The Honorable Mayor and Town Council

J. Michael Moore, Town Manager

Annual Budget Message – 2012-2013

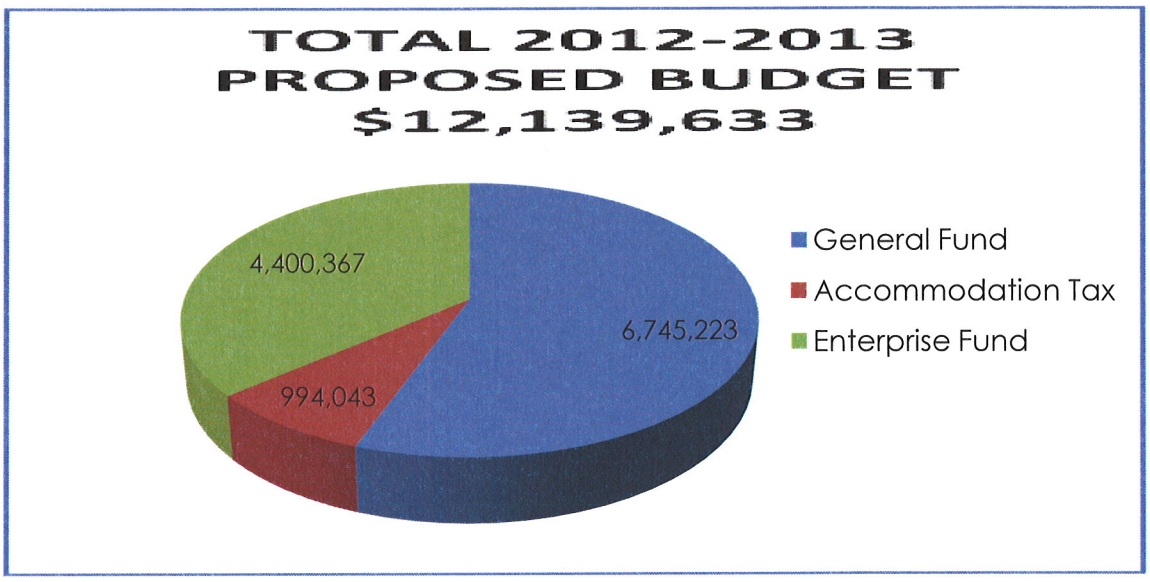
I have prepared and recommending to you the budget for fiscal year 2012-2013. This recommended budget is based on the current Tax information from the Pender County Tax Office and the Onslow County Tax Office. Based on the information from the tax offices our real and personal property valuation for 2012-2013 is $1,309,543,650.

I used the State Revenue Neutral Calculation form and based on their form our tax rate would need to be adjusted to .3329 per $100 valuation. The current 2011-2012 tax rate is .2826 per $100. I am recommending to Council that you not go all the way up to the revenue neutral suggested tax rate but I am asking for a tax increase of .0274 taking the tax rate to .31 per $100 of valuation. This is the first time in ten years, and I believe the first time this board has been asked to consider raising the tax rate. Staff will watch the budget very closely and we are hopeful that if the economy continues to improve we will do our best to try to reduce the tax rate for the 2013-2014 budget year but we will not know if that is possible until we complete the 2012-2013 year. We have not had to reduce positions thus far but if the economy does not improve we may be coming back to Council and begin some laying off for some positions.

Recommending you continue with your current policy of dedicating .05 cents of the .31 cents to go into the Beach Nourishment Capital Project Fund. This would then mean that .26 cents of the .31 cent tax rate would be used for the general operations of the Town. I am hopeful that during this budget year we will work towards a sound financial plan for our Beach Nourishment Project.

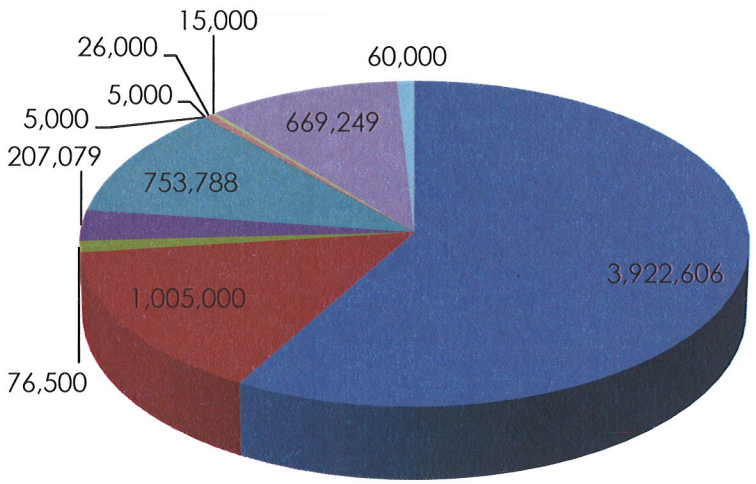
The staff and I certainly understand the current economy and our operations are also feeling the crunch of the times. We have not experienced the anticipated growth on the Island and we still struggle to get necessary information from the banks regarding foreclosures. Our finance department has spent many hours this year trying to collect unpaid taxes and chase down properties that we are discovering have been foreclosed upon. This budget is still less than the approved budget for the 2008-2009 year. We have all tried to cut as much as possible without sacrificing any of the services, which you expect us to provide to our citizens.

