town Manager*

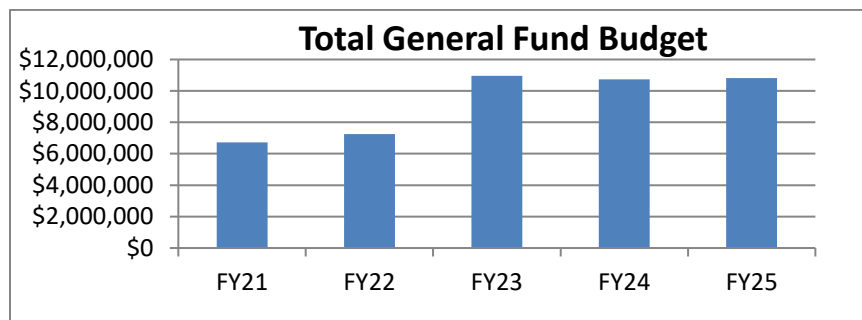
May 2, 2024

Honorable Mayor and Members of the Town Council:

Pursuant to the North Carolina Local Government Budget and Fiscal Control Act and General Statutes 159-11, I am pleased to present the Fiscal Year (FY) 2024-2025 Budget for your review and consideration. The following message summarizes and highlights significant elements of the budget, particularly in those areas where notable changes have occurred from the FY2023-2024 budget.

### Proposed Budget – General Fund Overview

The General Fund Budget, which includes all tax supported governmental activities, is proposed to be \$10,823,135 which represents an increase of \$90,510 or 0.84% from the current year adopted budget. The proposed budget includes a tax rate of \$0.40 per \$100 in value.



The budget provides sufficient funds to maintain the current level of Town services while beginning to think strategically about future needs and capital projects. The budget was prepared in accordance with the Town’s mission, vision, and values and advances the Town forward for the next several years. Some of the budget highlights are as follows:

- The revenue neutral rate for the coming year is 27 cents. The budget proposes a tax rate of 40 cents compared to 42.5 cents in the prior year which allows the Town to cover increased costs, set aside funds for future capital projects, and prepare for an upcoming loss of \$500,000 in annual revenue.

Revenue Neutral Tax Rate Calculation	
(1) FY 2024 Tax Value	\$ 707,939,797
(2) FY 2024 Tax Rate	0.4250
(3) Tax Revenue Yield	\$ 3,008,744
(4) FY 2025 Tax Value	\$ 1,151,106,055
(5) New Tax Rate Before Growth	0.261
(6) Growth Factor	2.08%
(7) Revenue Neutral Tax Rate	0.27

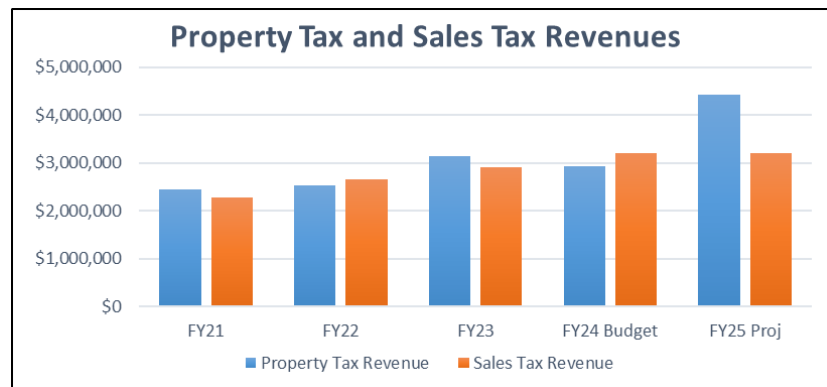
- The budget prepares the Town for future growth and service needs and begins planning for future capital projects. This is apparent with the development of a town roadway specification manual, a public safety facility location assessment, a soccer/multipurpose field study, a pavement condition assessment and on-call engineering services.
- The budget advances the town’s information technology and broadband availability to include improving security measures and cameras, refreshing end-of-life network

components, transitioning from a Virtual Office Advantage to a Modern Office Advantage environment to streamline operations, and providing public Wi-Fi access at the Athletic Park.

