



# City of Locust

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Office of the City  
Administrator

June 1, 2010

The Honorable Scott Efird, Mayor and City of Locust City Council:

In accordance with G.S. 159, the Local Government and Fiscal Control Act, I am pleased to present to you a balanced Recommended Budget for the fiscal year July 1, 2010 to June 30, 2011. This budget has been assembled with the premise of ensuring that the budgeted funds are spent for public purposes in accordance with the North Carolina Constitution Article V, Section 2(1), "the power of taxation shall be exercised in a just and equitable manner, for public purposes only, and shall never be surrendered, suspended or contracted away."

This budget document contains the recommended tax rate, revenue estimations, and fund expenditures, fee schedules, staffing recommendations, and a capital improvement program for the Councils consideration. A goal of this budget is to continue with the City's tradition of providing quality and efficient services to the residents and businesses. This budget book provides you with the details of the Annual Budget Ordinance and will provide the budget officer with the necessary guidelines to conduct the City's financial management for the budget year. All recommendations in this document are subject to the desires of the Council and any changes will be reflected in the adopted budget. According to Stanly and Cabarrus County's Tax Administrators, the values of properties within the City have averaged a growth of between five and ten percent per annum.

This Recommended Budget includes a Revenue Neutral Property Tax Rate, as required and calculated by the formula provided by the North Carolina Department of Treasury. The Revenue Neutral rate for property taxes equates to 36.0 cents per hundred dollar valuation. I am pleased that this proposed budget recommends no property tax increase on the current rate of 36.0 cents per hundred dollar valuation, however there are included increases in the solid waste fee, sewer fees, and developer fees to meet the growing demands and costs of services we provide to our citizens.

## Appendix 1

The following Budget Highlights outline the significant recommendations of the budget officer to provide the most cost effective and efficient services to the taxpayers of the City of Locust.

### Budget Highlights

#### The General Operating Budget

The revenues for the General Operating Budget consist of locally collected taxes, state collected taxes, and city income sources such as fees, fines, and interests on investments. The revenues are estimated by several means: North Carolina League of Municipalities (NCLM) Estimates, past and current revenue activity, and an analysis of current economic conditions and forecasts. State collected revenues were estimated using the NCLM recommendations and a conservative approach was taken to their recommendations. Growth was recommended for estimating these revenues which came out to an overall increase of about \$100,000 which reflected an increase of \$38,000,000 in assessed values within

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the City according to the Stanly and Cabarrus Tax Assessors, compared to the current year (2009-2010) budget. The same tax rate is applied to vehicle taxes therefore generating an estimated \$20,000 in vehicle tax revenue. Each one cent on the tax rate generates about \$33,000 in revenues. Property and vehicle taxes comprise about 54 percent (\$1,221,000) of the revenues for the general operating budget.

Earned interests on investments are projected to be considerably less again this year due to the lowered interest rates. Investment professionals were consulted and they recommended estimating the investment income at .75% annual yields, to be on the safe side. This results in a continued reduction of about \$24,000 in revenues from the 2008-2009 budget year, but is comparable to the 2009-2011 budget year. Recommended Fund Balance appropriations from Fund Balances to the General Operating Budget will amount to \$84,060. In summary, the overall estimate for General Operating Fund revenues is estimated to be \$32,982 more than the 2009-2010 amended budget.

## **Expenditures for General Fund**

Personnel wages and benefits comprise over one half of most municipal budgets and Locust is no exception. This budget does not include any merit or pay increase for the second consecutive year and also calls for the elimination of two benefit packages that have been provided by the City for our employees in the past. Management has requested and included in this recommendation the following increases in expenditures as they relate to personnel:

- ⇒ A 2.7 % cost of living adjustment for personnel beginning the first pay period of FY 2010-2011.
- ⇒ No additional personnel for the City are included in this budget. A position was transferred from the Police Department to Public Works Department in an effort to better staff the needs of the City.

## **Capital Improvement Program**

**The recommended Capital Improvement Program for FY 2010-2011 includes at the Councils request:**

- ⇒ Resurfacing of Tanglewood Drive and miscellaneous pothole repair and maintenance.
- ⇒ Purchase of equipment for Public Works of several items of equipment to prevent excessive rental of equipment therefore saving money in a two-year period.
- ⇒ Purchase of three new in-car camera systems for the Police department.

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As I conclude this message I would be remiss in not stating that in my opinion this Recommended Budget for FY 2010-2011 allows for minimal expansion of services or programs. The growth in the tax base with the delay of the Tax Revaluation has been less than optimal and this minimal growth will be a burden on future budget preparations and appropriations. I also caution City leaders that failure to provide for wage growth and termination of benefits for staff while in the short term may save money may result in low morale which can translate into higher turnover in staff and therefore fuel increased personnel costs.

I am extremely proud of the hard working, dedicated staff at the City of Locust and the job that they do. I would also like to acknowledge the Mayor and the City Council for their support and leadership throughout the work sessions held to develop this budget. Additionally, I would like to acknowledge the efforts of Michael Rupp, who was instrumental in the creation of this budget document. I truly appreciate the efforts of the City staff, City Council and the Mayor to work together to continue to make Locust a wonderful place to live, work, and play.

Respectfully,

*James A. Inman*

James A. Inman  
City Administrator