

TOWN OF RED SPRINGS

Mayor Edward Henderson
Mayor Pro Tempore Caroline Sumpter
Commissioner Murray McKeithan
Commissioner Ronnie Patterson
Town Manager Shanelle B. Harris



Commissioner Chris Edmonds
Commissioner Neal Lea'Kes
Commissioner Duron Burney
Town Clerk Barbara McColl

May 22, 2025

Mayor and Board,

I am pleased to provide the proposed FY 2025-2026 Budget Message and Budget Ordinance for your consideration. Since beginning employment with the town in October 2024, I've made deliberate attempts to be transparent about the financial condition of the town by providing quarterly financial and grant updates—which have proven to be beneficial to all as the fiscal year has progressed. I have also worked with staff to better understand their roles and budget responsibilities which has cut excessive overspending. The town is current on all outstanding audits.

Highlights of FY 2024-2025

- Expenditures have been under revenues across all major funds.
- Rate increases for the Electric Fund have provided significant revenues to the once struggling fund.
- The Water and Sewer Fund should finish in the black, but the margins are still very tight.
- The Little Raft Swamp has been cleaned out. This project was completed in April 2025; however, the town still needs to develop a long-term beaver mitigation beyond the performance period ends date of June 30, 2026.
- Many water and sewer lines have been replaced under NC DEQ's ARPA funding.

Challenges of FY 2024-2025

- The town has not increased its tax rate since 2012. This has caused stagnancy in the ability to build reserve funds and increased the town's use of fund balance and debt service. The town's ad valorem tax rate is at the midpoint of all other municipalities in Robeson County.
- Reluctancy to drastic water and sewer rate increases make it difficult to maintain the system and create reserve funds.
- Repeat audit findings.

Proposed FY 2025-2026 Budget

The proposed budget of \$4,447,774 is hereby presented for your review and consideration. This budget is 0.12% lower than the FY 2024-2025 budget and does not require the use of appropriated fund balance.

Expenditure estimates were compiled based on the current year's budget and the needs of the departments. Revenue estimates are based upon the town's historical revenue estimates with no increase/decrease to the tax rate of \$0.64. Tax collections are down slightly with 92% collection rate.

The consumer Price Index (CPI) posted an inflation rate of 2.3% through April 2025. This increase has most definitely been felt by town staff as we purchase goods and services for both business and personal uses. Town employees have not had a pay increase since FY 2022-2023 and some employees received a 7% pay cut during the FY 2023-2024 budget year; all previously reduced salaries were restored in the FY 2024-2025 budget, but many unfilled positions were eliminated in order to balance the budget.

Healthcare benefits paid on behalf of full-time town employees will reflect a 57% decrease. Majority of the decrease is a change in medical insurance from Blue Cross Blue Shield to Angle (Cigna).

Other key aspects contained in this proposed budget:

- A 3% cost of living adjustment (COLA) for employees.
- NC Retirement contribution rate increased to 14.35% for general employees and 15.94% for law enforcement.
- Additional positions: (1) permanent part-time Code Enforcement Officer position, (1) full-time Human Resource Manager position, (1) full-time police position, (1) part-time fire position.
- Restructuring for Streets, Sanitation, and Buildings and Grounds Departments
- Contract accounting services to assist with repeat audit findings.
- A \$2.00 increase across the board for all rates for water and sewer consumption and significant increases to tap fees to reflect direct expenses to the town.
- An increase to solid waste fees to reflect direct expenses. Outsourcing solid waste collection; the town will continue white goods and leaf and limb pickup.
- Funding for downtown façade improvements and improvements to Chavis-Locklear Park.

Reductions in Service

None

Capital Projects

- Remaining Mitigation Grant Funds (Fund 75) for additional beaver trapping and smaller drainage improvement projects.
- Water and sewer line replacement projects will continue.
- Completion of the splashpad at Tom Cope Park to be completed before the end of Summer 2025 and the town electric conversion project to continue. Additional funds are being sought for electrical improvements.

Conclusion

I appreciate the Board of Commissioner's participation and input throughout the budget planning process. I anticipate a lot of changes for the town as we prioritize economic development opportunities for the long-term prosperity of the town.

I want to thank all the departments heads for their input in the budget process. I also want to commend all of them for all of the huge steps we have taken in the last few months to implement necessary changes to improve processes and efforts towards efficiency and effectiveness.

