



ANNUAL BUDGET SUMMARY FISCAL YEAR 2019-2020

*Budget Committee:
Stephanie Gibson, Finance Office
Kolleen Begley, Mayor*

June 4, 2019

Village Council,

INTRODUCTION

Enclosed is the proposed budget for fiscal year beginning July 1, 2019 and ending June 30, 2020 for your consideration. The preparation of this budget would not have been possible without the dedicated efforts of Village personnel. The budget was prepared in accordance with applicable laws, policies, and procedures while considering the priorities identified by the Council, the Planning Board, and the community.

TAX RATE

The Village has one fund, the General Fund, and this budget as proposed is based on no tax increase or decrease. We recommend that the Village tax rate remain at a rate of .15 cents per \$100 of property valuation. The Ad Valorem revenues of \$40,000 is a good estimate based on actual historical revenues and the current valuation information provided by Jackson County. Jackson County has an approximate 97.5% tax collection rate.

BUDGET

The total budget is \$94,000 which includes a \$16,000 fund balance carryover from the 2018-2019 fiscal year.

DEBT

The Village currently has no debt service.

CAPITALIZATION THRESHOLD

The capitalization threshold will remain at \$5,000 for 2019-2020 for all capital purchases or improvements.

MINIMUM FUND BALANCE POLICY

The Village should keep a minimum of \$100,000 in unreserved funds. (See policy below)

**Village of Forest Hills
Minimum Fund Balance Policy
Originally adopted April 1, 2014
Amended August 1, 2017**

After careful consideration of the current and potential future needs of the Village, assessing potential risks, and considering the services provided to the taxpayers, the board unanimously voted in favor of retaining **\$100,000** as a minimum undesignated fund balance policy. This will secure and maintain investment grade credit ratings, meet cash flow requirements, and reduce susceptibility to emergency or unanticipated expenditures or to revenue shortfalls.

In the event the fund balance is greater than \$100,000 at the end of any fiscal year, the excess may be used for any expenditures pre-approved by the Council.

If at the end of a fiscal year, the fund balance falls below \$100,000, the Budget Committee shall prepare and submit a plan for expenditure reductions and/or revenue increases to the Council. The Council shall take action necessary to restore the minimum, undesignated fund balance to the acceptable level within one year.

This policy shall remain in place until modified by motion of the board. A review of this policy should be done every 3 years, or before the onset of any change to the scope of the Village boundaries, budget, or services.

RECOMMENDATIONS

- 1) The Budget Committee recommends keeping the amount allocated to the Cullowhee Fire Department at \$7,500 this fiscal year and will reevaluate this amount next year pending the potential Cullowhee Fire Tax from Jackson County or any potential additional revenue to Forest Hills.
- 2) The Budget Committee recommends allotting \$9,000 toward Professional Outside Services to be prepared for potential further development proposals. Since the Village does not have hired and paid qualified staff, the Budget Committee recommends continuing to allot funds to Professional Outside Services to assist the Council in making sound decisions for the municipality and its use of public funds. Professional Outside Services may include but is not limited to mapping, process consulting, and ordinance updates where other qualified resources are not available.
- 3) The Budget Committee recommends allotting \$9,000 to Attorney Services in anticipation of municipal attorney assistance for land use and other legal specialization.
- 4) The Budget Committee recommends researching grant opportunities available for assisting with defined goals.
- 5) The Budget Committee recommends keeping the same Fee Schedule that was in place for the 2018-2019 fiscal year.
- 6) The Budget Committee recommends maintaining the nominal compensation (with no increase) of \$25/mo. for each sitting councilmember, and \$25/mo. for the Ordinance Administrator position. We recommend an increase of \$25/mo. for the Finance Officer+Clerk position for a total of \$425/mo. – the last increase was in 2016. The Budget Committee strongly urges that the Council consider increasing the compensation for 2020-2021 fiscal year and beyond to be more in line with comparable municipalities to ensure that current and future personnel and board seats are sustainable in order for Forest Hills to continue as a municipality. <https://carolinapublicpress.org/26936/breaking-down-salaries-of-wnc-cities-and-towns-part-2>

CONCLUSION

The budget committee attempted to allocate the largest percentage of expenditures to the defined services: Police Patrol/Safety, Fire, and Street Maintenance/Improvements while taking into consideration community input for future land use, recommendations from the Planning Board, and Council discussions regarding infrastructure maintenance and improvements. Other major expenditures are requirements for existing as a municipality. There are election expenses for this fiscal year budget for the Forest Hills, and each of the other line item expenditures were evaluated and considered based on historical and verified projected costs.