- The budget invests in the growth, retention, and compensation of our greatest resource – our employees. The budget funds the full year cost of the recently implemented salary study, provides a cost-of-living adjustment to offset inflation, continues a merit program that encourages employees to excel, funds department head leadership training and employee professional development and introduces additional ways for recognizing employees and contributions.
- The budget prioritizes employee and resident safety through investments in public safety equipment and replacements while meeting the need for public safety’s assigned vehicle program.
- The budget focuses on community appearance through dedicated part-time staff for litter cleanup and updated signage at the recycling center.

### General Fund Revenue Highlights

2024 is a revaluation year for property values. North Carolina General Statute 159-11(e) requires the revenue neutral rate for property taxes be published in the budget in a revaluation year. G.S. 159-11(e) defines the revenue neutral rate as the “rate that is estimated to produce revenue for the next fiscal year equal to the revenue that would have been produced for the next fiscal year if no revaluation had occurred.” The revenue neutral tax rate with growth is \$0.27.



### Ad Valorem/Property Taxes

The proposed budget generates \$4,424,429 in ad valorem tax revenue based on a property tax rate of 40 cents per \$100 valuation at a collection rate of 97.85% and post revaluation tax values estimated by Granville County at \$1,151,106,055 for real and personal property. The ad valorem tax revenue includes \$340,000 in anticipated motor vehicle tax proceeds. Tax values increased approximately 61% because of the revaluation and one penny on the tax rate generates \$112,636 in revenue. The proposal to use a tax rate above the revenue neutral rate will generate funds that can be set aside for future capital needs while planning for the loss of \$500,000 in revenue from SGWASA after FY27. The figures below depict annual tax base changes and tax rates for the past several years. The negative growth in tax value projected from FY23 to FY24 is a result of a large discovery made by the tax office in FY23. The FY24 and FY25 tax base below will fluctuate until all revaluation appeals are finalized and until the Town’s audit is complete for each respective fiscal year.

Fiscal Year	Tax Base	Tax Rate
<b>FY 2018</b>	\$610,643,056	<b>36.5 ¢</b>
<b>FY 2019</b>	\$641,089,752	<b>36.5 ¢</b>
<b>FY 2020</b>	\$646,579,231	<b>36.5 ¢</b>
<b>FY 2021</b>	\$674,956,328	<b>36.5 ¢</b>
<b>FY 2022</b>	\$700,704,384	<b>36.5 ¢</b>
<b>FY 2023</b>	\$744,983,295	<b>42.5 ¢</b>
<b>FY 2024 Proj.</b>	\$707,939,797	<b>42.5 ¢</b>
<b>FY 2025 Proj.</b>	\$1,151,106,055	<b>40 ¢</b>

\*FY17-23 based on Audit; FY24 & 25 projections from Tax Office

### Local Sales Taxes

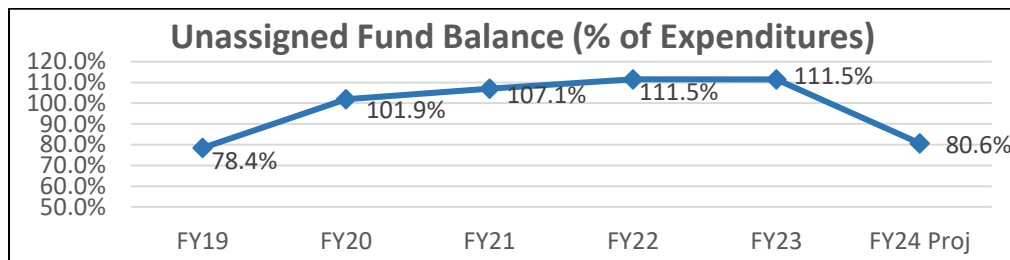
Sales tax revenue is the Town’s second largest source of revenue and is projected to be 30% of revenues. Sales tax collections increased significantly through the pandemic (FY21 and FY22) and were impacted positively when the state began collecting sales tax on internet purchases. Sales tax revenue increases are showing signs of cooling off and coupled with a strong increase in the prior year budget, staff is projecting level sales tax revenue in the upcoming budget. Total sales tax revenues are projected at \$3,203,616 for FY25.

