



To: The Honorable Mayor A.D. "Zander" Guy and Town Council

From: Laurence C. Bergman, Interim Town Manager

Subject: FY2014 – 2015 Recommended Budget Message

I have prepared and recommend the budget for fiscal year 2014 - 2015. 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 2014 to be estimated at \$1,294,943,191. This is a total valuation decrease of approximately \$1.3 Million which reflects some new construction growth in value in the Pender County portion and a decrease in value on the Onslow County portion primarily related to the Onslow County revaluation in 2014.

This budget reflects no change in the Tax Rate of \$.41 per \$100. Of this rate, \$.15 cents 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 cents is to "Sunset" off the Tax rate in four (4) more years. The .26 per \$100 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 fund and in particular with the Enterprise Fund we will need to grow these savings for future capital needs. To that end, the Enterprise Fund budget reflects increases in rates as planned for in past budgets. I am confident that you, the Town Council and your Town staff will monitor all the funds throughout the year. 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 2014– 2015.

The total budget for 2014 - 2015, as recommended, is \$13,784,031 which reflects a \$325,102 total increase over the 2013-2014 budget equivalent to about a 2 ½ % increase. The General Fund amount is \$8,059,493 reflecting a 149,098 increase. The Accommodations Tax Fund is \$999,000 reflecting an \$80 decrease. The Enterprise Fund (Water & Wastewater) is \$4,679,538 or \$189,036 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 57 full time equivalent (FTE) positions in the general fund and included in this count I am recommending the addition of a Human Resources position that would starting midyear and is funded at half its cost for this year. It also reflects the 2 full time equivalent fire fighter positions added with the assumption of services for the North East Pender Fire District. The budget does not recommend any across the board salary increases, but does include funding of a salary survey and classification study and once completed we can revisit the needs to make salary adjustments or other pay for performance salary changes. I have made no recommendation for changing the employee insurance program but with the ever increasing financial impact of health insurance we will need to continually seek ways to lower or at least keep these costs steady.

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 4<sup>th</sup> July celebration. . We currently have two (2) full time equivalent employees salary coming from this fund.

**Enterprise Fund:** The enterprise fund represents the Water and Wastewater Utilities provided as services funded by fees and charges and represents eleven (11) full time equivalent employees.

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 have a better place to live, work, and play for many years to come.

Respectively submitted,

Laurence C. Bergman  
Interim Town Manager

**Budget Ordinance Fiscal Year 2014-2015  
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, 2014 and ending June 30, 2015, and the following revenues are estimated to fund their appropriations:

**GENERAL FUND**

<b><u>REVENUES</u></b>		<b><u>EXPENDITURES</u></b>	
Ad Valorem Taxes	\$5,219,993	Governing Board	\$87,033
Other Taxes	\$1,175,000	Legal	\$20,000
Intergovernmental Revenue	\$74,500	Insurance	\$250,000
Restricted Intergovernmental Revenue	\$73,000	Management Department	\$291,743
Fees and Charges	\$783,000	Finance Department	\$375,646
Recreation Fees and Charges	\$148,000	Police Department	\$1,761,428
Investment Income	\$3,000	Fire Department	\$999,720
Miscellaneous Income	\$5,000	Community Development	\$286,099
Other Income	\$23,000	Public Works/Streets	\$678,210
Fund Balance Appropriated	\$485,000	Recreation Department	\$854,365
Transfer from other Funds	\$125,000	Public Works Center	\$19,700
		Sanitation	\$675,600
<b>Total Revenues</b>	<b>\$8,114,493</b>	Interfund Transfers	<b>\$1,814,949</b>
		<b>Total Expenditures</b>	<b>\$8,114,493</b>

**ACCOMODATIONS TAX FUND**

<b><u>REVENUES</u></b>		<b><u>EXPENDITURES</u></b>	
Accommodation Taxes	\$860,000	Tourism Related Activities	\$990,000
Fund Balance Appropriated	\$130,000		
<b>Total Revenues</b>	<b>\$990,000</b>	<b>Total Expenditures</b>	<b>\$990,000</b>

## WATER AND SEWER FUND

### REVENUES

Interest Income	\$1,000
Lease of Property	\$130,000
Miscellaneous	\$5,000
Late Fees	\$60,000
Transfer from Impact Fee Reserves	\$0
Water Charges	\$1,473,299
Bulk Water Sales	\$80,000
Water Impact Fee	\$250,000
Sewer Charges	\$2,179,239
Sewer Impact Fee	\$250,000
Water Tap Fees	\$35,000
Sewer Tap Fees	\$16,000
Sales Tax Refunds	\$50,000
Local Option Sales Tax	\$150,000
Appropriated Surplus	\$0
<b>Total Revenues</b>	<b>\$4,679,538</b>

### EXPENDITURES

Administration	\$207,597
Insurance	\$77,000
Water Treatment Plant	\$814,243
Wastewater Treatment Plant	\$2,516,426
Collections/Distributions	\$1,064,273
Contingency	\$0
Increase in Retained Earnings	\$0
<b>Total Expenditure</b>	<b>\$4,679,539</b>

**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.

<b>Beach Nourishment Capital Projects Fund</b>		<b>2014-2015</b>		
		<b>Previous</b>	<b>Proposed</b>	<b>Revised</b>
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 13-14	1,883,081		1,883,081
	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 01-14	3,864,498		3,864,498
	Room Occupancy PC FY 14-15		420,000	420,000
	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	1,305,202		1,305,202
	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
	<b>TOTAL REVENUES</b>	<b>\$13,275,524</b>	<b>\$2,073,949</b>	<b>\$15,349,473</b>

