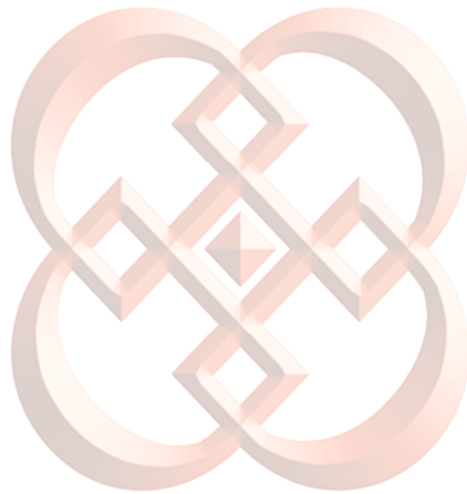


**Fiscal Year
2016-2017**

Proposed Budget



The **Town** *of*
Davidson



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Mayor and Board of Commissioners

John Woods
Mayor

Beth Cashion
Mayor Pro Tem

Board of Commissioners

Stacey Anderson
Jim Fuller
Rodney Graham
Brian Jenest

Jamie Justice
Town Manager

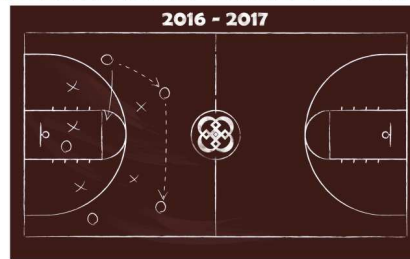
Town Hall is located at 216 S Main St in Davidson NC 28036



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DAVIDSON GAME PLAN



1. Financial

Topic: Financial plan

Outcome: Develop a financial plan that provides guidance for revenue and expenditure decisions

Topic: Finance capital projects

Outcome: Consider projects that could be financed with general obligation bonds and other financing tools

Topic: MI-Connection

Outcome: Determine future options for MI-Connection

2. Mobility

Topic: I-77 Managed Lanes Project

Outcome: Mitigate the impacts of the project during construction

Topic: Davidson Mobility Plan (Comprehensive Transportation Plan)

Outcome: Create a mobility plan for Davidson to improve circulation around town for citizens.

Topic: Greenways

Outcome: Work with Mecklenburg County to evaluate the opportunities and accelerate the construction of our greenway system

3. Economic Development

Topic: Catalyst Study

Outcome: Determine what best serves the needs of the town in the downtown area and create a development strategy to meet those needs

Topic: Economic Development Strategic Plan

Outcome: Update Economic Development Strategic Plan for next five years to maximize the commercial development potential that meets the needs of the community

4. Growth/Planning

Topic: Comprehensive Plan

Outcome: Update Comprehensive Plan to use as our guiding document

Topic: Rural Area Plan

Outcome: Develop implementation strategy for the Rural Area Plan

5. Neighborhood level

Topic: Affordable housing

Outcome: Develop an affordable housing strategy in support of Davidson's values

Topic: Neighborhood needs

Outcome: Service the needs of our neighborhoods; ensure that all feel supported by the town

6. Resources

Topic: Staffing Plan

Outcome: Create a staffing plan using data, staff recommendations, service levels, and metrics that provides a guide for staffing based on community growth and citizen needs (varies by department)

Topic: Facilities Plan: includes all departments, fire stations, public works, police department

Outcome: Prepare for town's future service needs as our population grows to ensure that facilities are planned to provide services to citizens

7. Infrastructure

Topic: Maintenance

Outcome: Identify current infrastructure maintenance needs and develop a plan to address

8. Recreation/Quality of Life

Topic: Active space: athletic fields & courts

Outcome: To increase the athletic field, court, and other active recreation space available for use by citizens

BUDGET PROCESS AND ORGANIZATION

The budget process, by design, requires the involvement of many stakeholders.

FY 2017 budget deliberations began last fall as town staff developed the Capital Improvement Plan. Town staff began internal discussions of potential changes to the town's delivery of services in January, in conjunction with the development of the Davidson Game Plan, which is the Town's 2-year strategic plan. During February and March town staff debated merits of budget requests as final revenue projections were calculated. Cost estimates were based on historical trends or actual quotes. The proposed budget emerged as expenses were prioritized by need, alignment with the Davidson Game Plan, and investment opportunities, this budget was presented at the April 26, 2016 Board work session. Although the budget was largely determined by the April work session, changes will be made after a May public hearing and additional input from the Board of Commissioners. Final approval of the Budget is planned for the June Board meeting.