The **total budget**, which includes the General Fund, Accommodation Tax Fund, and the Enterprise fund, for 2012-2013 amounts to **$12,139,633**.



General Fund: The General Fund for Surf City is where the major operations of our business occur. This fund includes basically all general functions of our government: Governing Board; Elections; Legal; Insurances; Management; Finance; Community Development; Public Works; Sanitation; Recreation; Police; Fire; Public Works Center; Hurricane Expenses and Interfund Transfers. The General Fund totals $6,745,223. The 2012-2013 proposed budget includes 51.5 full time positions. I am recommending the addition of 3 full time firemen, seeking 100% grant for these positions and 1 full time athletic position in the Recreation Department. In the General Fund this budget has 51.5 full time positions which currently we have 46.5 of these positions filled. The proposed budget does include a 2% across the board cost of living raise for all employees and a merit increase of 2% for those employees that qualify based on merit.

The General Fund as presented is balanced and includes all debt service payments.



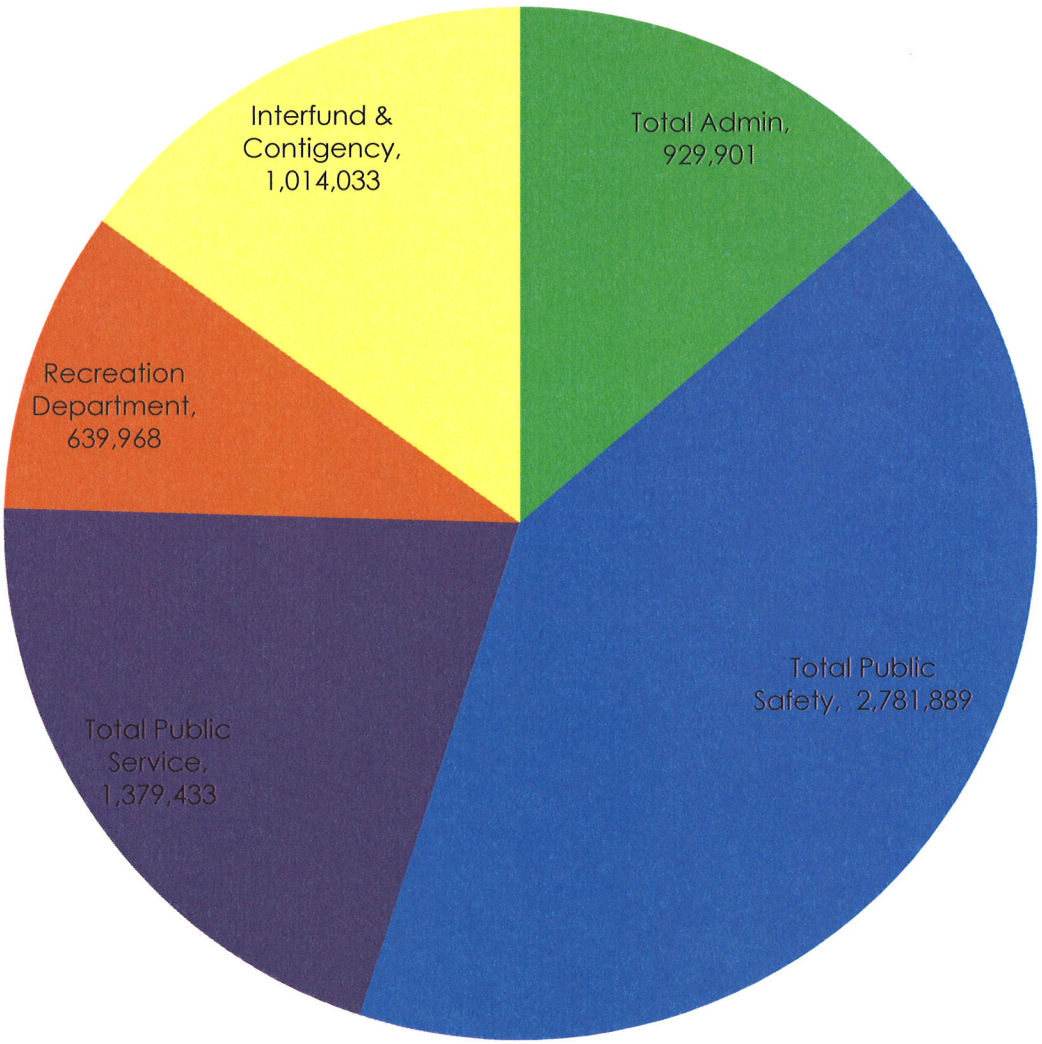
TOTAL GENERAL FUND

PROPOSED REVENUES

$6,745.223

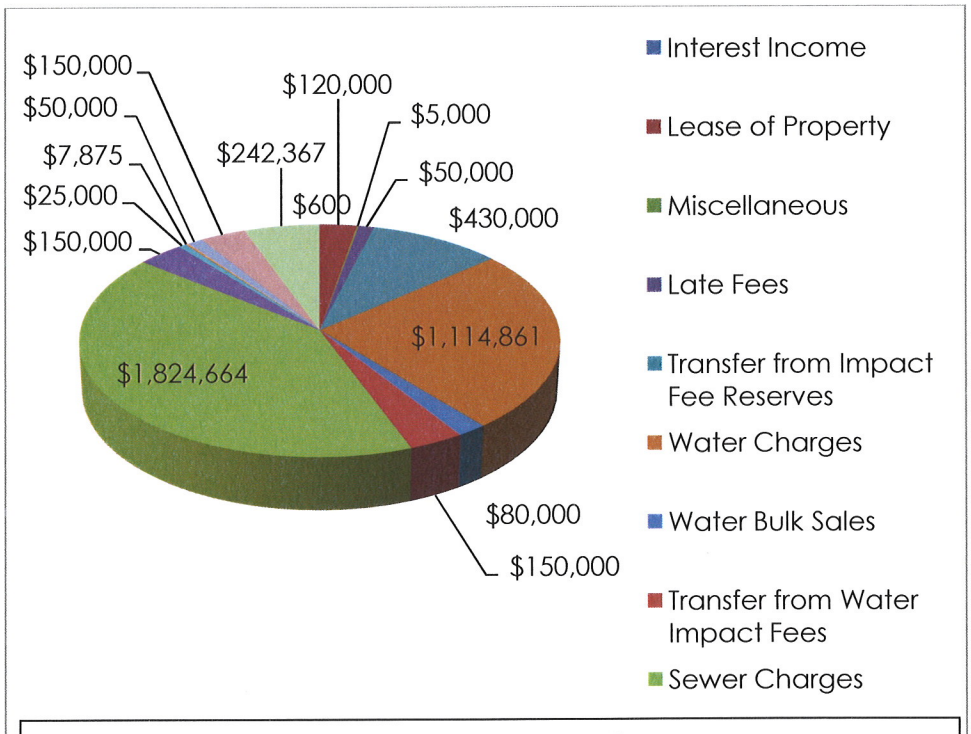
- AD VALOREM TAXES
- OTHER TAXES
- INTERGOVERNMENTAL TAXES
- RESTRICTED INT GOV TAXES
- FEES AND CHARGES
- INVESTMENT INCOME
- MISCELLANEOUS INCOME
- FEES AND CHARGES- REC. DEPT
- OTHER INCOME
- FUND BALANCE APPROPRIATED
- TRANSFER FROM OTHER FUNDS