**Beach Nourishment Capital Projects Fund**

81

## Appropriations

	<b>Previous</b>	<b>2014-2015 Proposed</b>	<b>Revised</b>
Professional Services	\$1,470,850	\$ 300,000	\$ 1,770,850
Contracted Services Vitex Eradication	20,000		20,000
Beach Nourishment Project	8,399,937	1,607,324	10,007,261
Land Payment (2301 S. Shore Dr.	763,462		763,462
Land Payment 102 S. Shore Dr.	2,474,726	165,625	2,640,351
Dues & Subscriptions	4,000	1,000	5,000
Miscellaneous Expense	142,549		142,549

**TOTAL APPROPRIATIONS****\$13,275,524****\$ 2,073,949****\$15,349,473****TOWN HALL CAPITAL PROJECT FUND**

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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****\$ 2,532,466****\$ 2,532,466**

**TOWN HALL CAPITAL PROJECT FUND**

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## Appropriations

Town Hall Renovations

Professional Services

Land Acquisition

Town Hall Construction

**TOTAL APPROPRIATIONS****2014-2015****Previous****Proposed****Revised**

\$ 92,436

165,000

2,275,000

**\$ 2,532,466**

\$ 92,436

165,000

2,275,000

**\$ 2,532,466****CAPITAL RESERVE FUND/FUTURE PROJECTS**

80

Revs Transfer from General Fund

Transfer from Police Dept

**TOTAL REVENUES****Previous****2014-2015****Proposed****Revised**

\$ 382,500

35,000

**\$ 417,500**

\$ 382,500

35,000

**\$ 417,500****CAPITAL RESERVE FUND/FUTURE PROJECTS**

80

## Appropriations

Future Stormwater Drainage CPF

Transfer to Town Hall CPF

Transfer to Police Dept. CPF

**TOTAL APPROPRIATIONS****Previous****2014-2015****Proposed****Revised**

\$ 92,500

265,000

60,000

**\$ 417,500**

\$ 92,500

265,000

60,000

**\$ 417,500**

**WATER CAPITAL RESERVE FUND**

83

**2014-2015**

	<b>Previous</b>	<b>Proposed</b>	<b>Revised</b>
Revs Interest Income	\$ 44,000		\$ 44,000
Transfer from Water/Sewer CR	115,000		115,000
Transfer from Water Fund	144,260		144,260
Water Assessment Fees	1,850		1,850
Water Impact Fees 00-13	3,439,500		3,439,500
Water Impact Fees 14-15		\$ 300,000	300,000
Fund Balance	100,000		100,000
<b>TOTAL REVENUES</b>	<b>\$ 3,844,610</b>	<b>\$ 300,000</b>	<b>\$ 4,144,610</b>

	<b>Previous</b>	<b>Proposed</b>	<b>Revised</b>
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 07-14	2,812,594		2,812,594
Transfer to Utility Fund FY 14-15		\$ 250,000	250,000
Unappropriated Fund Balance	91,140	50,000	141,140
<b>TOTAL APPROPRIATIONS</b>	<b>\$ 3,844,610</b>	<b>\$ 300,000</b>	<b>\$ 4,144,610</b>

**SEWER CAPITAL RESERVE FUND**

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		<b>Previous</b>	<b>2014-2015 Proposed</b>	<b>Revised</b>
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	4,031,485		4,031,485
	Sewer Impact Fees FY 14-15		300,000	300,000
	Fund Bal Approp	80,000		80,000
	<b>TOTAL REVENUES</b>	<b>\$ 4,986,085</b>	<b>\$ 300,000</b>	<b>\$ 5,286,085</b>

		<b>Previous</b>	<b>2014-2015 Proposed</b>	<b>Rev</b>
Appropriations	Transfer to Sewer Project	\$ 2,954,079	\$	\$ 2,954,079
	Transfer to Utility Fund FY 06-14	1,974,423		1,974,423
	Transfer to Utility Fund FY 14-15		250,000	250,000
	Sewer Capital Reserve Fund Balance	57,583	50,000	107,583
	<b>TOTAL APPROPRIATIONS</b>	<b>\$ 4,986,085</b>	<b>\$ 300,000</b>	<b>\$ 5,286,085</b>

**FEDERAL STORM DAMAGE REDUCTION**

Rev.	Federal Share	\$ 54,633,412	\$ 54,633,412
	State Share of Non-Federal	14,708,995	14,708,995
	Surf City Share of Local	14,708,995	14,708,995
	Surf City Contingency set aside	1,250,000	1,250,000
	<b>TOTAL REVENUES</b>	<b>\$ 85,301,401</b>	<b>\$ 85,301,401</b>
Appropriations			
	Project Expenses	\$ 84,051,402	\$ 84,052,402
	Contingency	1,250,000	1,250,000
	<b>TOTAL APPROPRIATIONS</b>	<b>\$85,301,402</b>	<b>\$85,301,402</b>

**Section 3. Tax Levy.** There is hereby levied for the fiscal year ending June 30, 2015, the following rate of taxes on each one hundred dollars of assessed valuation of taxable property on January 1, 2014.

For the <b>General Fund</b>	\$	0.2600
For the <b>Beach Nourishment Fund</b>	\$	<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 3<sup>rd</sup> Day of June 2014.**

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**A. D. "Zander" Guy**  
**Mayor**

**Attest:**