



To: The Honorable Mayor A.D. "Zander" Guy and Town Council
From: Laurence C. Bergman, Town Manager
Subject: FY2015-2016 Recommended Budget Message

I have prepared and recommend the budget for fiscal year 2015 - 2016. The budget, based on the current information from the Pender County Tax Office and the Onslow County Tax Office reflects our real and personal property valuation for 2015 to be estimated at \$1,312,464,561 which is an increase of approximately \$17.5 Million.

This budget reflects no change in the Tax Rate of \$.41 per \$100. Of this rate, \$.15 tax is for the purpose of funding the Storm Damage Reduction Plan reflected in a project budget ordinance set up specifically for Storm Damage Reduction/ Beach Nourishment and of that, \$.10 is to "Sunset" off the Tax rate in three (3) more years. The remaining \$.26 per \$100 along with a variety of other state and interlocal revenues supports the General Fund Operations for the Town.

I do believe with this budget the Town of Surf City will remain in sound financial condition, but we need to be mindful of keeping our fund balances at healthy levels in all funds. Where the Town has used appropriated General Fund balance over the past few years for capital projects, I felt it was very important to make efforts to limit budgeting this as an expected revenue source in this coming fiscal year and providing a balanced budget with the revenues we expect and with some changes to our fee schedules. In particular, our solid waste programs that include trash, recycling and some seasonal yard debris pick-ups has seen an increase in demands for services and it is one area where the comparatively very low fees we charge were not covering

the costs to do business. In order to cover those costs and provide for new services being requested, I am recommending the monthly base fee be raised to \$15 per month.

Within the Enterprise Fund we will need to grow our fund balance for future capital needs. To that end, the Water and Wastewater Enterprise Fund budget reflects increases in rates by 5% as planned for in past budgets. The budget was prepared in accordance with NCGS 159.7, and The North Carolina Local Government Budget and Fiscal Control Act. All funds within the budget for the General Fund, the Accommodations Fund, and the Enterprise Fund are balanced, and all revenues and expenditures are identified for the fiscal year 2015– 2016.

The total budget for 2015 - 2016, as recommended, is \$14,143,691 which reflects a \$684,762 total increase over the 2014-2015 budget equivalent to about a 4.8% increase. The General Fund amount is \$8,438,582 reflecting a \$473,186 increase. The Accommodations Tax Fund is \$1,051,609 reflecting a \$ 52,529 increase. The Enterprise Fund (Water & Wastewater) is \$4,653,500 reflecting a \$159,047 increase.

General Fund: The General Fund for Surf City is where the daily operations of our business occur. This fund includes basically all general functions except our Tourism related activities and the enterprise water and sewer operations. The areas included in the General Fund are: Governing Board; Elections; Legal; Insurances; Management; Finance; Community Development; Streets; Public Works/Public Buildings; Sanitation; Parks and Recreation; Hurricane Expenses; and Interfund transfers. There are currently 52.5 full time equivalent (FTE) positions in the general fund. The budget does not recommend any across the board salary increases.

All debt service payments have been included in this budget and we should be retiring some debt in the coming fiscal year which may provide some future flexibility on the many needs of the organization

Accommodation Tax Fund: This fund covers any tourist related activity such as the Welcome Center, Beach Accesses, Mosquito Control, Holiday Decorations, Chamber of Commerce, and the 4th July celebration. . We currently have two (2) full time equivalent employees salary coming from this fund as well as some part time seasonal staffing.

Enterprise Fund: The enterprise fund represents the Water and Wastewater Utilities provided as services funded by fees and charges and represents 12 full time equivalent employees which includes the recommendation of adding 2 full time positions, one in Wastewater and one in Collections/ Distributions divisions.

The hard economic times in many instances have reset what many local governments consider their “normal” levels of funding, while at the same time the demands on services and programs increase. Finding that balance today is important, but we also have to make decisions and plan for a future that we might not enjoy, but that will be the elected Mayor and Council’s legacy and Town of Surf City staff’s responsibility long into the future. It will be increasingly important to fund our operations from the revenues we bring in and not be reliant on savings or deferred maintenance. We have a strong infrastructure in place and we should actively leverage that for smart, planned future growth.

I would like to thank all of the Town Employees for their commitment to getting the job done and their ability to adapt as we grow as a community without losing the small town attention to our residents, businesses and visitors.

