

**BUDGET MESSAGE TO MAYOR AND TOWN BOARD
TOWN OF MOUNT OLIVE FOR FISCAL YEAR 2020 - 2021**

In accordance with the Local Government Budget and Fiscal Control Act, the proposed annual budget for Fiscal Year 2020-2021 for the Town of Mount Olive is presented for your consideration.

This proposed budget is a no frills projection of revenues and expenditures. The Town's unassigned fund balance as of June 30, 2019 was \$369,019.00 or 9.00% of total general fund expenditures. Indications are that this amount will increase with the FY ending June 30, 2020. As the Town continues to reduce debt we intend to work to build this fund, balance with a goal of a 50% unassigned balance or 6 months of operating expenses in reserve. We are working with Sharon Edmundson and the Fiscal Management Section, State and Local Government Finance Division to help us work toward this goal.

Due to concerns related to the COVID 19 crisis, we have not included any salary adjustments in this budget. We have anticipated a 22% reduction in sales and use tax revenue due to business closures during the coronavirus pandemic. Action taken in the 2019 – 2020 fiscal year budget has had a positive impact on revenues in the water/wastewater fund with revenues running some \$500,000 ahead of the previous year. The fact that Mount Olive Pickle continues to operate at increased capacity even with the COVID 19 situation bodes well for our water/wastewater revenues. There are no proposed rate changes in the FY 2020 – 2021 budget.

It is proposed that the tax rate be maintained at 64 cents per \$100 valuation. At the present tax base valuation of \$254,062,030.00 (a ½ % increase over 2019), one cent on the tax rate generates \$25,406.20 in revenue. We did not increase property tax projections in this budget.

The Local Government has continually expressed concern that water and sewer revenues are not adequate to cover operating expenses and debt service. The rate adjustments adopted in the FY 2019- 2020 budget are anticipated to generate approximately \$354,925 in increased water/wastewater revenue which bodes well for a healthy water/wastewater fund. We continue to have one of the lowest water rates in the state and our sewer rates are at or below the statewide median. As of the most recent statewide rate study,

The 2020 – 2021 budget includes an no increase in solid waste fees. The current fee per household is \$18.00 per month.