GENERAL FUND PROPOSED EXPENDITURES
2012 - 2013
$6,745,223

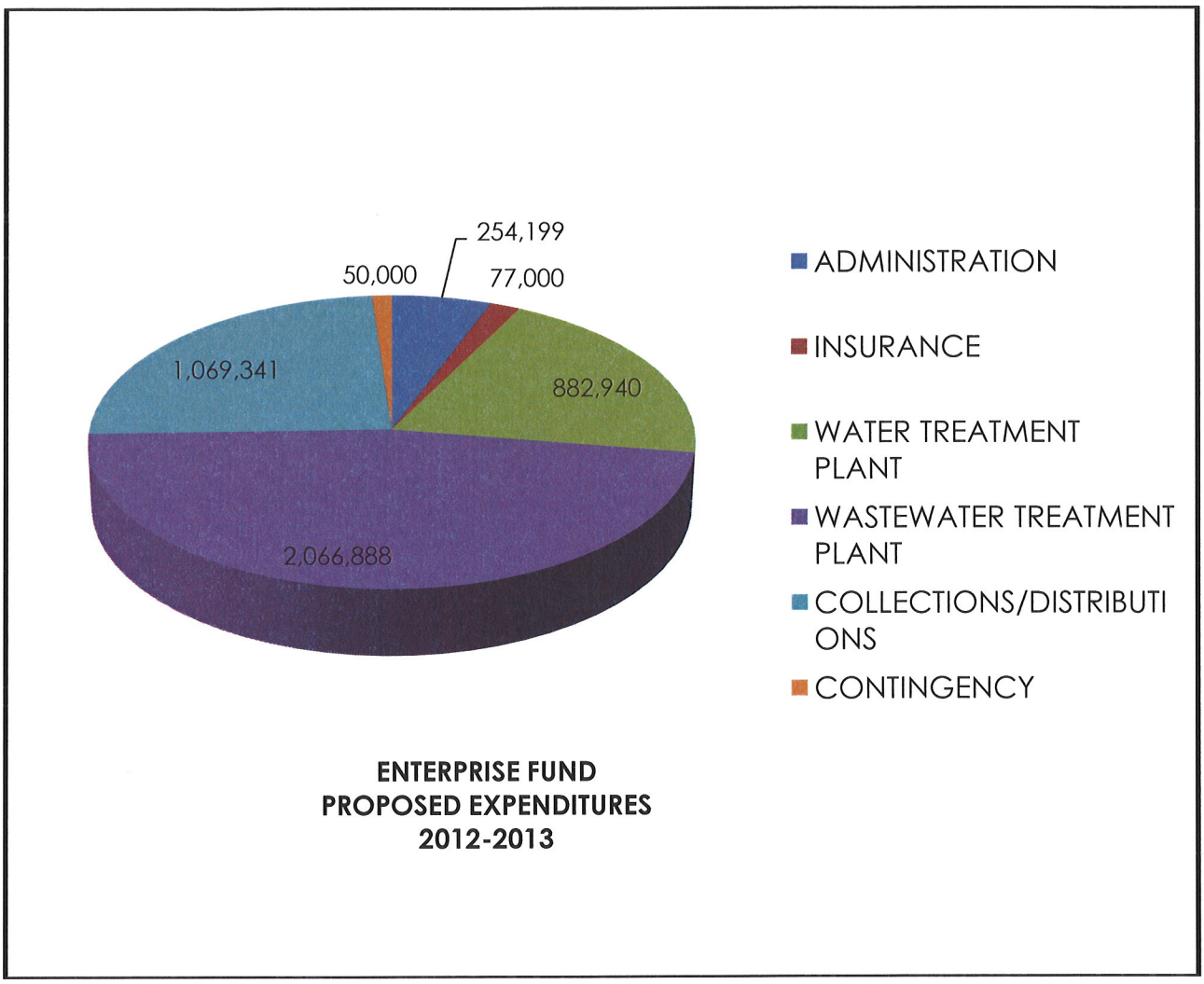


Accommodation Tax Fund: This fund covers most tourist related activities such as the Welcome/Tourism Center, Beach Accesses, Mosquito Control, Holiday Decorations, Chamber of Commerce, and the 4th July celebration. The Accommodation Fund this year is budgeted for $994,043. We currently have two full time employees salary coming from this fund plus debt service payment for parking.

Enterprise Fund/Utility Fund: The total amount proposed in the Enterprise Fund amounts to $4,400,367. The proposed budget does include a 7 ½% increase in our utilities as we have discussed as was provided to the Local Government Commission. We currently have 13.5 positions in the Enterprise Fund with 10.5 of the positions being currently filled. The first phase of the Juniper Swamp Spray field should be completed by fall of this year.



ENTERPRISE FUND
PROPOSED REVENUES
2012-13



The past several years have been very difficult for the Town as it has been for you and all our citizens. We have experienced some slight improvements with growth and we are hopeful that we will see that trend continue during this year.

I know there have been many difficult decisions that each of you have had to consider and make along the way but with your guidance, ideas, dreams, and goals, I am confident our residents and visitors will have a better place to live, work, and play for many years to come.

I am confident we will remain in sound financial condition but we all must monitor very closely this proposed budget. 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 2012-2013.