Through the guidance from our Mayor and Council Members, careful budgeting, financial and strategic planning, and professional management I am confident our residents and visitors will continually have a better place to live, work, and play for many years to come.

Respectively submitted,

Laurence C. Bergman
Town Manager

**Budget Ordinance Fiscal Year 2015-2016
Town of Surf City, North Carolina**

BE IT ORDAINED by the Town Council of the Town of Surf City, North Carolina:

Section 1. Operations. The following amounts are appropriated for the operation of the Town of Surf City government and its programs, services, and projects in the fiscal year beginning July 1, 2015 and ending June 30, 2016, and the following revenues are estimated to fund their appropriations:

GENERAL FUND

<u>REVENUES</u>		<u>EXPENDITURES</u>	
Ad Valorem Taxes	\$5,259,887	Governing Board/Election	\$88,304
Other Taxes	\$1,347,000	Legal	\$20,000
Intergovernmental Revenue	\$75,000	Insurance	\$236,000
Restricted Intergovernmental Revenue	\$76,000	Management Department	\$409,471
Fees and Charges	\$912,800	Finance Department	\$388,468
Recreation Fees and Charges	\$171,500	Police Department	\$1,755,758
Investment Income	\$3,000	Fire Department	\$1,132,700
Miscellaneous Income	\$5,000	Community Development	\$304,683
Other Income	\$25,000	Public Works/Streets	\$732,254
Fund Balance Appropriated	\$387,395	Recreation Department	\$851,595
Transfer from other Funds	\$176,000	Public Works Center	\$22,400
		Sanitation	\$752,000
Total Revenues	\$8,438,582	Interfund Transfers	\$1,744,949
		Total Expenditures	\$8,438,582

ACCOMODATIONS TAX FUND

<u>REVENUES</u>		<u>EXPENDITURES</u>	
Accommodation Taxes	\$975,609	Tourism Related Activities	\$1,051,609
Fund Balance Appropriated	\$76,000		
Total Revenues	\$1,051,609	Total Expenditures	\$1,051,609

WATER AND SEWER FUND

REVENUES

Interest Income	\$1,000
Lease of Property	\$140,000
Miscellaneous	\$60,000
Late Fees	\$40,000
Transfer from Impact Fee Reserves	\$0
Water Charges	\$1,475,000
Bulk Water Sales	\$60,000
Water Impact Fee	\$250,000
Sewer Charges	\$2,175,000
Sewer Impact Fee	\$250,000
Water Tap Fees	\$50,000
Sewer Tap Fees	\$22,500
Sales Tax Refunds	\$50,000
Local Option Sales Tax	\$80,000
Appropriated Surplus	\$0
Total Revenues	\$4,653,500

EXPENDITURES

Administration	\$207,398
Insurance	\$77,000
Water Treatment Plant	\$712,490
Wastewater Treatment Plant	\$2,400,604
Collections/Distributions	\$1,311,008
Contingency	\$0
Increase in Retained Earnings	\$0
Total Expenditure	\$4,653,500

Section 2. Capital Projects. The following amounts are appropriated and the following revenues are estimated for capital project and future capital needs. These appropriations and revenues shall replace amounts previously budgeted for these purposes.

Beach Nourishment Capital Projects Fund		2015-2016		
		Previous	Proposed	Revised
81				
Revs	Ad Valorem Taxes FY 00-08	\$2,131,667		\$2,131,667
	Ad Valorem Taxes (\$.05 levy) FY 08-13	2,775,768		2,775,768
	Ad Valorem Taxes (\$.15 levy) FY 13-15	3,412,030		3,412,030
	Ad Valorem Taxes (\$.15 levy) FY 14-15		\$1,528,949	1,528,949
	Transfer from General Fund FY 00-03	500,000		500,000
	Room Occupancy PC FY 01-15	4,284,498		4,284,498
	Room Occupancy PC FY 15-16		475,609	475,609
	NCDNR/State Share	586,851		586,851
	Fish/Wildlife Grant-Vitex Eradication	20,000		20,000
	Onslow County Contribution FY 02-07	105,000		105,000
	Pender County Contribution FY 02-14	1,430,202		1,430,202
	Pender County Contribution FY 14-15		125,000	125,000
	Lease on Property	69,857		69,857
	Loan Proceeds	23,600		23,600
	Miscellaneous	10,000		10,000
	TOTAL REVENUES	\$15,349,473	\$2,129,558	\$17,479,031

