

EXECUTIVE DIRECTOR  
Nicole Johnston

TREASURER  
Wayne Moore

SECRETARY  
Rheajean Bengé

ADMINISTRATIVE ASSISTANT  
Susan White



CHAIRMAN  
J. L. Lowe, Jr.

VICE-CHAIR  
Wayne Moore

DIRECTORS  
Rheajean Bengé  
Anita Darnell  
Woody Faulk

## BUDGET MESSAGE

June 1<sup>st</sup>, 2018

Dear Chairman Lowe, Yadkin Valley Sewer Authority Board of Directors, and Citizens:

I am pleased to present to you the 2018-2019 Annual Budget for your consideration. The proposed budget represents a compilation of priorities expressed at one (1) workshop this spring (May 1<sup>st</sup>, 2018) as well as a continuation discussion at one of our regular Board meetings (held on May 8<sup>th</sup>, 2018). As with our first eight years of operations, revenue projections have been conservatively estimated. A fee increase for both the minimum bill as well as the volumetric rate for sewer have been proposed and will be discussed in more detail later in this message.

The budget was prepared in accordance with N.C.G.S. 159, Article 3, the North Carolina Local Government Budget and Fiscal Control Act. All funds within the budget are balanced, and all revenues and expenditures are identified for fiscal year 2018-2019.

### **Budget Format:**

This year's budget is designed to function as a 'work plan' in guiding operations, in an attempt to accomplish all the goals and objectives established by the Chairman and the Board of Directors.

**Personnel** – Under the guidance of the Board, a Base Compensation Adjustment increase of 2.0% across the board for all employees has been proposed. An additional 1.0% of all salaries have been proposed for merit increases effective January 1<sup>st</sup>, 2019.

**Fees** – Two fee increases have been proposed and are contained within the schedule of fees. They are as follows:

Volumetric Rate: Last year, the YVSA Board raised the volumetric rate from \$9.50 per 1,000 gallons to \$10.00. Our wastewater flows have continued to increase this past year due to Pittsburgh Glass Works. Although our operating costs have remained fairly consistent with the previous year's budget, our debt service payments will start to increase during this upcoming year. We have discussed this matter at length in various Board meetings. Therefore, as agreed upon by the YVSA Board of Directors at the budget workshop and Board meeting, the proposed FY 2018-2019 budget includes increasing the volumetric rate from \$10.00 per 1,000 gallons above the 2,000 gallon minimum to \$11.00 per 1,000 gallons above the 2,000 gallons.

Minimum Bill: In conjunction with the information above regarding the volumetric rate, the proposed FY 2018-2019 budget includes increasing the minimum bill for 2,000 gallons of sewer from the current rate of \$22.00 to \$22.50.

Debt Service: We have nine (9) debt service items noted in FY 2018-2019. Eight (8) of these nine (9) debt service items were on our list last year, and include the following: Regionalization Project and WWTP Upgrade, Memorial Park Pump Station Loan, Assumed Sewer Debt for the Town of Jonesville, and YVSA Operations Center. Two (2) of the three (3) debt service items are related to the projects that were implemented during the FY 2015-2016 year along with purchasing new equipment, and include the following: NCDENR Debt Payment for the Southwest Elkin Rehab Project, CWSRF Debt Payment for the Pump Station Phase II Rehab Project, and Equipment Purchases for six (6) new assets. The one (1) new debt service is for the completion work of the 2015 WWTP Improvements Project.

**CLOSING:** The proposed budget does reflect a volumetric increase from \$10.00 per thousand gallons to \$11.00 per thousand gallons as well as the minimum bill increasing from \$22.00 to \$22.50 for the first 2,000 gallons. As everyone is aware, there is never a good time to raise sewer rates, but this year has been a breaking point as demonstrated in our past discussions. Even with these proposed rate increases, I anticipate sewer rates may need to go up again next year. We have a great amount of capital needs (as provided by our CIP discussions). Furthermore, we are still struggling to take out any additional debt unless we can get revenues above expenditures. However, please note that YVSA staff will continue to look for ways to cut costs.

The budget not only establishes the priority by the YVSA Board of Directors but likewise serves as a blueprint for YVSA staff and me. It lays out the services and work plans for the coming year. I welcome comments, questions, and/or inquiries on the proposed budget for the coming year. I am confident we will continue to work together to make our communities of Elkin, Jonesville, and Ronda a better place to live.

Sincerely,



Nicole B. Johnston  
Executive Director



**YADKIN VALLEY SEWER AUTHORITY  
FY 2019 BUDGET ORDINANCE SUMMARY**

<b>PROJECTED REVENUES:</b>	<b>FY2018 MONTHLY AVG</b>		<b>ANNUAL</b>
<b>SEWER REVENUES:</b>			
TOWN OF ELKIN	\$ 134,739	70.1%	\$ 1,616,871
TOWN OF JONESVILLE	\$ 49,525	25.8%	\$ 594,300
TOWN OF RONDA	\$ 7,839	4.1%	\$ 94,071
	<u>\$ 192,104</u>	<u>100.0%</u>	<u>\$ 2,305,242</u>
PROVISION FOR INCREASE IN MINIMUM BILL			\$ 17,640
PROVISION FOR INCREASE IN VOLUMETRIC RATE			\$ 144,000
\$0.50 increase on Minimum and \$1.00 increase on Volumetric			
<b>LOANS FROM TOWNS:</b>			
TOWN OF ELKIN			N/A
TOWN OF JONESVILLE			N/A
TOWN OF RONDA			N/A
			<u>\$ -</u>
<b>SEWER TAPS</b>			\$ 5,000
<b>BILLABLE LAB ANALYSIS</b>			\$ 2,500
			<u><b>\$ 2,474,382</b></u>
<b>PROJECTED FY '19 EXPENDITURES AND FUND BALANCE BUILD:</b>			<b>\$ 2,474,382</b>
<b>REVENUES IN EXCESS (SHORT) OF EXPENDITURES</b>			<u><u><b>\$ -</b></u></u>
<b>PROVISION FOR FUND BALANCE INCREASE:</b>			
AMOUNT INCLUDED IN PROJECTED EXPENDITURES @		<b>6.46%</b>	\$ 159,739
PROJECTED REVENUES IN EXCESS OF EXPENDITURES			\$ -
<b>TOTAL PROJECTED FUND BALANCE INCREASE</b>			<u><u><b>\$ 159,739</b></u></u>