The Town Employees all worked very hard to give you the best budget for your money and I believe they are all dedicated and perform for you and all our citizens on a daily basis. Finally, I would like to thank each member of Council, for without your dedicated leadership and giving of your time, Surf City certainly would not be the wonderful place it is today and for what it will be long into the future.

Respectively submitted,

J. Michael Moore
Town Manager

BUDGET ORDINANCE FY 2012 - 2013

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, 2012, and ending June 30, 2013, and the following revenues are estimated to fund their appropriations:

GENERAL FUND

Revenues		Appropriations	
Ad Valorem Taxes	$ 3,922,606	Governing Board	$ 121,241
Other Taxes	$ 1,005,000	Elections	$ 6,000
Intergovernmental Revenue	$ 76,500	Legal	$ 20,000
Restricted Intergovernmental Revenue	$ 207,079	Insurance	$ 213,000
Fees and Charges	$ 753,788	Management	$ 258,729
Fees & Charges Recreation	$ 26,000	Finance	$ 310,931
Investment Income	$ 5,000	Police	$ 1,626,824
Miscellaneous	$ 5,000	Fire	$ 863,869
Other Income	$ 15,000	Community Development	$ 291,196
Transfer from other funds	$ 60,000	Public Works	$ 677,933
Fund Balance Appropriated	$ 669,249	Recreation	$ 639,968
		Public Buildings	$ -
		Public Works Center	$ 26,250
		Sanitation	$ 675,250
		Interfund Transfers	$ 989,033
		Contingency	$ 25,000
Total Revenues	**$ 6,745,222**	**Total Appropriations**	**$ 6,745,222**

ACCOMMODATIONS TAX FUND

Revenues		Appropriations	
Occupancy Taxes	$ 807,502	Tourism-Related Activities	$ 994,043
Appropriated Fund Balance	$ 186,541		$ -
Total Revenues	**$ 994,043**	**Total Appropriations**	**$ 994,043**

WATER AND SEWER FUND

Revenues		Appropriations	
Interest Income	$ 600	Management & Finance	$ 254,199
Lease of Property	$ 120,000	Insurance	$ 77,000
Miscellaneous	$ 5,000	Water Treatment Plant	$ 882,940
Reconnection Fee	$ -	Wastewater Treat. Plant	$ 2,066,888
Late Fees	$ 50,000	Collection/Distribution	$ 1,069,341
Transfer from Impact Fee Reserves	$ 430,000	Contingency	$ 50,000
Water Charges	$ 1,114,861	Increase Retained Earning	$ -
Bulk Water Sales	$ 80,000		
Transfer from Water Impact Fees	$ 150,000		
Sewer Charges	$ 1,824,664		
Transfer from Sewer Impact Fees	$ 150,000		
Water Tap Fees	$ 25,000		
Sewer Tap Fees	$ 7,875		
Sales Tax Refund	$ 50,000		
Local Option Sales Tax	$ 150,000		
Appropriated Surplus	$ 242,367		
Total Revenues	**$ 4,400,367**	**Total Appropriations**	**$ 4,400,367**

Budget Ordinance 2012 - 2013

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

	GENERAL FUND CAPITAL PROJECTS	Previous	2012 -2013 Proposed	Revised
81	**Beach Renourishment Capital Project Fund**			
Revs.	Ad Valorem Taxes FY 00-08	$ 2,131,667		$ 2,131,667
	Ad Valorem Taxes ($.05 levy)FY 08-09	$ 532,957		$ 532,957
	Ad Valorem Taxes ($.05 levy)FY 09-10	$ 532,957		$ 532,957
	Ad Valorem Taxes ($.05 levy)FY 10-11	$ 468,664		$ 468,664
	Ad Valorem Taxes ($.05 levy) FY 11-12	$ 619,157		$ 619,157
	Ad Valorem Taxes ($.05 levy) FY 12-13		$ 622,033	$ 622,033
	Transfer from General Fund FY 00-03	$ 500,000		$ 500,000
	Room Occupany Tax PC 01-06	$ 821,644		$ 821,644
	Room Occupany Tax PC 06-07	$ 288,300		$ 288,300
	Room Occupancy Tax PC 07-08	$ 362,600		$ 362,600
	Room Occupancy Tax PC 08-09	$ 350,000		$ 350,000
	Room Occupancy Tax PC 09-10	$ 350,000		$ 350,000
	Room Occupancy Tax PC 10-11	$ 368,000		$ 368,000
	Room Occupancy Tax PC 11-12	$ 378,000		$ 378,000
	Room Occupancy Tax PC 12-13		$ 395,268	$ 395,268
	NCDNR/State Share	$ 505,375		$ 505,375
	Fish & Wildlife Grant- Beach Vitex Eradication	$ 16,000		$ 16,000
	Onslow County Contribution 02-07	$ 105,000		$ 105,000
	Pender County Contribution 02-10	$ 812,000		$ 812,000
	Pender County Contribution 10-11	$ 112,000		$ 112,000
	Pender County Contribution 11-12	$ 112,000		$ 112,000
	Pender County Contribution 12-13			
	Lease on property	$ 69,857		$ 69,857
	Loan Proceeds	$ 23,600		$ 23,600
	Miscellaneous	$ 10,000		$ 10,000
	Total Revenues	**$ 9,469,778**	**$ 1,017,301**	**$ 10,487,079**