Beach Nourishment Capital Projects Fund

81

Appropriations

	Previous	2015-2016 Proposed	Revised
Professional Services	\$ 1,770,850	\$ 355,609	\$ 2,126,459
Contracted Services Vitex Eradication	20,000		20,000
Beach Nourishment Project	10,007,261	1,607,324	11,614,585
Land Payment (2301 S. Shore Dr.	763,462		763,462
Land Payment 102 N. Shore Dr.	2,640,351	165,625	2,805,976
Dues & Subscriptions	5,000	1,000	6,000
Miscellaneous Expense	142,549		142,549

TOTAL APPROPRIATIONS**\$15,349,473****\$ 2,129,558****\$17,479,031****TOWN HALL CAPITAL PROJECT FUND**

63

Rev	RBC Loan for Town Hall Land	\$ 2,100,000	\$ 2,100,000
	Transfer from General Fund	167,436	167,436
	Transfer from CRF-Future Projects	265,000	265,000

TOTAL REVENUES**\$ 2,532,436****\$ 2,532,436**

TOWN HALL CAPITAL PROJECT FUND

63

Appropriations

Town Hall Renovations

\$ 92,436

Professional Services

165,000

Land Acquisition

2,275,000

Town Hall Construction

TOTAL APPROPRIATIONS**\$ 2,532,436****2015-2016****Proposed****Revised**

\$ 92,436

165,000

2,275,000

\$ 2,532,436**WATER CAPITAL RESERVE FUND**

83

Revs Interest Income

\$ 44,000

Transfer from Water/Sewer CR

115,000

Transfer from Water Fund

144,260

Water Assessment Fees

1,850

Water Impact Fees 00-15

3,739,500

Water Impact Fees 15-16

\$ 300,000

Fund Balance

100,000

\$ 44,000

115,000

144,260

1,850

3,739,500

300,000

100,000

TOTAL REVENUES**\$ 4,144,610****2015-2016****Proposed****Revised****\$ 300,000****\$ 4,444,610**

		2015-2016	
	Previous	Proposed	Revised
Appropriations			
Transfer to Water Tank CP	\$ 165,000		\$ 165,000
Transfer to Water Supply Dev	269,000		269,000
Transfer to Current Projects	506,876		506,876
Transfer to Utility Fund FY 07-15	3,062,594		3,062,594
Transfer to Utility Fund FY 14-15		\$ 250,000	250,000
Unappropriated Fund Balance	141,140	50,000	191,140
TOTAL APPROPRIATIONS	\$ 3,844,610	\$ 300,000	\$ 4,444,610

		2015-2016	
	Previous	Proposed	Revised
SEWER CAPITAL RESERVE FUND			
84			
Revs Interest Income	\$ 86,000	\$	\$ 86,000
Sewer Assessment Fees	409,600		409,600
Transfer from W/S Capital Reserve	379,000		379,000
Sewer Impact Fees FY 00-14	4,331,485		4,331,485
Sewer Impact Fees FY 15-16		300,000	300,000
Fund Bal Approp	80,000		80,000
TOTAL REVENUES	\$ 5,286,085	\$ 300,000	\$ 5,586,085

Section 3. Tax Levy. There is hereby levied for the fiscal year ending June 30, 2016, the following rate of taxes on each one hundred dollars of assessed valuation of taxable property on January 1, 2015.

For the General Fund	\$ 0.2600
Committed to the	
Beach Nourishment Fund	<u>\$ 0.1500</u>
	\$ 0.4100

Section 4. Pay Levels. Compensation for Town Employees shall be provided within the pay levels set forth in the Surf City Pay Plan and through the appropriations set forth in this ordinance. Upon review of the current pay and classifications for all employees, the Town Manager may approve pay level adjustments and employee performance awards as funds allow. The Town Mayor and Council shall be compensated at the following rates: Mayor, 373 per month; Mayor Pro Tem, 237 per month; Council Members, 233 per month, Special Meetings, \$50 each; and Mayor , \$300 per month for travel, Council Members travel is set at \$150 per month.

Section 5. Auto Mileage. Personal automobile use for authorized Town business shall be compensated at the same rate paid by the Federal IRS allowance.

Section 6. Fees and Charges. All fees and charges shall be set from time to time by Town Council.

Adopted this 15th Day of June 2015.

A. D. "Zander" Guy
Mayor

Attest:

