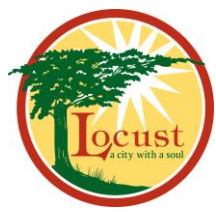




Fiscal Year 2023-2024 Annual Operating Budget





Annual Operating Budget
Fiscal Year 2023-2024
City of Locust, North Carolina

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Locust
North Carolina**

For the Fiscal Year Beginning

July 01, 2022

Christopher P. Morill

Executive Director

GFOA Distinguished Budget Presentation Compliance Statement

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Locust, North Carolina, for its Annual Budget for the fiscal year beginning July 01, 2022. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

Introduction

History of Locust

The City of Locust was established in western Stanly County in the late 1860s by German, Scotch Irish, and English immigrants. The community was known as the “Crossroads”. Many travelers came through on the way to Cabarrus, Anson, and Mecklenburg counties.

A central well was dug close to the locust tree to serve the citizens of the community as well as travelers and their livestock as they were traveling through. As many as 25 families would do their washing there in a single day since it was the only source of water.

In 1869 the city was officially incorporated as the City of Locust.

The community, previously known as “Crossroads” held a meeting to decide on a new name. A young girl in the community, Miss Maggie Howell, happened to look out at a wooded plot where a large locust tree was in full bloom. Beyond the locust tree, plowed fields laid flat and the reddish clay dirt of the Charlotte Road stretched out level. Miss Howell suggested the name “Locust Level”. And it was called Locust Level until May 29, 1894. The Level was dropped, and it was simply called Locust.

Locust’s convenient location, situated between Charlotte and Albemarle, contributed to its economic growth and served as a hub for the surrounding region.

Over the years, Locust has maintained its small-town charm while embracing sustainable growth and development. The city has seen residential expansion, with new neighborhoods and housing developments being established to accommodate a growing population.

Today, Locust stands as a thriving community that cherishes its history while embracing the opportunities of the present. The city’s rich heritage, strong sense of community, and dedication to progress have positioned Locust as a desirable place to live, work, and raise a family.

As Locust continues to evolve, it remains committed to preserving its small-town values, supporting local businesses, and fostering a high quality of life for its residents.

Community Profile

**Locust is the 2nd largest municipality in Stanly County
and the 150th largest municipality in North Carolina**



Stanly County, North Carolina

Population: 4,275

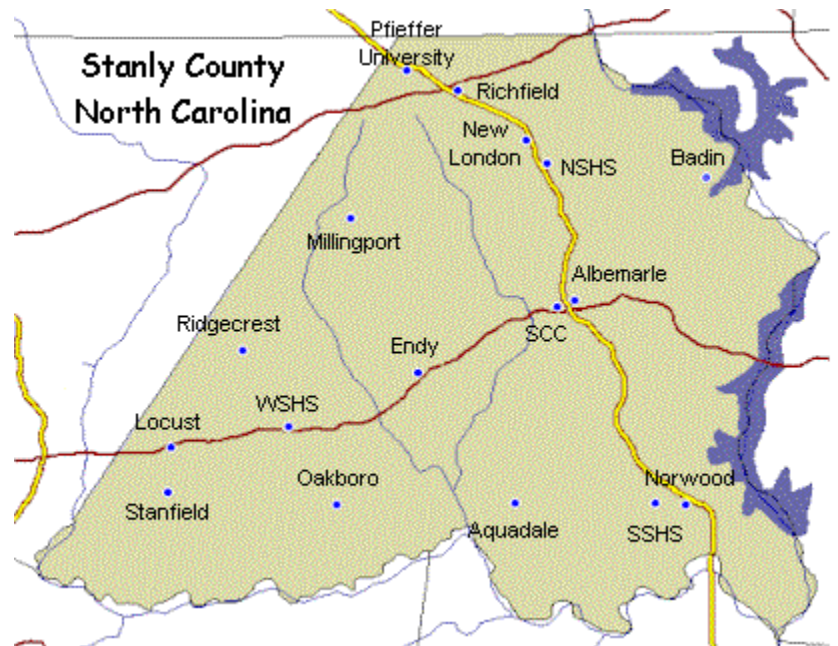
Land area: 8.13 sq mi

Median Housing Value: \$201,600

Median Household Income: \$54,617

Total Housing Units: 1,829

[Source: Census Data ACS 2021 5-year](#)



Government

Effective July 1, 2023 the City of Locust operates under the Council-Manager Form of Government

The City of Locust City Council is dedicated to serving its residents with integrity, transparency, and a commitment to the betterment of the community. Through responsible governance and effective leadership, the City of Locust strives to enhance the well-being of its citizens and foster a prosperous future.