Respectfully Submitted,

Shanelle B. Harris, M.P.A
Town Manager

**TOWN OF RED SPRINGS
PROPOSED FY 2024-2025 BUDGET ORDINANCE**

NOW, THEREFORE, BE IT ORDAINED by the Board of Commissioners of the Town of Red Springs, Robeson County, North Carolina, as follows:

Section 1. The following revenues by source are estimated to be available to the General Fund for the Fiscal Year beginning July 1, 2025 and ending June 30, 2026, are as follows:

CURRENT YEAR'S REAL PROPERTY TAXES	1,528,620
CURRENT YEAR'S MOTOR/VEHICLE TAXES	127,000
PRIOR YEARS' REAL PROPERTY TAXES	115,500
SALES & USE TAXES	1,250,000
FIRE DISTRICT TAXES	117,000
UTILITY FRANCHISE TAX	166,586
OTHER REVENUES	169,023
LEASE/PURCHASE OF GOVERNMENT PROPERTY	119,130
SANITATION	320,100
INTEREST ON INVESTMENTS	58,450
ABC REVENUE	65,000
TAXES & INTEREST	31,000
ROBESON COUNTY RESOURCE OFFICER	0
FEMA REIMBURSEMENT	0
TRANSFER FROM ELECTRIC FUND	<u>210,317</u>
TRANSFER FROM POWELL BILL	<u>78,548</u>
TRANSFER FROM FUND 75 (MITIGATION)	<u>120,000</u>
TOTAL ESTIMATED REVENUES	4,476,274

Section 2: The following General Fund appropriations are estimated for the operation of the Town government and its activities for the Fiscal Year beginning July 1, 2025 and ending June 30, 2026, in accordance with the Chart of accounts hereto established for the Town:

LEGISLATIVE	65,821
ADMINISTRATIVE	284,627
FINANCE	424,184
LEGAL	25,000
HUMAN RESOURCES	103,258
POLICE	1,521,180
FIRE	347,219
STREETS	508,602
SANITATION	304,750
INSPECTION, PLANNING, ZONING	60,763
RECREATION	194,728
NON DEPARTMENTAL EXPENSES	40,000

BUILDINGS AND GROUNDS	573,852
COMMUNITY DONATIONS	22,290
TOTAL GENERAL FUND TOTAL	4,476,274
APPROPRIATIONS	

Section 3. There is hereby levied a tax of sixty-four cents (\$0.64) per one hundred dollars (\$ 100) valuation of taxable property for the purpose of raising a portion of the revenues listed in the General Fund appropriations in Section 2 of this ordinance. This tax rate is based upon an estimated real and personal property assessment of \$260,790,148 for the Town of Red Springs at an estimated collection rate of 92%. The estimated assessed value is based on FY 2024 tax valuation data as the county does not have the FY 2025 tax assessment estimates at this time; these figures do not include automobiles.

Section 4. The following Powell Bill Fund revenues by source are estimated for the fiscal year beginning July 1, 2025, and ending June 30, 2026, in accordance with the chart of accounts heretofore approved for the Town:

INTEREST POWELL FUND	3,500
POWELL BILL REVENUE (STATE)	115,000
FUND BALANCE FROM PRIOR YEAR	45,147
20 POWELL BILL REVENUES TOTAL	163,647

Section 5. The following Powell Bill Fund Expenditures are appropriated for the fiscal year beginning July 1, 2025, and ending June 30, 2026, in accordance with the chart of accounts heretofore approved for the Town:

SALARIES/SUPERVISION	78,548
CONTRACT SERVICES	54,421
SUPPLIES	30,678
20 POWELL BILL TOTAL APPROPRIATIONS	163,647

Section 6. The following Water and Sewer Fund revenues are estimated for the fiscal year beginning July 1, 2025, and ending June 30, 2026, in accordance with the chart of accounts heretofore approved for the Town:

INTEREST ON INVESTMENTS	3,000
WATER CHARGES	900,000
SEWER CHARGES	925,000
OTHER REVENUES	55,050

31 WATER/SEWER FUND 1,880,650
REVENUES TOTAL

Section 7. The following Water and Sewer Fund expenditures are appropriated for the fiscal year beginning July 1, 2025, and ending June 30, 2026, in accordance with the chart of accounts heretofore approved for the Town:

Debt Service: Princip	128,093
Debt Service: interest	83,303
Water/Sewer Distrib1tion & Collection	513,109
Water Treatment	604,709
Wastewater Treatment	551,436
31 WATER/SEWER FUND	1,880,650
TOTAL APPROPRIATIONS	

Section 8. The following Electric Fund revenues are estimated for the fiscal year beginning July 1, 2025, and ending June 30, 2026, in accordance with the chart of accounts heretofore approved for the Town:

INTEREST ON INVESTMENTS	575
ELECTRIC CHARGES	4,082,435
ELECTRIC SALES TAX	289,862
OTHER REVENUES	111,625
33 ELECTRICAL FUND	4,483,922
REVENUES TOTAL	

Section 9. The following Electric Fund expenditures are appropriated for the fiscal year beginning July 1, 2025, and ending June 30, 2026, in accordance with the chart of accounts heretofore approved for the Town:

DEBT SERVICE: PRINCIP	90,356
DEBT SERVICE: INTEREST:	10,677
POWER PURCHASED	2,926,563
SALES TAX/LIGHTS	249,852
OTHER EXPENSES	1,206,474
TRANSFER TO GENERAL FUND	210,317
33 ELECTRICAL FUND TOTAL	4,483,922
APPROPRIATIONS	

Section 10. Utility deposits are to be charged at a minimum of \$90 for water, \$275 for electrical per in-town residential account. Senior citizen deposits are reduced to \$125 for electrical. Deposits are refundable upon service disconnect, less any outstanding balance.