### Other Revenues

Investment earnings continue to outpace budgeted amounts due to recent interest rate increases. We anticipate receiving \$319,192 in FY25, which is a decrease of \$65,338 from the prior year budget. Investment earnings have increased significantly from \$15,000 two years ago, although we believe growth will slow down as the federal interest rate is lowered. The town’s agreement with DHHS for providing public safety and fire protection to central regional hospital is scheduled to increase 3% in the coming year resulting in an increase of \$28,809. The current agreement is through FY25 with an option to extend thereafter. The Town continues to receive \$500,000 annually from SGWASA because of the Town’s incorporation following the formation of SGWASA (session law 2006-159). This major revenue will end after FY27, and the budget recommends a rate above revenue neutral to offset a portion of this future loss in revenue. The budget sees an increase of \$44,953 in revenue from Granville County Schools due to budgeting the full year cost and reimbursement of the School Resource Officer added in the prior year. We anticipate an increase of \$7,244 from the Granville County fire tax that is provided for mutual aid and coverage in portions of the Butner fire district outside town limits. These funds also cover the cost of our volunteer fire fighter workman’s comp and retirement supplements.

### Fund Balance

The budget is balanced without budgeting any use of fund balance. We project unassigned fund balance to be 80% of expenditures by the end of FY24 following a large transfer to the capital fund.



\*Fund balance projected to decrease following transfer to Capital Fund in FY24.

### General Fund Expenditure Highlights

The Town continues to manage expenditures very well and is set to reduce operational expenses in FY25. Overall general fund expenditures are increasing 0.84% or \$90,510, although \$1,332,841 that was included in the prior year budget for the ladder truck purchase was removed. We anticipate carrying this forward after the new fiscal year begins and when added, the budget will increase approximately \$1.4 million over the prior year. Overall personnel costs are set to increase 8.5% with operational costs decreasing 0.7% and capital costs decreasing 18.5%.

	FY24-25 Total	Amount Increase/ (Decrease)	Percentage Increase/ (Decrease)
<b>Personnel Cost</b>	\$6,812,868	\$534,283	8.5%
<b>Operational Cost</b>	\$2,113,495	(-\$14,412)	(-0.7%)
<b>Capital Outlay</b>	\$1,896,772	(-\$429,361)	(-18.5%)
<b>Overall</b>	<b>\$10,823,135</b>	<b>\$90,510</b>	<b>0.84%</b>

### Personnel Expenses

The town’s personnel costs are increasing \$534,283 due primarily to the following three items:

- Full year salary study impact - \$285,000
- Cost of living adjustment (3%) - \$134,339
- Merit Pay - \$123,144

The salary study was completed in December 2023 and implemented in March 2024. The full year salary study cost is new to the budget in FY25 and totals \$285,000. The town completes a salary study at least once every five years to ensure employee compensation is in line with the market. The proposed budget includes a 3% cost of living adjustment for employees with a full year cost of \$134,339. This percentage is based on the consumer price index for the South Region of the United States and the salary and benefits survey conducted by the North Carolina League of Municipalities. The third major personnel increase relates to the Town’s merit pay program. The budget includes raising the “exceeding expectations” performance level by 0.25% from the prior year which would result in increases ranging from 1.5% to 3% based on performance. The estimated budget impact of the merit pay is \$123,144.

No new full-time positions are included in the budget and one new public works part-time position (\$20,000) is proposed for litter cleanup. The Town will continue its relationship with Blue Cross Blue Shield as the provider for employee medical insurance and after being quoted a 7% increase, staff negotiated this down to no increase for the coming year. Dental premiums with Metlife are increasing 3% for FY24-25 and no increases are expected for vision insurance. The town’s state mandated retirement contributions continue to increase with the rate going from 12.85% to 13.6% for general employees and from 14.1% to 15.1% for law enforcement. The impact of this increase totals \$51,211.