Open and Accountable Government: Locust City Council values open communication and transparency. It actively engages with its residents, encouraging their participation in decision-making processes. By maintaining clear channels of communication and providing access to information, Locust City Council ensures that the community remains well-informed and actively involved in shaping the city's future.

Efficient and Responsive Services: Locust City Council is committed to delivering efficient and responsive service to its residents. Whether it's providing essential services, maintaining infrastructure, or addressing community needs, Locust City Council works diligently to ensure the highest standards of service delivery.

Responsible Fiscal Stewardship: Locust City Council understands the importance of responsible financial management. It carefully allocates resources, maintains a balanced budget, and seeks opportunities for economic growth. Through prudent financial decision-making, Locust City Council fosters a stable and sustainable environment that supports community development, infrastructure improvements, and the delivery of essential services. City of Locust residents have enjoyed a flat tax rate of .36 per \$100 for the 26th consecutive year. In addition, the City of Locust is debt free.

Planning for Sustainable Growth: Locust City Council takes a proactive approach to planning for the future. It recognizes the importance of sustainable growth and development that balances economic prosperity, preserving natural resources, and promoting responsible land use.

Upholding Public Safety and Welfare: Locust City Council places the highest priority on the safety and welfare of its residents. It invests in comprehensive public safety services to ensure the well-being of the community. By collaborating with local agencies and supporting initiatives that promote public safety, City Council creates a secure and peaceful environment for all.

The City of Locust City Council is committed to excellence in serving its residents, and work tirelessly to meet the needs of its citizens while working towards a prosperous future.

Unlike many cities, Locust City Council members do not receive financial compensation for their services. They volunteer their time for the betterment of the community.

Quality of Life

At the heart of the Piedmont region, the City of Locust offers its residents a remarkable quality of life. Nestled in a welcoming community, Locust embraces a balance between small-town charm and modern amenities, making it an ideal place to call home.

Strong Community Support: Locust thrives on the strength of its tight-knit community. Residents take pride in their city, fostering a sense of belonging and unity. Whether it's attending local events, supporting neighborhood initiatives, or volunteering for worthy causes, the residents of Locust come together to create a vibrant community.

Safe and Welcoming Environment: Locust is committed to providing a safe and secure environment for its residents. The City's dedicated police force works tirelessly to maintain peace and ensure the well-being of its citizens. Locust embraces diversity and inclusivity, welcoming individuals from all walks of life, and fostering an environment where everyone feels valued and respected.

Excellent Education: Locust places great emphasis on education, offering its residents access to exceptional education opportunities. The City boasts a network of highly regarded schools, both public and private, that provide a nurturing and challenging environment for students to grow academically and personally.

Abundant Recreational Opportunities: Locust takes pride in its natural beauty and offers a wide range of recreational opportunities for residents of all ages. With well-maintained parks and facilities, the City encourages an active and healthy lifestyle.

Thriving Economy: Locust is a city that values economic growth and development. With a diverse and expanding business landscape, Locust creates employment opportunities, attracts investment, and fosters entrepreneurial spirit. The City's close proximity to Charlotte, along with its supportive business climate, contributes to a robust economy that benefits its residents.

The City of Locust is dedicated to enhancing the quality of life for its residents, and we strive to create an environment where residents can flourish and enjoy a fulfilling life.

City Council



Locust City Council Members (standing, from left to right): Barry Sims, Mayor Pro-Tem Larry Baucom, Mayor Steve Huber, and Harry Fletcher. (sitting, from left to right): Michael Haigler, Mandy Watson, Roger Hypes, and Rusty Efird.