Section 11. Electric Capital Reserve Fund is appropriated for the fiscal year beginning July 1, 2025, and ending June 30, 2026, in accordance with the chart of accounts heretofore approved for the Town:

INTEREST	16,703
34 ELECTRIC	16,703
CAPTIAL RESERVE	
FUND TOTAL	
APPROPRIATIONS	

Section 12. A monthly solid waste fee of \$25 per 96-gallon cart shall be charged for the purpose of residential solid waste collection. A monthly solid waste fee of \$36 per dumpster shall be charged for the purpose of commercial solid waste collection. Solid Waste Collection will be provided be outsourced.

Section 13. Zoning & Planning Fees are as follows:

ZONING PERMIT	50.00 Application Fee plus \$5.00 Technology Fee
ZONING VERIFICATION LETTER	\$50.00 Fee
REZONING PERMIT	\$250.00 Application Fee plus \$5.00 Technology Fee
CONDITIONAL-USE PERMIT	\$250.00 Application Fee plus \$5.00 Technology Fee
MINOR & MAJOR SUBDIVISION	\$250.00 Application Fee plus \$50.00 per Lot plus \$5.00 Technology Fee
VARIANCES	\$250.00 Application Fee plus \$5.00 Technology Fee
APPEALS	\$250.00 Application Fee plus \$5.00 Technology Fee

Section 13. Fund 75 Mitigation Capital Grant revenues and appropriations for the fiscal year beginning July 1, 2025, and ending June 30, 2026, in accordance with the chart of accounts heretofore approved for the Town:

INTEREST NCCMT	200,000
GRANT FUNDS RECEIVED	368,000
FUND 75 REVENUE	
TOTAL	568,000
 ADMIN	 200,000
ENGINEERING	368,000

**FUND 75 TOTAL
APPROPRIATIONS 568,000**

Section 14. Fund 76 SRP 0052 Capital Grant revenues and appropriations for the fiscal year beginning July 1, 2025, and ending June 30, 2026, in accordance with the chart of accounts heretofore approved for the Town:

GRANT FUNDS	2,635,510
FUND 76 REVENUE TOTAL	2,635,510

CONSTRUCTION	2,325,762
ENGINEERING	128,379
ADDITIONAL EXPENSES	181,369
FUND 76 TOTAL APPROPRIATIONS	2,635,510

Section 15. Fund 77 SRP 0229 Capital Grant revenues and appropriations for the fiscal year beginning July 1, 2025, and ending June 30, 2026, in accordance with the chart of accounts heretofore approved for the Town:

GRANT FUNDS	6,743,336
FUND 77 REVENUE TOTAL	6,743,336

CONSTRUCTION	6,115,373
ENGINEERING	348,963
CONSTRUCTION	161,000
OBSERVATION	
ADMINISTRATION	118,000
FUND 77 TOTAL APPROPRIATIONS	6,743,336

Section 16. Fund 79 OSBM Capital Grant revenues and appropriations for the fiscal year beginning July 1, 2025, and ending June 30, 2026, in accordance with the chart of accounts heretofore approved for the Town:

GRANT FUNDS	1,010,000
FUND 79 REVENUE TOTAL	1,010,000

SPLASHPAD	505,000
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ELECTRIC UPGRADES	505,000
FUND 79 TOTAL	
APPROPRIATIONS	1,010,000

Section 17. The Town Manager (Budget Officer) is hereby authorized to transfer appropriations as contained herein under the following conditions:

- A. The Budget Officer shall be authorized to reallocate departmental appropriations among the various objects of expenditures as homelives necessary.
- B. The Budget Officer shall be authorized to effect departmental transfers in the same fund, not to exceed 10% of the appropriated monies for the department whose allocation is reduced.
- C. The Budget Officer may make intra-fund loans for a period of not more than 60 days. This action may be completed without notification to the board.

Section 18: The Town Manager (Budget Officer) is hereby authorized to transfer appropriations as contained herein under the following conditions:

- A. The Intra-fund transfers of monies, except as noted in Section 17, paragraph C shall be accomplished by board authorization only and must be fully budgeted in the transferring and receiving funds.
- B. Utilization of any Contingencies appropriation shall be accomplished only with board's authorization and transfer to the appropriate budget line item.

Section 19: Copies of this Budget Ordinance shall be furnished to the Clerk, to the Governing Board, and to the Budget Officer and Finance Officer all be kept on file by them for their direction in the disbursement of funds.

Section 20: Utilization of Budget and Budget Ordinance

This Ordinance and the Budget Document shall be the basis of the financial plan for the Town of Red Springs during the 2025-2026 fiscal year. The Budget Officer for the Town of Red Springs shall administer the budget and shall insure the operating officials are provided guidance and sufficient details to implement their appropriate portion of the budget. The Accounting Section shall establish records, which are in consonance with the budget and this ordinance and the appropriate Statutes of the State of North Carolina.

Adopted this the ____ day of June, 2025.

Edward Henderson, Mayor

Attest:

Barbara McColl, Town Clerk