Budget Ordinance 2012 - 2013

	GENERAL FUND CAPITAL PROJECTS	Previous	2012 - 2013 Proposed	Revised
81				
Approp.	Professional Services	$ 1,170,850	$ 100,000	$ 1,270,850
	Contracted Services Beach Vitex Eradication	$ 16,000		$ 16,000
	Beach Renourishment Project	$ 5,895,617	$ 751,676	$ 6,647,293
	Land Payment 2301 S. Shore Dr.	$ 243,835		$ 243,835
	Land Payment 102 S. Shore Dr.	$ 2,143,476	$ 165,625	$ 2,309,101
	Total Appropriations	**$ 9,469,778**	**$ 1,017,301**	**$ 10,487,079**
82	**Disaster Recover Capital Reserve Fund**			
Revs.	Gen Fund Approp Fund Balance FY 00-03	$ 520,000		$ 520,000
	Transfer from General Fund FY 03-04	$ 50,000		$ 50,000
	Transfer from General Fund FY 04-05	$ 25,000		$ 25,000
	Transfer from General Fund FY 05-06	$ 25,000		$ 25,000
	Transfer from General Fund FY 06-07	$ 50,000		$ 50,000
	Transfer from General Fund FY 07-08	$ 50,000		$ 50,000
	Transfer from General Fund FY 08-09	$ 25,000		$ 25,000
	Transfer from General Fund FY 09-10	$ 25,000		$ 25,000
	Total Revenues	**$ 770,000**	**$ -**	**$ 770,000**
Approp.	Disaster Recovery Capital Reserve Total Approp.	**$ 770,000**	**$ -**	**$ 770,000**
90	**Community Center**			
Revs.	Donations FY 01-02	$ 31,500	$ -	$ 31,500
	PARTF Grant FY 01-02	$ 250,000	$ -	$ 250,000
	PARTF Grant FY 09-10	$ 212,950		$ 212,950
	Transfer from General Fund FY 01-07	$ 650,000	$ -	$ 650,000
	Transfer from General Fund FY 08-09	$ 170,000	$ -	$ 170,000
	Transfer from General Fund FY 09-10	$ 125,000	$ -	$ 125,000
	Loan RBC Building	$ 1,358,700	$ -	$ 1,358,700
	Total Revenues	**$ 2,798,150**	**$ -**	**$ 2,798,150**

Budget Ordinance 2012 - 2013

	GENERAL FUND CAPITAL PROJECTS	Previous	2012 - 2013 Proposed	Revised
Approp.	Community Center Development	$ 1,873,150	$ -	$ 1,873,150
	Professional Services	$ 275,000	$ -	$ 275,000
	Community Center Furnishings/Equipment	$ 55,000	$ -	$ 55,000
	Surf City Sports Comples	$ 595,000	$ -	$ 595,000
	Total Appropriations	**$ 2,798,150**	**$ -**	**$ 2,798,150**

63	**Town Hall Capital Project Fund**			
Revs	RBC Loan for Town Hall Land	$ 2,100,000		$ 2,100,000
	Transfer from General Fund	$ 92,436		$ 92,436
	Transfer from CRF-Future Projects	$ 190,000		$ 190,000
	Total Revenues	**$ 2,382,436**	**$ -**	**$ 2,382,436**
Approp	Town Hall Renovations	$ 92,436		**$ 92,436**
	Professional Services	$ 90,000		**$ 90,000**
	Land Acquisition	$ 2,200,000		**$ 2,200,000**
	Town Hall Construction	$ -		**$ -**
				$ -
	Total Appropriations	**$ 2,382,436**	**$ -**	**$ 2,382,436**