Document organization

The document reports the manner by which the budget officer has balanced each fund in the **fund overview**. Funds are balanced when revenue sources equal expenditures. **Revenue sources** describe all of the town's major revenue sources and methods used to project revenue. An **expenditure summary** follows. This summary outlines the town's expenditures by major category and also explains major changes in the annual spending plan.

Appendices at the end of the document further examine matters relevant to the town budget.

FUND OVERVIEW

This section of the budget document provides an explanation of fund accounting, and shows the manner in which all funds collectively and individually are balanced for the coming fiscal year.

Local governments use three broad categories of self-balancing funds to budget for, and subsequently to account for, various activities. Those three types of funds are: *governmental* funds, *proprietary* funds and *fiduciary* funds.

Governmental funds used by the Town of Davidson include:

- General Fund, used to account for general operations and activities of the town
 - Powell Bill Fund, which is a subset of the General Fund, used exclusively for many activities related to streets, sidewalks, and greenways construction and maintenance.
- Affordable Housing Fund, a *special revenue* fund, used for a particular purpose.

Proprietary funds are used for services provided to the public on a user charge basis, similar to the operation of a commercial enterprise. The town's proprietary, or enterprise funds, include:

- Storm Water Fund, used repairs or damage mitigation resulting from storm water runoff
- Solid Waste Fund, used to provide collection of household trash, yard waste, fallen leaves, and recyclable materials.

The tables on the following three pages summarize revenues and expenditures for each of the five funds listed above.

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
GENERAL FUND	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
REVENUE					
Property taxes	5,599,347	5,562,485	5,768,102	5,844,258	6,077,275
Sales Tax Revenue	1,126,000	1,240,000	1,365,000	1,498,500	1,662,000
Prepared foods & occupancy taxes	280,000	344,000	321,000	355,000	422,000
Utility franchise taxes	681,000	672,800	670,400	766,250	875,000
Motor vehicle taxes & fees	465,400	567,817	488,000	592,000	658,035
Charges for services	341,290	349,000	356,050	534,800	507,304
Intergovernmental	356,500	373,200	385,190	272,600	295,600
Adequate pub facilities ord proceeds	46,000	-	-	-	-
Contrib & private reimbursements	7,000	-	-	-	-
Miscellaneous/Interest on Investments	28,500	7,800	8,710	13,500	24,000
Fund balance appropriated	-	-	-	21,929	-
Total Revenues and Funding Sources	8,931,037	9,117,102	9,362,452	9,898,837	10,521,214

EXPENDITURES					
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
Governing Body	\$ 75,200	\$ 87,945	96,073	110,377	128,898
Administration	951,420	1,009,629	984,451	940,035	973,254
Legal	79,350	120,966	149,614	124,810	136,079
Buildings and Grounds	597,605	167,500	199,437	190,100	208,700
Police Department	1,731,420	1,697,120	1,707,935	1,681,741	1,938,641
Fire Department	762,228	733,367	867,272	1,101,840	1,198,235
Public Works	1,331,603	1,320,324	1,431,839	1,571,470	1,754,508
Planning	311,736	258,545	335,264	359,784	516,597
Economic Development	325,896	343,871	373,852	378,593	446,469
Travel and Tourism	263,220	326,449	322,422	372,360	358,751
Recreation	446,210	505,333	466,159	466,888	398,280
Parks	651,665	691,167	772,369	1,010,696	836,713
Non Dept & Service Agencies	50,000	464,886	270,765	453,443	426,032
Non Dept - Contribution to Capital Projects	1,353,484	1,390,000	1,385,000	1,136,700	1,200,057
Total Expenditures	\$ 8,931,037	\$ 9,117,102	\$ 9,362,452	\$ 9,898,837	\$ 10,521,214

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
POWELL BILL FUND	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
REVENUE					
Powell Bill Revenue	\$ 280,100	\$ 292,900	\$ 307,350	\$ 312,954	\$ 318,323
Total revenues and funding sources	\$ 280,100	\$ 292,900	\$ 307,350	\$ 312,954	\$ 318,323
EXPENDITURES					
Engineering	\$ 9,000	\$ 55,000	\$ 76,000	\$ 40,000	\$ -
Supplies & Materials	-	5,000	-	-	-
Street Repair/Resurfacing	178,250	126,835	138,320	272,954	318,323
Contracted Services	-	10,000	-	-	-
Debt service	92,850	96,065	93,030	-	-
Total expenditures	\$ 280,100	\$ 292,900	\$ 307,350	\$ 312,954	\$ 318,323

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
AFFORDABLE HOUSING	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
REVENUE					
Fund Balance Appropriated/Transfer from GF	\$ 37,200	\$ 19,823	\$ 21,164	\$ 31,822	\$ 33,226
Total revenues and funding sources	\$ 37,200	\$ 19,823	\$ 21,164	\$ 31,822	\$ 33,226
EXPENDITURES					
Personnel	\$ 35,700	\$ 19,423	\$ 19,840	\$ 30,098	\$ 31,526
Operating	1,500	400	1,324	1,724	1,700
Total expenditures	\$ 37,200	\$ 19,823	\$ 21,164	\$ 31,822	\$ 33,226

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
STORM WATER FUND	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
REVENUE					
Storm Water Fees	\$ 285,000	\$ 180,300	\$ 249,920	\$ 218,000	\$ 218,000
Total revenues and funding sources	\$ 285,000	\$ 180,300	\$ 249,920	\$ 218,000	\$ 218,000
EXPENDITURES					
Storm Water Contract	\$ 285,000	\$ 174,732	\$ 174,920	\$ 183,000	\$ 48,000
Contract Services					120,000
Contingency	-	-	75,000	35,000	50,000
Land Development Support	-	5,568	-	-	-
Total expenditures	\$ 285,000	\$ 180,300	\$ 249,920	\$ 218,000	\$ 218,000

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
SOLID WASTE FUND	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
REVENUE					
Solid Waste Fees	\$ 750,000	\$ 705,000	\$ 682,300	\$ 701,785	\$ 746,520
Total revenues and funding sources	\$ 750,000	\$ 705,000	\$ 682,300	\$ 701,785	\$ 746,520
EXPENDITURES					
Contract - Solid waste collection	\$ 630,000	\$ 593,000	\$ 572,550	\$ 586,885	\$ 573,775
Contract - Recyclables	120,000	112,000	109,750	114,900	131,355
Contingency - Recycling Center	-	-	-	-	41,389
Total expenditures	\$ 750,000	\$ 705,000	\$ 682,300	\$ 701,785	\$ 746,520

REVENUE SOURCES AND ASSUMPTIONS

FISCAL YEAR 2016-2017

This section of the budget document provides an explanation of the major sources of revenue and means used to project anticipated income for the coming fiscal year.

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
GENERAL FUND	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
REVENUE					
Property taxes	5,599,347	5,562,485	5,768,102	5,844,258	6,077,275
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Intergovernmental	356,500	373,200	385,190	272,600	295,600
Adequate pub facilities ord proceeds	46,000	-	-	-	-
Contrib & private reimbursements	7,000	-	-	-	-
Miscellaneous/Interest on Investments	28,500	7,800	8,710	13,500	24,000
Fund balance appropriated	-	-	-	21,929	-
Total Revenues and Funding Sources	8,931,037	9,117,102	9,362,452	9,898,837	10,521,214

Ad Valorem Taxes

\$ 6,077,275 or 57.8% of total general fund revenue

Ad Valorem tax, or property tax, income is based on the current tax rate applied to each \$100 in assessed real and personal property (excluding vehicle) value in the Town limits. Uses for general ad valorem tax revenue are unrestricted.

The tentative budget sets the effective tax rate at \$.35 for FY 2016, the same rate as the FY 2016 tax rate. One cent increase on the tax rate increases ad valorem property and motor vehicle taxes by about \$187,000.

