

Town of Williamston South Carolina



Annual Operating Budget
2016-2017

FY 2016-2017 OPERATING BUDGET - TOWN OF WILLIAMSTON, S.C.

July 11, 2016

Members of the Town Council and
Citizens of the Town of Williamston, South Carolina

Dear Members of Town Council and Citizens:

I am pleased to present to members of Town Council, the citizens of Williamston, Town Employees, and other interested readers the adopted 2016-2017 operating budget for the Town of Williamston, South Carolina. A great deal of study and review by our management team has been devoted to the preparation of this budget.

The focus of the 2016-2017 annual budget is to provide excellent service to the citizens of our Town. Major services include police, fire, sanitation, water, and sewer. Our goal is to maintain a high level of service while stabilizing the Town's financial position, without increasing the financial burden on our citizens.

The budget for all funds is \$4,866,673 an increase of \$89,075 over previous fiscal year. A highlight of all funds is included in the summary section.

Achieving a balanced budget requires many meetings and discussions between management and Town Council before a final budget plan can be put in place. This budget calls for no increase in millage, permits, fines, water, or sewer or rates.

Budget Highlights

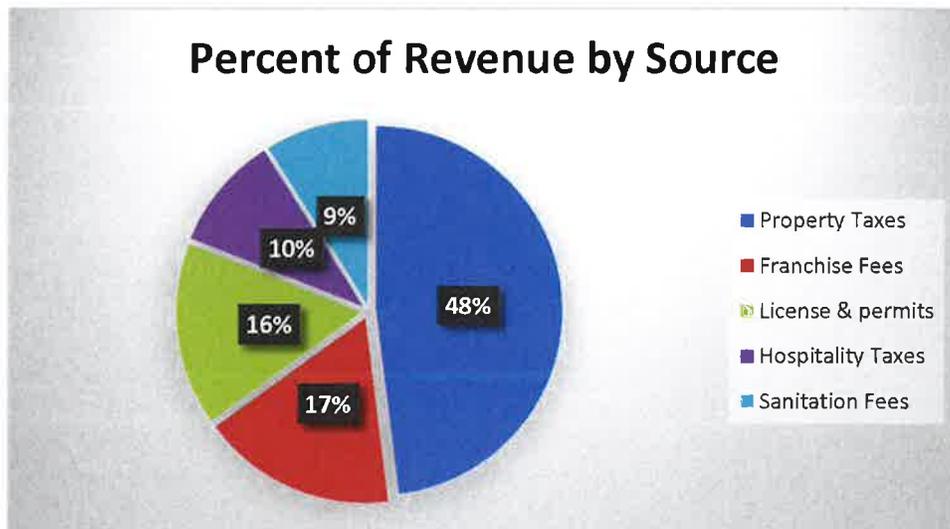
General Fund – Expenditures & Revenue

The general fund expenditures are budgeted to increase from the previous year by \$92,410. The increase is primarily due to salary increases granted to employees.

General Fund Revenues are projected to increase from the previous year by 3.2%.

The five most significant sources of revenue for the general fund are:

- Property Taxes
- Franchise Fees
- Licenses & Permits
- Hospitality Taxes
- Sanitation Fees



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This budget reflects the following increases or decreases in the top five sources of revenue for the general fund compared to June 30, 2015 and 2014.

	BUDGET	2015	2014
Property Taxes	1,094,000	1,034,550	1,003,468
Franchise Fees	358,000	371,278	386,331
License & Perm	325,000	347,910	309,950
Hospitality Tax	185,000	215,541	191,453
Sanitation Fees	190,000	190,991	190,412

SANITATION FEE SHORTFALL

The South Carolina Department of Health and Environmental Control requires an annual reporting of the actual cost of handling solid waste. The most current report shows the cost of sanitation services provided for the citizens of the Town of Williamston was **\$302,502**. When compared to the fees collected of **\$188,551** a short fall of **\$113,951** occurs. Over the past ten years the fees charged for sanitation collection services have been significantly reduced. Currently, fees collected only cover **62%** of the actual cost associated with solid waste collection and disposal. This shortfall must be made up by reducing other departmental budgets some of which affect public safety.

STATE REVENUE

The Town annually receives revenue from the State of South Carolina as outlined below compared to 2015 and 2014.

