



# *City of Locust*

Post Office Box 190  
Locust, North Carolina 28097-0190  
(704) 888-5260

Office of the City  
Administrator

June 10, 2016

The Honorable Steve Huber, 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, 2016 to June 30, 2017. 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 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.

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, which is the 19<sup>th</sup> year that the citizens of Locust have not experienced a tax increase. The City of Locust continues to maintain 24 hour services to our Citizens while enjoying one of the lowest property tax rates in the State of North Carolina for Cities that offer similar services.

## **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.

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## **Budget Highlights**

### **The General Operating Budget**

The revenues for the General Operating Budget consist of locally collected property 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 with a conservative approach. Given the current economic climate, our growth will continue to be quiet modest for the next fiscal year. The same fee structure is applied to vehicles generating an estimated \$22,000 in revenue. Each one cent on the tax rate generates about \$36,000 in revenues. Property and vehicle taxes comprise about 50 percent (\$1,362,000) of the revenues for the general operating budget.

Earned interests on investments are projected to be considerably less again this year due to the current interest rates and investment opportunities. Investment professionals were consulted and they recommended estimating the investment income at 1/2% annual yields, as a conservative approach. This results in revenues from the comparable to the 2015-2016 budget year.

### **Expenditures for General Fund**

Personnel wages and benefits comprise over one half of most municipal budgets and Locust is no exception. Management has requested and included in this recommendation the following increases in expenditures as they relate to personnel:

- ⇒ A 3.0 % cost of living adjustment for personnel beginning the first pay period of FY 2016-2017.
- ⇒ Continued emphasis on cost savings measures and General Fund Reserve Balance increases

### **Capital Improvement Program**

**The recommended Capital Improvement Program for FY 2014-2015 includes at the Councils request:**

- ⇒ Miscellaneous pothole repair and maintenance.
- ⇒ Upgrading equipment in the Parks and Recreation and Public Works

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- ⇒ Construction of Restroom Facilities for City Park
- ⇒ Replace two Police Vehicles, one patrol unit and one Chief's vehicle
- ⇒ Assist in completion of the Veteran's Memorial in City Center

I am extremely proud of the hard working, dedicated staff at the City of Locust and the job that they do under difficult circumstances and challenging economic times. Our employees from the Police Department, Public Works, Parks, and Administration are second to none in their work ethic and dedication to this community. I feel most fortunate to work along side the caliber of individuals who serve here. 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. I truly appreciate the efforts of the City staff, City Council and the Mayor working together to continue making Locust a wonderful place to live, work and play.

Respectfully,

*Tim Fesperman*

Tim Fesperman  
City Administrator