The Mecklenburg and Iredell County tax offices estimate Davidson's taxable property value to be \$1,734,076,872. The gross general tax levy on the estimated tax value equals \$ 6,069,269. For budgeting purposes property tax revenue may not exceed the gross tax levy multiplied by the actual collection rate experienced during the preceding fiscal year. Therefore, based on a 99.72 % collection rate, we anticipate \$6,052,275 in revenues from the 2016 levy. This line item also includes \$25,000 in penalties and interest.

Mecklenburg and Iredell Counties bill and collect property tax revenue for Davidson. The collection fee is \$2 per bill for Mecklenburg County and 1.5% of taxes collected from Iredell County property owners. Funds are wired from Mecklenburg County to the Town on a daily basis during the months of November, December, January, and February and on a monthly basis during the remaining months. Iredell remits monthly to Davidson all property taxes collected.

Local Option Sales Tax Revenue

\$ 1,662,000 or 15.8% of total general fund revenue

Sales taxes are authorized by the state and enacted by counties which opt to impose the taxes. All sales tax revenue is collected by the state, and distributed to counties and municipalities monthly.

The NC General Assembly has authorized several sales taxes in Chapter 105 of the General Statutes. Three of the authorizations result in revenue for the town. The first, defined in Article 39, is a one percent sales tax that was originally authorized in 1971. Distribution is based on point of delivery. There are two one-half percent sales taxes – one authorized in 1983 (Article 40) and one in 1986 (Article 42), distributed on per capita basis and point of delivery, respectively.

Each county chooses one of two formulae for distribution of these three authorizations of local option sales taxes. Sales taxes returned to Mecklenburg County and its municipalities are distributed proportionate to ad valorem tax levy. The proportionate share of sales tax revenues between the County and municipalities may fluctuate based on property tax rate increases in the previous year.

Iredell County, on the other hand, has elected a per capita distribution, based on relative population of incorporated and unincorporated areas within the county. Annexations by various municipalities affect this formula, reducing the county's share as annexations occur.

Sales tax revenue estimates are based on projections from the North Carolina League of Municipalities, local economic trends, and historical trend analysis. Sales tax revenue dropped precipitously in 2009 and 2010 during the recession and in 2011 through 2013 increased modestly to 2008 levels. Sales tax distributions to the Town grew 9.8% and 10.9% in FY 2014 and FY 2015 respectively. Sales Tax revenues in FY 2016 are indicating above 6% growth. The projected increase for FY 2017 is a conservative 3%.

Motor Vehicle Tax and Fees

\$ 658,035 or 6.3% of total general fund revenue

Motor Vehicle tax revenue is derived by applying the ad valorem tax rate to the value of motor vehicles registered to owners living inside town limits. In September 2013, the NC *TAX and TAG TOGETHER* system was implemented. Tag renewal notices now also include tax levy and tax and fee will be paid to the state and remitted to the counties for distribution to appropriate taxing governments. This revenue is estimated using vehicle value projections from the Mecklenburg County and Iredell County Tax Assessors.

General statutes authorize maximum Motor Vehicle fees of \$20 per registered vehicle. Revenues are billed on property tax bills and collected by Mecklenburg and Iredell counties. This revenue is estimated based on vehicle count projections from the Mecklenburg County and Iredell County Tax Assessors.

Utility and Telecommunications Taxes

\$ 875,000 or 8.3% of total general fund revenue

The town receives sales taxes collected by the NC Department of Revenue on sales of telecommunications, video programming, home satellite services, electricity and piped natural gas.

As a result of the tax reform legislation passed by the General Assembly in 2013, the general sales tax rate will now be applied to sales of electricity and piped natural gas. The distribution method to municipalities has

changed but with the intent to hold municipalities harmless from the amount cities and towns received in FY 13-14 distributions. Both of these revenues are highly sensitive to weather and can also fluctuate due to loss of industry or other large facilities or annexations of these types of facilities.

Several years ago the State of North Carolina discontinued the franchise tax on telecommunication services and put into place a Telecommunications Sales Tax. Distributions to municipalities are based on their past share of the old telephone franchise tax. Therefore, the town continues to receive the static percentage of overall statewide collections irrespective of fluctuations in local communication sales. Historical trend analysis and recommendations by the State of North Carolina, adjusted by local conditions, have also factored into this revenue estimate.

