



"The Crossroads of Opportunity"

TOWN OF BOILING SPRINGS

BUDGET NOMENCLATURE

The categorization of departmental expenditures in a municipal budget is driven by historical precedent and common practice. The following section details how various expenses are broken out into the budgetary line items found in a typical department budget.

The **Salary and Wages** line items represent the gross salaries paid to the town's employees.

The **401K** line items show the town's contribution to the employees' 401k accounts. Like many municipalities the town contributes the equivalent of 5% of an employee's salary into a 401K on their behalf. Employees are allowed to make additional contributions but the town's 5% is not a matching amount. This remains a common practice for municipalities throughout NC.

The **Payroll Tax** line items are inclusive of all state and federal payroll taxes including Medicare, FICA, unemployment, and any other taxes employers are required to pay.

Retirement line items represent the money contributed by the town into the North Carolina Local Government Employee Retirement Systems (LGERS). This amount is equivalent to a percentage of employee salaries and is set each year by the NC Treasury Department. A similar percentage is deducted from all employees' paychecks.

The **Group Insurance** line items show the funds spent on medical insurance premiums to provide employees with healthcare benefits. Spouses and dependents may also be covered with the full cost being paid by the employee. Dental, vision, and other types of insurance are also paid in full by employees at their discretion.

The **Professional Services** line items are generally paid to parties conducting work at the town's request. Generally this includes attorneys, auditors, engineers and other professionals with accreditation's or similar professional qualifications. There is occasional inter-play with professional services and contracted services.

The **Uniforms** line items are used to provide uniforms for employees who conduct field work with the town. Generally employees are provided with a set of boots annually or as needed and have clothing either purchased for their use or leased through a uniform supply company that washes the clothes on a regular schedule.



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Maintenance to Building and Grounds funds are used to make repairs and conduct routine preventative maintenance and upkeep to buildings and their surroundings. This could include anything from landscaping, light bulbs, cleaning services, and inspection on an HVAC system.

Maintenance / Repair Vehicle line items are used to make repairs and conduct routine preventative maintenance to the town's fleet of vehicles. Typical expenses charged to this line item would include oil changes, vehicle inspections, and tire replacements. This line item also includes insurance deductibles to repair damage from collisions. Generally, vehicles refer to street legal automobiles.

The **Supplies and Materials** line items capture the general expenses a department needs to function. Typical supplies and materials would include general office supplies, treatment chemicals, non-capital electronics, and tools needed to perform work.

Maintenance to System line items show up in the enterprise fund departments and represent funds spent on significant maintenance or scheduled work repairing infrastructure. The rehabilitation of an aging sewer line is a good example of a maintenance to system expense.

Training line items include the costs associated with the professional development of the Town's staff. The town includes related travel expenses in this line item. Many town employees are required to attend training to maintain certifications and credentials related to their position. Other employees do not have specific training requirements but are encouraged to seek out training related to their profession.

The **Telephone** line items cover the monthly charges for internet, telephone, and wireless communication services. This line also includes any wireless internet devices a department uses.

Utilities line items include the cost of electrical, gas, and any other utilities used for lighting, heating, and cooling. Street lighting on public roadways is a separate item billed under the Street Department.

Postage line items include the cost of all mailing and shipping services utilized by a department. Typical costs include mailing utility bills to customers, mailing checks to vendors, submitting reports and materials to the state, and general correspondences made by the department.



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Maintenance to Equipment funds are used to repair and conduct routine preventative maintenance on equipment. This does not include road legal automobiles rather items like chain saws, riding mowers, excavation equipment, and in an office setting, high volume copy machines and other specialized equipment.

Gasoline line items capture the expense of providing fuel to a department's vehicle fleet and any equipment that runs on gasoline. Special procurement cards are used to monitor these expenses.

The **Advertising** line items are primarily used to run notices in the local paper that are required under state statute. Primary examples would be public hearing notices or required public notices related to the water system. Sometimes these expenses are passed along such as when a public hearing is required because of a rezoning request. Advertising expenses also include some public awareness campaigns and community or event promotion.

Dues and Subscriptions line items include the membership dues for various organizations that the Town or a specific employee belongs to. For example the Town is a member of the UNC School of Government and is given discounts on training, access to document libraries, and the ability to speak with subject matter experts at any time, similarly the Town Clerk is a member of the NC Association of Municipal Clerks which gives the Clerk access to various professional resources. This line item also includes funds paid to regional economic development efforts.

Contracted Services funds are used in any situation when the town pays an outside organization to complete a task on behalf of the town. This typically includes tasks that are outside of the town's capabilities or willingness to perform. Electrical work is typically contracted out because nobody on staff has the training or experience to safely perform electrical work. Paving is another commonly contracted task since the town does not have paving equipment. A contracted service could be categorized into another line item, for example an electrician replacing a light would be charged to the Maintenance and Repair Building line item. Contracted services can be very predictable recurring expense or pay or an used to hire a contractor to help in an unforeseen emergency.

The **Insurance and Bonds** line items pay the deductible for the Town's general liability insurance policy. This expense is split between the general fund and the enterprise fund and is only represented in the Administration and Water/Sewer Administration departments' budgets. Performance bonds such as the bond for the Finance Officer are also paid from this line item.



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Miscellaneous funds are used for expenses that do not neatly fall into other categories.

Employee morale efforts including birthday cards and the employee picnic are a common use of the miscellaneous funds. These funds also serve as 'discretionary' funds for management to spend on special projects or purchases that may not have been foreseeable during the budgeting process. Due to its unique nature, this line item typically receives increased scrutiny during the annual auditing process.

The **Capital Outlay** line item is reserved for items that are valued over \$5,000. These items are added to the Town's capital assets and are depreciated in the annual Fiscal Statements. Typical capital expenses include vehicles and equipment. In the enterprise fund, the construction of new infrastructure such as lines and pumping stations are included as capital outlays.

Non-Capital Equipment line items include equipment that fall below the \$5,000 capital asset threshold but are still notable purchases. Distinguishing between supplies and non-capital equipment can be murky. Non-capital equipment is oftentimes a fixture that lasts beyond a given budget year such as a desktop computer or furniture. By contrast supplies such as copy paper or latex gloves are routinely expended. Sometimes, non-capital equipment is inventoried such as desktop computers or police radios, but it is not a depreciating asset in the Town's financial statements.

Debt Service line items are used to pay back money the Town has borrowed. Most commonly, these funds go towards the annual or semi-annual debt payments on installment financing or bonds the Town has issued.



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