### Operational Expenses

The proposed budget reduces operational expenses by \$14,412. Notable expenditure increases include \$67,250 in onetime costs for improving the Town’s IT environment and refreshing end-of-life network components, \$40,000 to develop a town roadway specification manual, \$15,000 for on-call planning assistance, \$18,300 for a facility location assessment for Public Safety, \$15,633 for

providing public safety officers with phones and wireless connectivity, and \$10,000 in recurring costs to add public Wi-fi at the Butner Athletic Park.

**Capital Outlay and Capital Improvement Plan (CIP)**

Budgeted capital expenditures are down \$429,361 and do not include \$1.34 million that was in the prior year budget for a ladder truck purchase. This cost will be rolled forward into the new budget in July although we do not anticipate making this payment until the truck is finished in fall 2025 (FY26). Staff has developed the Town’s first ever capital improvement plan which has an estimated cost of \$15 million over the next five years and the projects/purchases from year one of the plan are included in the proposed budget. The upcoming year is one of preparation for future capital projects. The total capital outlay costs in the proposed budget are \$1,896,772.

Department	Description	Cost
<b>Public Works</b>	Vehicle replacement	\$60,000
<b>Town Hall</b>	Vehicle replacement	\$40,000
<b>Town Hall Council Rm.</b>	Chairs replacement	\$15,000
<b>Butner Public Safety</b>	6 Patrol vehicles and equipment	\$405,000
<b>Butner Public Safety</b>	Body camera replacement	\$55,597
<b>Butner Public Safety</b>	Radio replacements	\$60,120
<b>Butner Public Safety</b>	Turnout gear replacement	\$21,420
<b>Butner Public Safety</b>	Fire fighter helmets	\$5,600
<b>Butner Public Safety</b>	Pistol replacements	\$26,635
<b>Butner Public Safety</b>	6 Flock LPR Cameras	\$21,900
<b>Butner Public Safety</b>	UAV - Drone	\$15,000
<b>Butner Public Safety</b>	Car camera server replacement	\$10,000
<b>Butner Athletic Park</b>	Turf equipment	\$22,000
<b>Gazebo Park</b>	Inclusive playground	\$100,000
<b>Gazebo Park</b>	Pickleball court	\$8,500
<b>Sports Arena</b>	Parking Lot Expansion Design	\$50,000
<b>Recreation/Planning</b>	Soccer/Multipurpose Field Study	\$40,000
<b>Transfer to Capital Fund</b>	Gateway Study/Design	\$500,000
<b>Transfer to Capital Fund</b>	Annual Appropriation	\$440,000
	<b>Total</b>	<b>\$1,896,772</b>

**Powell Bill Fund (Fund 11)**

The total Powell Bill fund budget for FY25 is \$235,256 and as of January 2024 the fund has a balance of \$497,196. Powell Bill funds are received from the state and used to maintain, repair, construct or widen streets, bridges, bike paths, greenways, sidewalks, or drainage areas. The state allocates funds based on a formula with 75% based on population and 25% based on number of municipal maintained street miles. The Town maintains 16.96 miles of streets.

**Special Revenue Fund – Local Vehicle Fee (Fund 21)**

The Town charges \$10 per vehicle with half going to the general fund and half staying in the local vehicle tax fund. The funds are permitted to be used for maintaining and repairing the town’s local streets. We anticipate receiving \$35,000 in the local vehicle tax fund in FY25 and have budgeted an expenditure of \$34,850 to complete a pavement condition assessment of Town Streets. The total fund balance for the local vehicle tax fund is \$139,013 as of January 2024.