Prepared Foods & Beverage and Occupancy Taxes
\$ 422,000 or 4.0% of total general fund revenue

The town is authorized to receive Prepared Foods & Beverage tax by general statutes. Only the City of Charlotte and Mecklenburg County received proceeds when this tax was first authorized in 2001. Some years later, the distribution was split so the six smaller Mecklenburg County municipalities received a share of those revenues generated in the town. In 2005 the six towns negotiated the removal of an annual cap so that the towns received 50% of all net proceeds. In FY 2007, the towns' share increased to 65% of net proceeds, and in FY 2012 75% of those net proceeds were distributed to the towns. The remaining 25% will be used by the City of Charlotte for region-wide tourism related projects, programs, and activities. Art and cultural programs, events and festivals are examples of uses of this revenue. The towns' use of this revenue is limited to the same activities.

The City distributes revenues semi-annually. Twenty-five percent of the town's Prepared Foods & Beverage tax receipts are distributed to the Lake Norman Convention and Visitor's Bureau.

Occupancy taxes are collected by Mecklenburg County and are shared between the County and the municipalities on a very complicated formula. Stays in local hotels are taxed at 6%, comprised of two 3% authorizations. The town receives 120% of the second 3% authorization that is locally collected by Davidson hotels, inns, and bed and breakfasts. Therefore this revenue, like Prepared Foods & Beverage Tax is a barometer of the local economy. These revenue estimates are based on historical trend analysis.

The County distributes revenues monthly. Twenty-eight percent of the town's Occupancy tax receipts are distributed to the Lake Norman Convention and Visitor's Bureau.

Charges for Services
\$ 507,304 or 4.8% of total general fund revenue

Revenue in this category relates to a variety of town activities, such as rental income from town-owned property, recreation programs, parking violations, and permit fees.

Intergovernmental funding sources

\$ 295,600 or 2.8% of total general fund revenue

The state of North Carolina, Mecklenburg and Iredell counties, and other quasi-governmental agencies share with the town a portion of revenues collected. This funding category includes various grants and contributions for local arts and public safety, payments in lieu of property taxes, transit planning funds, and taxes on the sale of alcoholic beverages.

Fund Balance Appropriated

\$ 0 or 0% of total general fund revenue

Fund balance is essentially the town's savings account balance. There are several reasons for maintaining a healthy fund balance, which is expressed as a percent of annual expenditures. Even though the law does not prohibit what fund balance is used for, appropriation of fund balance is a one-time revenue source and should not be used to balance reoccurring expenditures. At the beginning of FY 2016 the town's unassigned fund balance – at \$5.8 million – equaled 59% of FY 2016 budgeted expenditures. The Town's Finance Policy, approved in FY 2016, recommends at least a 35% stabilization threshold to ensure adequate funds to meet cash flow needs and emergencies.

The bulk of a municipality's annual revenue is derived from ad valorem property taxes. Because property taxes are not assessed a late penalty until early January most taxpayers do not pay until near this deadline. Therefore the town may operate with less cash in the beginning of a fiscal year and recover mid-year. Fund balance provides working capital during the first half of the fiscal year.

Fund balance is often referred to as a "rainy day" fund. In this context fund balance may be seen as a hedge against unexpected changes in financial circumstances. Threats to a community's financial health may stem from adverse weather conditions requiring expensive responses or withholding of revenue at the county or state level. The town is heavily reliant on these other government units for funding disbursements, and budget uncertainties at those levels of government have led to reduced funding in prior years. A local government may be unable to manage such situations without an adequate fund balance.

Another reason to maintain a healthy fund balance is to fund the early stages of major projects until permanent financing is secured. Fund balance provides flexibility regarding timing of the financing.

One last advantage to maintaining a strong fund balance position is that lenders view this savings account as a measure of good fiscal management.

Other miscellaneous sources of revenue and Interest Revenue

\$ 24,000 or .2% of general fund revenue

A handful of nominal revenue sources fund town activities, as well as, bank interest earnings.

Powell Bill

\$ 318,323

The State of North Carolina no longer distributes Powell Bill funds based on motor fuel sales. The Powell Bill is now a direct appropriation of state dollars which is to be used by municipalities for the upkeep of municipal streets and sidewalks. These funds are distributed each October and January to municipalities based on population and miles of street. Population counts for 75% of the funds received and miles of streets accounts for the remaining 25% of the allocation.