	BUDGET	2015	2014
Payment in lieu of taxes	6,500	7,565	8,251
Homestead exemptions	91,000	92,126	93,225
Merchants inventory	7,204	7,207	5,406

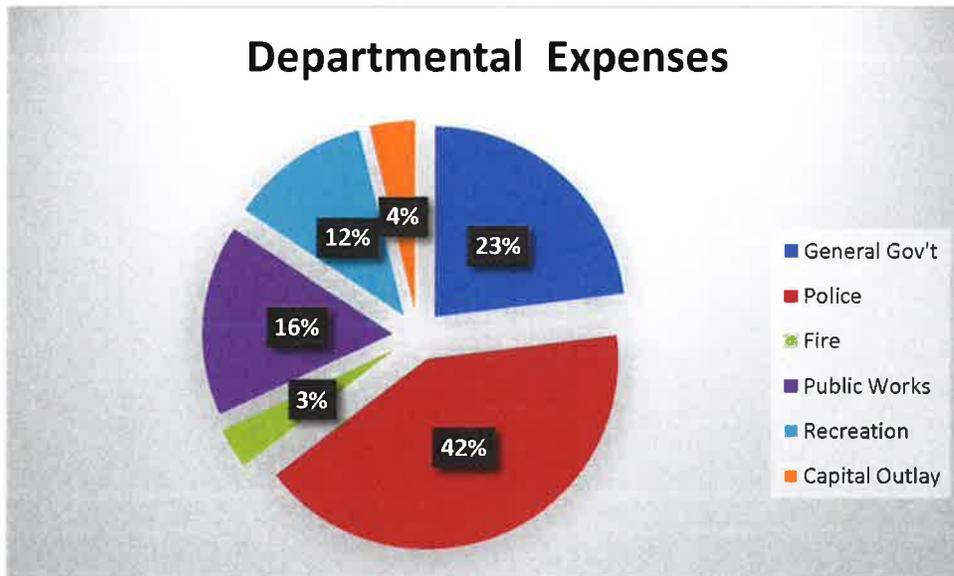
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Manufacturing exemption	35,000	31,264	31,470
SC local gov't fund	75,000	66,143	87,373

GENERAL FUND EXPENDITURES

The principal categories of expenditures for the general fund are: general government, police, fire, public works, recreation, capital outlay, and debt service. The following table shows the budgeted expense by department for the budget year compared to data for the previous two years:

	BUDGET	2015	2014
General Gov't	535,640	576,053	622,015
Police	969,797	1,039,790	984,088
Fire	139,824	88,000	84,750
Street	406,784	406,656	416,070
Recreation	219,959	297,383	347,279
Capital Outlay	61,000	95,500	170,800
Debt Service	0	0	0



Note on police department budget

The Town of Williamston provides three school resource officers to Anderson County School District One. The cost of these resource officers is fully reimbursed to the Town by the School District. The proceeds from this reimbursement is included in revenue and the expense is budgeted in the police department. The current year’s police department budget is \$1,081,166 reduced by \$166,369 which will be reimbursed to the Town by Anderson School District 1.

The recruitment and retention of quality police officers is directly related to the level of compensation provided. The Town of Williamston employs 16 (nonsupervisory) police officers. The average hourly pay rate for this group is \$14.88. The following table displays the average pay rate of police officers employed by eleven South Carolina Municipalities with populations ranging between 3,000 and 5,000.

<u>Municipality</u>	<u>Average Pay Rate</u>
Edgefield	\$14.54
Kingstree	15.11
Manning	15.26
Mullins	14.25
Pickens	15.63
Saluda	13.82
Surfside Beach	20.29
Travelers Rest	17.07
Walhalla	15.23
Williston	15.47
Woodruff	15.96

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Average of the above	15.63
Median of the above	15.23

When the above municipalities are compared to the Town of Williamston, our Town is \$.83 below the average pay rate of the other eleven municipalities and is \$.43 below the median pay rate.

Three year comparison of General Fund Departmental Budgets

	2016	2015	2014	2013
General Gov't	540,641	576,053	622,015	401,917
Police	969,797	1,039,790	984,088	1,043,375
Fire	139,824	88,000	84,750	84,802
Street	406,784	406,237	416,070	413,824
Recreation	219,959	297,383	347,279	275,982
Capital Outlay	61,000	95,500	170,800	234,000
Debt Service	0	0	0	0

In summary, General Fund expenditures show a net decrease of \$164,958 or 7.1% from the previous fiscal year. Areas of expenditures that continually increase are health insurance costs and the South Carolina Police Officers' Retirement System.

- For the past three years employee health insurance costs have increased annual by an average of 25%. Included in the General Fund budget is an increase of \$100,000 to cover anticipated increases in the cost of health insurance coverage for Town employees and their families.