The Locust City of Locust City Council is comprised of a Mayor and seven Councilmembers. Elections for the office of Council are held at two-year intervals in November. Elections are non-partisan and all members are elected for four-year terms. The Mayor is elected for a two-year term at the same time elections for City Council are held.

All municipal elections are conducted by the Stanly County Board of Elections in accordance with general laws of North Carolina. No primary elections are held.

The City Council acts as the legislative body of the City, and they provide guidance and direction to City staff to meet the goals of the City. As such, the City Council adopts the annual operating budget, which by law is always balanced and which includes a tax rate levied against real property, wastewater rates, and other fees; expenditures on municipal projects and programs, including such capital projects as street improvements, buildings and facilities maintenance and construction; and funds for departmental operations, such as police protection, planning, recreation, and wastewater collection. The City Council is the final authority in adopting laws and rules that govern the City of Locust and provides for the safety and welfare of its citizens and visitors.

Boards and Committees

Advisory committees and boards offer citizens the opportunity to be involved in the City's decision-making processes, by directly advising the City Council.

Planning & Zoning Board

The Planning and Zoning Board reviews and makes recommendations to the City Council on all proposals for rezoning, various land development-related requests, and amendments and additions to the City's Land Development Ordinance and Land Use Plan. The Planning & Zoning Board has no judicial or final decision authority but provides guidance to the City Council on those requests. The Planning & Zoning Board also serves as the Board of Adjustment.

Board of Adjustment

The Board of Adjustment conducts public hearings (of quasi-judicial nature) and renders rulings on variances from the City's land development regulations and appeals to zoning decisions made by the Planning & Zoning staff.