Based on NC League of Municipalities estimates, Davidson should receive approximately \$ 318,323 in Powell Bill funding during FY 2017. This estimate is based on a formula of \$20.15 per capita plus \$1,624.41 per street mile.

Storm Water Fund Revenue

\$ 218,000

US Congress established in 1972 the Clean Water Act to preserve and improve water quality. Portions of this legislation were delegated to states for implementation and enforcement. In response to the National Pollutant Discharge Elimination System (NPDES) storm water permitting program, the NC General Assembly established in 2005 certain regulations of municipal storm sewer systems that directly impact Davidson. Phase II of NPDES requires that Davidson and other NC municipalities provide services to mitigate damage from storm runoff. Davidson first adopted a storm water fee in FY 2005 to offset the costs of storm water repairs and maintenance of its storm drainage system. Generally speaking revenues have covered these expenses. However, in order to better associate costs with funding for this service a separate enterprise fund was established in FY 2011.

The town has adopted a tiered fee structure for storm water. Impervious surfaces, such as rooftops or paved areas, shed rain water and increase the amount of runoff into streams, storm water drains and onto adjacent properties. The tiered billing system recognizes varying amounts of impervious area and assigns higher costs for higher square footage of impervious area.

Charlotte-Mecklenburg Utilities (CMUD) bills storm water fees for the town on semi-annual water/sewer bills. Revenues in FY 2013, FY 2014, and FY 2015 did not meet projected budget, so revenues continue to be evaluated for adequacy. In any given year, revenues may exceed expenditures for that period and will be available for subsequent years to fund repair/maintenance projects or to stabilize rates. In FY 2013 the fund balance in Storm water Fund was used to fund projects. FY 2014 was budgeted lower as a review of rates was completed during the year. An increase to all rates in the tiered fee structure was implemented in FY 2015 to fund needed storm water repair and maintenance costs and replenish reserve that has been depleted in recent years.

Solid Waste Fund Revenue

\$ 746,520

The town provides for collection of several waste streams – residential household trash, yard waste, leaves, and recyclable materials. These services are provided exclusively to residential property owners; waste collection at commercial sites is the responsibility of those owners.

Prior to FY 2011 funding for solid waste collection was supplied through the general property tax revenue. In order to assign the costs of solid waste collection to recipients of those services, the town established a solid waste fee schedule that equals 100% of the costs associated with these services. A solid waste enterprise fund was created to account for these activities.

Fees are billed and collected by Mecklenburg and Iredell counties on property tax bills, and the fees are remitted to the town along with property taxes collected by the two counties.

The current rates of \$201 per single family household and \$60 for multifamily dwellings are remaining the same in FY 2017. Both single-family and multi-family collection contracts will be competitively bid again in 2017.

Affordable Housing Fund Revenue

\$ 33,226

The town's affordable housing program assists homebuyers in purchasing homes that might not otherwise be affordable in Davidson. The town accomplishes this mission, in part, through the staff efforts of an affordable housing coordinator. The Affordable Housing Ordinance requires that developers who plan more than eight homes in a development also provide one affordable unit for every eight home sites. In some cases, if developers choose to not include affordable housing units within their developments they have an option to provide payments-in-lieu of supplying those housing units. The activities of the affordable housing program are paid from these payments-in-lieu. In the absence of adequate payment-in-lieu reserves, funding is provided through the town's General Fund.

Annual funding received as part of the Mecklenburg County HOME consortium will be accounted for in the Affordable Housing Fund in FY 2017. No budget is recommended until application for funding is approved.

EXPENDITURE SUMMARY FISCAL YEAR 2016-2017

This section of the budget document provides the reader an explanation of how the town intends to use General Fund resources during the coming fiscal year.