### **Stormwater Fund (Fund 62)**

The total stormwater budget for FY25 is \$493,592 with no changes in the stormwater fee. The fund has a balance of \$1,870,382 as of January 2024. Major expenses for FY25 include \$23,393 to SGWASA for IAIA, \$13,900 in UNRBA dues, and \$31,000 for shared stormwater services with Granville County. The fund absorbs a percentage of the salary and benefits for the staff of the Planning and Zoning Department (25%) and the Public Works Department (29%).

The Town is a part of the Granville-Person regional stormwater utility which includes Creedmoor, Stem, Granville County and Person County. The stormwater fee is necessary to provide the revenue to offset the cost incurred by the Town because of Falls Lake being named an impaired body of drinking water by the Environmental Protection Agency. The fee for the participating jurisdictions has remained the same since it was created in 2012 and the utility's consultant (Raftelis) is evaluating the need for future rate adjustments to keep up with future program costs.

### **In Closing**

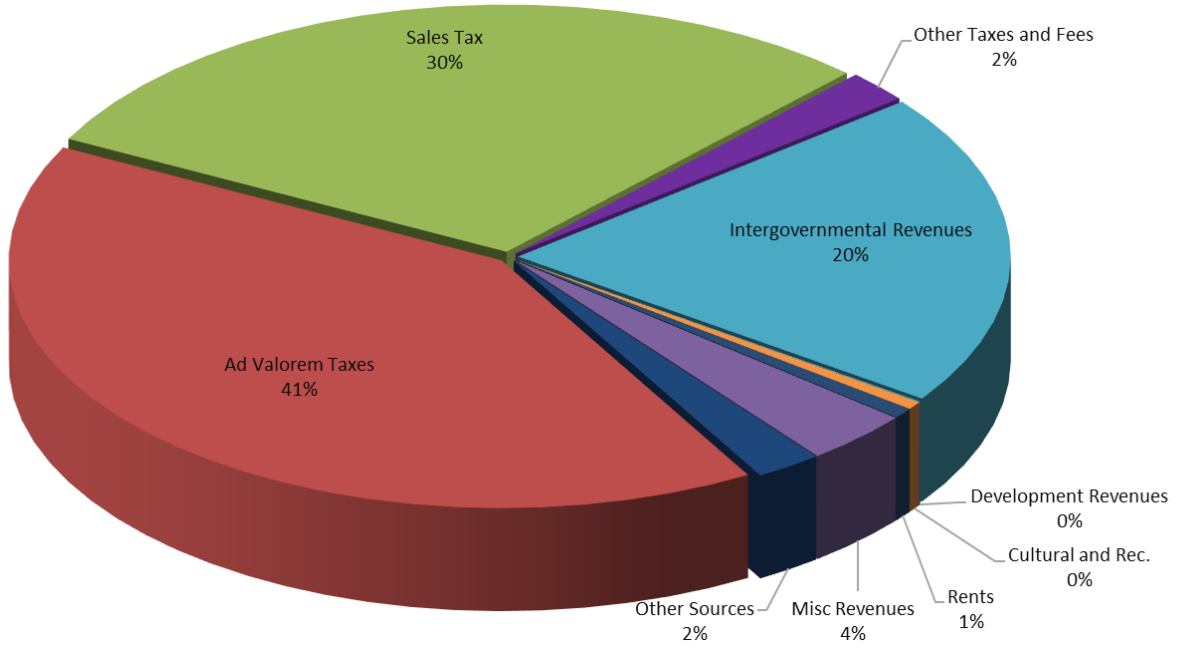
The Town has experienced significant change in the last year with new council members, a new Town Manager and two new Department Heads. Council has recently adopted new mission, vision, and value statements which highlight the Town's rich history and diverse culture and recognize how the town is evolving, growing, and advancing forward. The budget positions the Town well for the future and sets several things in motion planning for its future growth. The increased values from the revaluation have created an opportunity to set aside funds for future capital projects while planning for a major loss in revenue after FY27. It has been a pleasure working with department heads and town staff in preparing this budget.

Respectfully Submitted,



Jordan McMillen  
Town Manager

### FY2024-25 General Fund Revenues



### FY2024-25 General Fund Expenditures