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- For the Town's Public Safety Employees who participate in the South Carolina Police Officers Retirement System, rates have increased as follows:

<u>Fiscal year ended</u>	<u>Rate %</u>
6-30-2014	12.44
6-30-2015	13.01
6-30-2016	13.34

No increase in the rate for the Police Officers Retirement System has yet been announced for the fiscal year ended June 30, 2017.

For the current budgeted year, an amount of \$73,789 has been budgeted to cover the Town's expense of providing this retirement benefit.

FUND BALANCE

At the end of the most recent completed fiscal year which was June 30, 2015, the Town recorded a General Fund Balance of \$2,013,966. Of this amount, \$139,864 was restricted as shown:

Cemetery maintenance	\$52,722
Victim's Assistance	8,357
Qualified hospitality expenditures	78,785

Of the total balance as of June 30, 2015, \$1,874,102 was unassigned. We believe that this balance represents the Town's stable financial condition.

WATER FUND

The Town of Williamston provides water service to approximately 2,300 business and residential customers. Water is purchased from the Anderson Regional Joint Water System under a contractual agreement. The highlights of the agreement include:

- The contract allocates a percentage of the water treatment plant's total capacity to each member with the member agreeing to pay the System's debt service (monthly) based on its representative percentage of plant capacity, together with certain operating and other expense proportionate to its percentage of plant capacity. The Town of Williamston's proportion of plant capacity is 2.89% of the plant's total capacity of 45 million gallons per day.
- The cost of future capital improvements (not increasing the system's capacity) is to be shared by members according to their respective percentage of plant capacity.

WATER REVENUES

Revenues from water operations are recorded as water services, tap fees, reconnect fees and miscellaneous revenues. For comparative purposes, the data listed below is shown for 2015 and 2014.

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	Budget	2015	2014
Water services	915,000	958,353	980,646
Tap fees	2,800	6,000	2,900
Reconnect fees	7,500	7,500	6,725
Miscellaneous	6,000	12,404	4,769

Budgeted operating expenses for the water fund are listed in the following table:

	Budget	2015	2014
Number of employees	3	3	1
Salaries	122,770	83,518	23,950
Payroll taxes	8,732	6,246	2,075
Retirement	12,454	10,892	2,876
Health insurance	24,649	18,477	7,762
Transportation	0	2,026	1,622
Operating exp.	762,695	597,331	642,326
Debt service	0	0	0

Management concerns regarding the operation of the water fund include:

- To lessen the burden of water costs on the local citizens, the last three cost increases by the Anderson Regional Joint Water System have not been passed along to water customers.
- The water system infrastructure is quite old (75 years old or more). This aged system is resulting in frequent water line breaks and costly repairs. The cost of maintaining the Town's aged water distribution system and the increased costs of purchased water cannot continue to be absorbed and not passed along to customers.

SEWER FUND

The Town of Williamston provides sewer service to approximately 2,300 business and residential customers. In 2012, the Town completed a new \$6.5 million waste water treatment plant. However, the waste water collection system is approximately the same age and condition as that of the water system described above.

SEWER REVENUES

Revenues from sewer operations are recorded as sewer services, leachate treatment, tap fees and miscellaneous revenues. For comparative purposes, the data listed below is shown for 2015 and 2014:

	Budget	2015	2014
Sewer serv.	855,500	918,162	974,103
Leachate	108,000	137,200	132,652
Tap fees	1,000	0	1,000
Miscellaneous	3,500	14,937	20,254

Budgeted operating expenses for the sewer fund are listed in the following table:

	Budget	2015	2014
Number of employees	3	3	5
Salaries	103,130	114,507	165,575
Payroll taxes	7,300	8,333	12,200
Retirement	10,411	16,742	17,120
Health ins.	20,565	33,735	37,700
Operating ex	723,198	627,387	531,282
Debt service	103,396	106,794	108,455

The Town's long term debt obligations for the sewer fund consist of the following as of June 30,2015:

- 2010A Sewer Revenue Bonds in the original amount of \$1,008,200, having monthly principal and interest payments of \$3,660 through 2051 at and interest rate of 3.00%. Resources from Sewer operations are and will be used to liquidate this obligation.
- 2010B Sewer Revenue Bonds in the original amount of \$2 743,000, having monthly principal and interest payments of \$9,820 through 2051 at and interest rate of 3.00%. Resources from Sewer operations are and will be used to liquidate this obligation.

Management concerns regarding the operation of the sewer fund include:

The sewer collection system infrastructure is quiet old (75 years old or more). This aged system has frequent sewer line breaks and stoppages which result in costly repairs. The cost of maintaining the Town's aged sewer collection system will continue to increase as the system continues to age.