EXPENDITURES					
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
Governing Body	\$ 75,200	\$ 87,945	96,073	110,377	128,898
Administration	951,420	1,009,629	984,451	940,035	973,254
Legal	79,350	120,966	149,614	124,810	136,079
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Total Expenditures	\$ 8,931,037	\$ 9,117,102	\$ 9,362,452	\$ 9,898,837	\$ 10,521,214

Expenditures by category

Analysis of trends and changes from prior years

For the purposes of this discussion expenditures have been grouped into five categories:

- Personnel
- Operating
- Capital
- Debt Service
- Non-departmental

The composition of town expenditures varies by year according to available revenue, board priorities, needs, and/or opportunities.

The FY 2017 budget maintains funding for routine maintenance and equipment replacement. In addition, the budget officer crafted the FY 2017 budget to focus on the Board of Commissioners' goals and initiatives as well as implementation of recommendations from the Davidson Game Plan, Comprehensive Plan, the Economic Development Plan, the Active Transportation Plan, the traffic and marketing studies.

Personnel expenditures

\$ 4,650,085 or 44.2% of total general fund expenditures

Personnel expenditures include more than salaries paid to town staff. The cost of benefits paid to town employees or to third parties on behalf of town employees is also captured in this category. Benefit costs are FICA taxes, workers compensation premiums, group health insurance premiums, local government employee retirement funding, and unemployment claims.

The budget officer recommended to the board additional funding for salary adjustments. The recommendation includes 4% merit pool average for implementation later in the fiscal year (included in the contingency budget). As well as, a \$1.50 per hour raise for all part-time fire fighters.

Per the recommendations of the staffing study last fall, this budget includes the addition of an Human Resources professional, a Planning Technician, 2 additional police officers, and the conversion of a part time firefighter to full time.

Operating expenditures

\$ 2,914,361 or 27.7% of total general fund expenditures

In addition to the ongoing operational necessities, the Town is still able to accomplish funding for the following:

- \$ 100,000 –Funding for Parks Repairs and Maintenance
- \$ 150,000 – Funding for sidewalk construction, to address priorities in Active Transportation Plan
- \$ 90,000 – Creation of the Davidson Mobility Plan
- \$ 8,200 – increase to arts funding
- \$ 20,000 – Downtown Development Traffic Impact Study
- \$ 15,000 – Update to the Economic Development Strategic Plan
- \$ 4,000 - Contribution to cost of therapeutic recreation position with the county

Capital expenditures

\$ 762,800 or 7.3% of total general fund expenditures

Planned capital expenditures for FY 2017 include:

- \$ 300,000 – street resurfacing (plus an additional \$318,323 in paving expenditures using Powell Bill revenue)
- \$ 165,000 – three police patrol cars using pay-go financing
- \$ 45,000 - Fire Department SUV to provide rural access and replace an aging van
- \$ 20,000 – Fire Department thermal imaging cameras
- \$ 21,800 – Board room audio/visual equipment to improve citizen access to meetings
- \$ 36,000 – Public Works street/greenway repair equipment
- \$ 75,000 – Pedestrian Safety Flashing Beacons for crosswalks at 5 locations
- \$ 50,000 – Pedestrian Safety improvements at Potts/Catawba intersection near Community Garden
- \$ 20,000 – Wi-Fi access points at Roosevelt Wilson Park, Town Green and McEver Fields

Debt service expenditures

\$ 567,879 or 5.4% of general fund expenditures

As a percentage of overall general fund expenditures, the level of debt service is decreasing with the retirement of existing debt.

Non-departmental expenditures

Nondepartmental Operating

\$ 289,590 or 2.8% of general fund expenditures

Nondepartmental operating includes information technology support and contract services, technology equipment, tuition reimbursement and facilitative leadership training for new employees – expenditures that benefit all town departments as a whole. It also includes funding for our non-profit agency donations.

Contingency

\$ 136,442 or 1.3% of general fund expenditures

Contingency funding is budgeted for FY 2017 for salary merit increases, wireless cameras to assist the Police Department on street ingress and egress points, and potential staffing search needs. As exact amounts are known, funds will be transferred to the appropriate line items.

Contribution to MI-Connection/Capital projects

\$ 1,200,057 or 11.4% of general fund expenditures

Under our interlocal agreement, the Town's annual contribution is limited to \$1,000,000. The financial interest of the Town has been modified to 30% of the financial risks and rewards of the system, formerly represented by the pro rata share of subscribers within each town. This budget also contributes over \$200 thousand to future capital projects.