City Administration

Cesar R. Correa
City Manager

Connie Josey
City Attorney

Amy Furr
City Clerk

Department Directors

Stephania Morton
Finance Director

Scott Efird
Planning & Zoning Director

Jeff Shew
Chief of Police

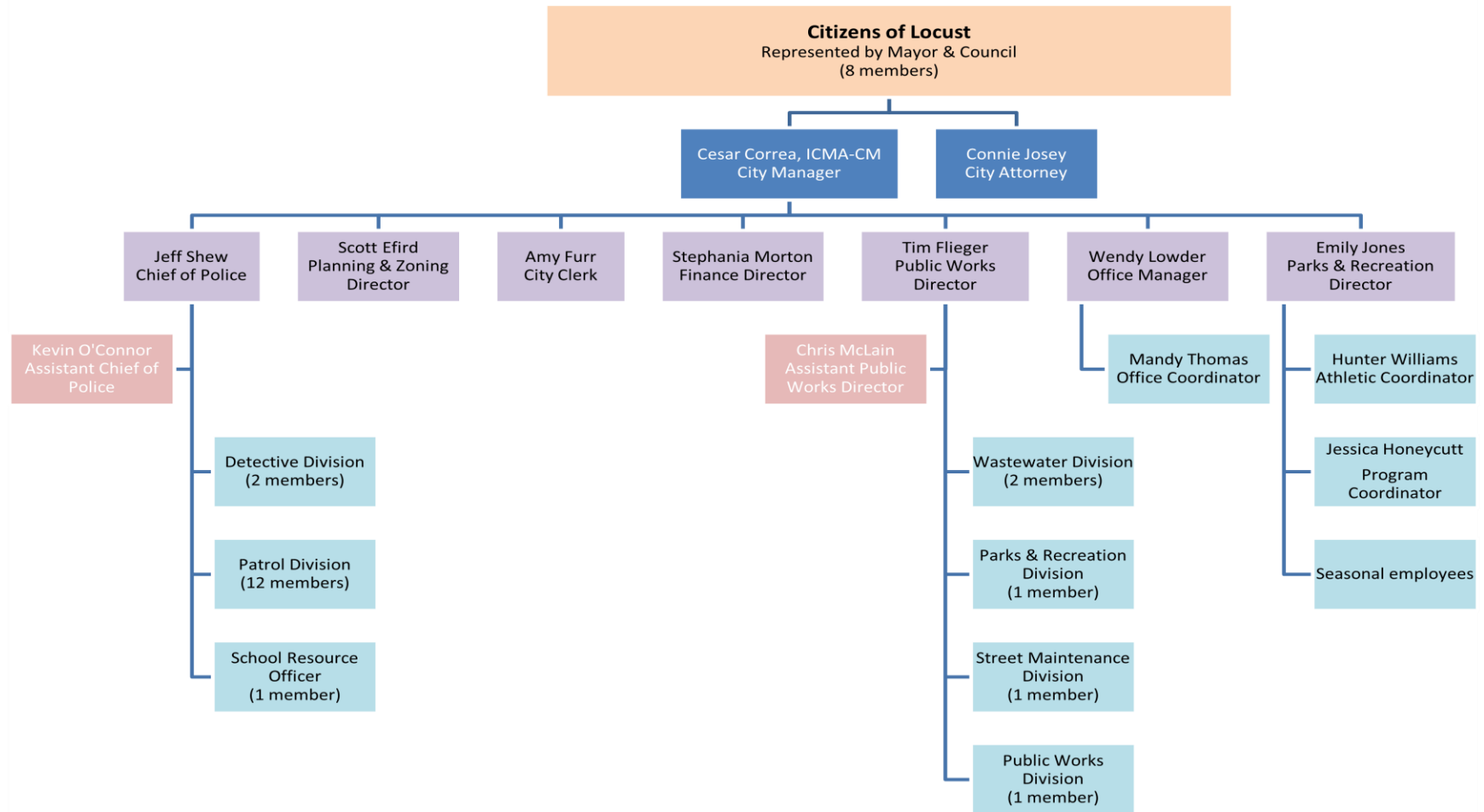
Tim Flieger
Public Works Director

Wendy Lowder
Office Manager

Emily Jones
Parks & Recreation Director

Organization Chart

Full-Time Positions FY 2023-2024



Fire service provided through Volunteer Rural Fire Departments, including West Stanly FD, Midland FD, and Georgeville FD

These services are funded by special Rural Fire Department tax levies.

Budget Process

Overview

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and Enterprise Funds. Project ordinances are adopted for Capital Project funds and proprietary capital improvements. All budgets are prepared using the modified accrual basis of accounting.

The City Manager acts as the City's Budget Officer. As of December 16, 2021, Cesar Correa ICMA-CM, City Manager is recognized as a Certified Budget & Evaluation Officer by the North Carolina Local Government Budget Association.

Budgetary control is executed at the department level or by project. The City Manager, upon City Council approval, is authorized to transfer appropriations between functional areas within a fund without limitation. During the fiscal year, several amendments to the original budget are necessary.

Procedures

All departments receive their operating budget materials and instructions in January. Department Directors meet individually with the City Manager and Finance Director to present recommendations and/or adjustment to their respective operating expenses. In addition, Department Directors submit capital project requests and personnel requests.

Department Directors are responsible for estimating departmental expenditures. The City Manager and Finance Director make the determination of the revenue projections based on prior fiscal year realized revenues, economic trends, and recommendations by the North Carolina League of Municipalities. The budget reflects the service priorities of the Council and the Citizens of the City of Locust. The service needs of the community are determined by public hearings and feedback through the Mayor and City Council. After final service priorities have been established and agreed upon, a balanced funding plan is formulated. Through careful assessment of funding requirements and financing methods (if needed), a proposed budget document is organized into final format and submitted to Council for their consideration and adoption.

The City Council reviews the recommended budget with the City Manager and staff during the Annual Budget Retreat. Locust City Council sets goals and priorities for the upcoming fiscal year during the Annual Budget Retreat.

A copy of the proposed budget with recommended changes is also filed with the City Clerk for public review as well as on the City's website. A public hearing is scheduled prior to the formal adoption of the budget. Adoption of the budget by the City Council establishes legal authority to incur expenditures in the ensuing fiscal year. All annual appropriations lapse at fiscal year-end, on June 30th.