Budget Ordinance 2012 - 2013

	GENERAL FUND CAPITAL PROJECTS	Previous	2012 - 2013 Proposed	Revised
80	**Capital Reserve Fund/Future Projects**			
Revs.	Transfer from General Fund	$ 382,500	$ -	$ 382,500
	Transfer from GF Police Dept. 06-08	$ 35,000		$ 35,000
	Total Revenues	**$ 417,500**	**$ -**	**$ 417,500**
Approp.				
	Future Office Space CPF	$ 55,000		$ 55,000
	Future Radio System for Police Dept.	$ -		$ -
	Future Stormwater Drainage CPF	$ 67,500		$ 67,500
	Transfer to General Fund(stormwater drainage) FY 06-08	$ 45,000		$ 45,000
	Transfer to Town Hall CPF	$ 190,000		$ 190,000
	Transfer to Police Dept. CPF 05-06	$ 25,000		$ 25,000
	Transfer to Police Dept. 08-09	$ 35,000		$ 35,000
	Total Appropriations	**$ 417,500**	**$ -**	**$ 417,500**

93	**POLICE DEPT. SEPARATION ALLOWANCE**			
Revs.	Transfer from Geneal Fund	$ 117,935	$ 16,000	$ 133,935
	Total Revenues	**$ 117,935**	**$ 16,000**	**$ 133,935**
Approp	Transfer to General Fund for Retirement Payment	$ 117,935	$ 16,000	$ 133,935
	Total Appropriations	**$ 117,935**	**$ 16,000**	**$ 133,935**

Budget Ordinance 2012 - 2013

Fund	WATER & SEWER FUND CAPITAL PROJECTS	Previous	2012 - 2013 Proposed	Revised
67	**Sewer Capital Projects**			
Revs.	Transfer from Sewer Capital Reserve	$ 2,521,770		$ 2,521,770
	Transfer from Sea Wall CPF	$ 14,000		$ 14,000
	Balance of Annexation Water Project	$ 414,500		$ 414,500
	Engineering Overcharge Refund-Water Project	$ 9,600		$ 9,600
	Transfer from Water & Sewer Fund FY 02	$ 300,000		$ 300,000
	DENR - CG&L	$ 5,513,168		$ 5,513,168
	Loan from BB&T WWTP land	$ 4,000,000		$ 4,000,000
	Loan from BB&T Hwy 50 Forcemain	$ 1,000,000		$ 1,000,000
	Loan from RBC WWTP	$ 10,000,000		$ 10,000,000
	Loan from BB&T- Mainland Pump Station	$ 1,905,236		$ 1,905,236
	Transfer from Other Funds	$ 120,000		$ 120,000
	Interest Income	$ 35,000		$ 35,000
	Reimbursement from Lowe's	$ 267,719		$ 267,719
	State Grant 06-07	$ 2,000,000		$ 2,000,000
	Lease On Property	$ 20,000		$ 20,000
	Miscellaneous	$ 31,908		$ 31,908
	Total Revenues	**$ 28,152,901**		**$ 28,152,901**
Approp.	All prior construction project costs	$ 18,518,733		$ 18,518,733
	Juniper Swamp Phase 1 Professional Services	$ 1,015,351		$ 1,015,351
	Juniper Swamp Phase 1 Construction	$ 4,618,817		$ 4,618,817
	Land purchase	$ 4,000,000		$ 4,000,000
	Total Appropriations	**$ 28,152,901**	**$ -**	**$ 28,152,901**

Budget Ordinance 2012 - 2013

WATER & SEWER FUND

UTILITY IMPACT FEES
CAPITAL PROJECTS

83	Water Capital Reserve	Previous	2012 - 2013 Proposed Change	Revised
Revs.	Interest Income	$ 44,000		$ 44,000
	Transfer from Water/Sewer Capital Reserve	$ 115,000		$ 115,000
	Transfer from Water Fund 05	$ 144,260		$ 144,260
	Water Impact Fees FY 00-05	$ 412,000		$ 412,000
	Water Assessment Fees	$ 1,850		$ 1,850
	Water Impact Fees FY 05-07	$ 1,449,500		$ 1,449,500
	Water Impact Fees FY 07-08	$ 339,500		$ 339,500
	Water Impact Fees FY 08-09	$ 25,000		$ 25,000
	Water Impact Fees FY 09-10	$ 71,000		$ 71,000
	Water Impact Fees FY 10-11	$ 282,500		$ 282,500
	Water Impact Fees FY 11-12	$ 195,000		$ 195,000
	Water Impact Fees FY 12-13		$ 365,000	$ 365,000
	Approp from Fund Balance	$ 100,000		$ 100,000
	Total Revenues	**$ 3,179,610**	**$ 365,000**	**$ 3,544,610**
Approp	Transfer to Water Tank Capital Project	$ 165,000		$ 165,000
	Transfer to Water Supply Development	$ 269,000		$ 269,000
	Transfer to Current Projects/Payments	$ 506,876		$ 506,876
	Transfer to Utility Fund FY 07-08	$ 626,197		$ 626,197
	Transfer to Utility Fund FY 08-09	$ 356,475		$ 356,475
	Transfer to Utility Fund FY 09-10	$ 520,500		$ 520,500
	Transfer to Utility Fund FY 10-11	$ 300,000		$ 300,000
	Transfer to Utility Fund FY 11-12	$ 395,000		$ 395,000
	Transfer to Utility Fund FY 12-13		$ 365,000	$ 365,000
	Unappropriated Balance	$ 40,562		$ 40,562
	Total Appropriations	**$ 3,179,610**	**$ 365,000**	**$ 3,544,610**

