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SOUTHERN PINES ADOPTS 2022-2023 BUDGET AND HOLDS PROPERTY TAX RATE

Following a series of public hearings and a budget retreat with senior staff, the Southern Pines Town Council voted June 14 to approve the FY 2022-2023 budget. The general fund budget is balanced at \$24,764,819, which represents an increase of approximately \$1.5 million from the amended FY 21-22 budget. Along with the budget, Council also voted to hold the property tax rate at \$0.40 for the sixth consecutive year.

The approved budget allows Southern Pines to continue its long history of providing high-quality services at a relatively low tax rate. The FY 22-23 budget, which begins on July 1, not only maintains current service levels, but also includes resources to add two police officers and maintain 6 firefighters funded by an expired SAFER grant. Funding is also allocated to add a position in Planning and another in IT at mid-year. The Town will be able to cash flow multiple capital projects, including street resurfacing, vehicle replacements for police and fire, continued sidewalk projects, and needs at various Town facilities.

“Each year brings a unique set of challenges as we prepare the budget,” comments Town Manager Reagan Parsons. “As we enter FY 22-23, we’re faced with levels of inflation we haven’t experienced in decades, volatile fuel and energy prices, and a tough labor market that requires increased pay and benefits to be competitive. Despite these challenges, I’m pleased that, for at least one more fiscal year, we were able to continue our current services without an increase to the tax rate.” The property tax rate will remain flat at \$0.40, which should generate approximately \$11.7 million or 56% of the General Fund revenues. Sales taxes are expected to remain strong, accounting for an estimated \$4.1 million in revenues.

Southern Pines will also maintain over \$6 million in undesignated fund balance, which allows the Town to remain in a strong financial position should catastrophe unfold. This follows a long-standing fiscal policy of setting aside three months of operating expenditures in a “rainy day fund.” In addition, \$266,025 will be available to fund other projects or opportunities throughout the year, subject to Town Council approval. “The amount that a local government maintains in fund balance is considered a key indicator of financial condition,” states Director of Finance Tess Brubaker-Speis. “I’m pleased that we are in a position to not only set aside 3 months of expenditures for emergencies, but also preserve over \$266,000 for projects or needs that we can’t predict today. It is policies and practices like this that have helped Southern Pines be recognized for over three decades for excellence in financial reporting by the Government Finance Officers Association.”

The FY 22-23 budget includes funding for a number of capital projects. Southern Pines will allocate nearly \$450,000 for public safety needs, including the replacement of six police vehicles and two fire vehicles as well as fire and rescue extrication equipment. Southern Pines will invest \$1.1 million into improving and maintaining the Town’s sidewalks and roadways, including \$900,000 for annual street resurfacing work and a transfer of \$200,000 to fund upcoming sidewalk projects.

The Town will continue investing in Town facilities and properties, including \$100,000 toward rehabilitating the dam in Reservoir Park and another \$100,000 toward paving the parking lot at the Douglass Community Center. The Town is now under contract with a team of landscape architects and architects to master plan the

Whitehall property, which will be underway this summer. In addition, the Town is currently interviewing professional firms for the purpose of updating the Comprehensive Long Range Plan during the upcoming fiscal year.

The general fund budget also includes debt services payments of over \$1.26 million which were used to improve, construct, or acquire various Town facilities and property in recent years, in addition to an installment payment of \$137,000 on a fire truck.

The Town plans to undertake or allocate funding toward a number of sewer and water infrastructure projects. Nearly \$1.1 million will be transferred to capital funds to repair and rehabilitate the water and sewer system, including a near-term water line project on W. Pennsylvania Avenue and Pee Dee Road. Southern Pines will also allocate over \$665,000 toward improvements at the water treatment plant.

Southern Pines continues to experience increased expenses in providing many services. In order to partially offset these increases, the monthly fee for solid waste and recycling will be adjusted. Commercial customers will pay \$18.25/month, which represents 100% of collection and disposal costs. Residential customers will pay \$16.75; while this is an increase of \$4.75, the fees will still only cover 60% of the estimated costs to collect and dispose waste, with the Town covering the remaining 40% through property taxes. Water and sewer customers will see a 5% increase for both base rates and consumption rates. There are also minor adjustments to the fees for recreation programs and facility rentals in an effort to more closely reflect the true cost of providing these services to individual users. All fee increases will be effective July 1.

The Town has not specifically addressed expenditures from the American Rescue Plan Act (ARPA) in its budget. Southern Pines has opted to take the “standard deduction” representing revenue replacement. Once FY 22-23 begins, the Town Council will work on prioritizing expenditures that comply with federal requirements.

“The budget is developed each year with sincere respect and appreciation for the community, its citizens, and all who make Southern Pines an exceptional place to reside and do business. I remain appreciative of the opportunity to work daily with talented and dedicated staff and elected officials who embody the concept of ‘public service.’ I look forward to carrying out the directives Council has authorized through the FY 22-23 budget as we continue to enhance what already makes Southern Pines an exceptional place,” states Parsons.