Budget Ordinance 2012 - 2013

UTILITY IMPACT FEES
CAPITAL PROJECTS

84	Sewer Capital Reserve	Previous	2012 - 2013 Proposed	Revised
Revs.	Interest Income	$ 86,000		$ 86,000
	Sewer Assessment Fees	$ 409,600		$ 409,600
	Transfer from Water/Sewer Capital Reserve	$ 379,000		$ 379,000
	Sewer Impact Fees FY 00-06	$ 2,307,696		$ 2,307,696
	Sewer Impact Fees FY 06-07	$ 299,500		$ 299,500
	Sewer Impact Fees FY 07-08	$ 186,065		$ 186,065
	Sewer Impact Fees FY 08-09	$ 22,724		$ 22,724
	Sewer Impact Fees FY 09-10	$ 100,000		$ 100,000
	Sewer Impact Fees FY 10-11	$ 210,500		$ 210,500
	Sewer Impact Fees FY 11-12	$ 240,000		$ 240,000
	Sewer Impact Fees FY 12-13		$ 365,000	$ 365,000
	Fund Bal Approp	$ 80,000		$ 80,000
	Total Revenues	**$ 4,321,085**	**$ 365,000**	**$ 4,686,085**
Approp	Transfer to Sewer Project	$ 2,154,700		$ 2,154,700
	Transfer to Sewer Projects FY 06-07	$ 294,000		$ 294,000
	Transfer to Utility Fund FY 06-08	$ 505,379		$ 505,379
	Transfer to Utility Fund FY 08-09	$ 250,000		$ 250,000
	Transfer to Utility Fund FY 09-10	$ 575,000		$ 575,000
	Transfer to Utility Fund FY 10-11	$ 135,000		$ 135,000
	Transfer to Utility Fund FY 11-12	$ 400,000		$ 400,000
	Transfer to Utility Fund FY 12-13		$ 365,000	$ 365,000
	Sewer Capital Reserve Fund Balance	$ 7,006		$ 7,006
	Total Appropriations	**$ 4,321,085**	**$ 365,000**	**$ 4,686,085**

Budget Ordinance 2012 - 2013

	GENERAL FUND CAPITAL PROJECTS	Previous	2012 - 2013 Proposed	Revised
	63 SIDEWALK CAPITAL PROJECT FUND			
Rev	Transfer from General Fund	$ 373,500	$ 50,000	$ 423,500
	Total Revenues	**$ 373,500**		**$ 423,500**
Appro	Professional Services	$ 61,000		$ 61,000
	Sidewalk Construction	$ 312,500	$ 50,000	$ 362,500
	Total Appropriations	**$ 373,500**	**$ 50,000**	**$ 423,500**

Budget Ordinance 2012 - 2013

Section 3. Tax Levy. There is hereby levied for the fiscal year ending June 30, 2013, the following rate of taxes on each one hundred dollars of assessed valuation of taxable property on January 1, 2012

For the **General Fund**	$	0.2600
For the **Beach Renourishment Fund**	$	0.0500
Total	$	0.3100

Section 4. Pay Levels. Compensation for Town Employees shall be provided within the pay levels set forth in the "Surf City Pay Plan FY 12-13, and the appropriations set forth in this ordinance. Funds shall be available for employee pay level adjustments and employee performance awards approved by the Town Manager. The town governing board 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 $150 per month.

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

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

Adopted this 5th day of June 2012.

A. D. (Zander) Guy, Jr.,
Mayor

ATTEST:

Patricia E. Arnold, Town Clerk