Budget Calendar

A budget calendar is included in the North Carolina General Statutes which prescribes the last day on which certain steps of that budget procedure are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

January

1. City Manager transmits budget kick-off memorandum to Department Directors.
2. Budget packets distributed to Department Directors.

February

1. Completed expenditures requests submitted to City Manager.
2. Finalized Fee Schedule is submitted.
3. City Manager and Finance Director meet with individual Department Directors to review budget requests.
4. Budget packet submitted to City Council members.

March

1. Department Directors complete performance evaluations and present merit increase recommendations.
2. City Council receives copy of the proposed budget (1st draft)
3. City Council participates in the annual budget retreat to set goals and funding priorities.
4. City Manager begins to amend proposed budget based on Council's direction following the annual budget retreat.

April

1. City Manager presents revised budget version during April Council meeting.
2. City Council schedules public hearing for May and June Council meetings.

May

1. City Manager presents recommended budget for introduction.
2. City Council provides additional feedback and direction based on public comment.

June

1. Public Hearing on budget proposal.
2. Budget Ordinance is adopted by the City Council.

Public Input

The City Council of the City of Locust takes pride in an open and transparent budget process. The City Manager begins by informing the public that budget planning has begun during the January Council meeting. At this time, the budget calendar is explained to the public; and the public is informed of their right to participate in the planning process. Notice is given during the February Council meeting as to when the budget retreat will take place. In addition to the Council meeting, the City of Locust also uses social media platforms, and our local newspaper, to advertise the budget retreat.

Members of the public are welcomed and encouraged to participate during budget retreat. In addition, City Council sets a special public comment session during the budget introduction, typically in May.

Finally, the public is able to participate one last time during the public hearing period during the June meeting, when the budget is adopted.

CIP (Capital Improvements Plan)

The City develops a five-year plan for capital improvements and reviews and updates the plan annually.

Financial Policies

Statement of entity-wide long-term financial policies

The City of Locust is committed to maintaining sustainable and responsible financial practices that ensure the long-term stability and prosperity of our community. Our overarching financial policies are designed to promote fiscal prudence, transparency, and accountability, while effectively managing our resources to meet the evolving needs of our residents.

To achieve these goals, we prioritize long-term financial planning and budgeting. We strive to establish a robust financial framework that accounts for both short-term obligations and long-term commitments. This includes setting realistic revenue projections, managing expenditures, and thoughtfully implementing a capital improvement plan to avoid excessive and/or unnecessary financial burdens.

The City of Locust recognizes the importance of building and maintaining adequate reserves to protect against unforeseen events and economic downturns. By consistently adhering to strict reserve policies, we aim to mitigate financial risks and safeguard essential services for our community, even during challenging times.

Our local government is committed to promoting sustainable economic growth and attracting investments that contribute to our community's prosperity. We actively seek opportunities for public-private partnerships, share services with other local governments, explore innovative revenue sources, and encourage responsible economic development practices that generate sustainable sources of income.

Transparency and accountability are fundamental principles guiding our financial policies. We are dedicated to providing clear and accessible information to our constituents regarding our budgetary decisions, financial performance, and long-term financial planning. We encourage open communication and engaging with the community to build trust and ensure the public has a voice in shaping our financial priorities.

As stewards of public funds, we understand that our financial decisions have a direct impact on the well-being of our residents. We are committed to balancing fiscal responsibility with the delivery of essential services and infrastructure investments that promote the overall quality of life in our community.

Summary of Financial Policies

Basis of Budgeting

The City of Locust budget is balanced when the sum of estimated net revenues and appropriated fund balances is equal to appropriations.

The accounts of the City of Locust are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity, with a self-balancing set of accounts comprised of assets, liabilities, fund equity, revenues and expenditures or expenses as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The account groups are not funds but are a reporting device used to account for certain assets and liabilities of the governmental funds that are not recorded directly in those funds.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. In accordance with North Carolina General Statutes, all funds of the City are maintained during the year using the modified accrual basis of accounting. The governmental fund types are presented in the financial statements using the same basis of accounting.

Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 90 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Budget Transfers & Amendments

Full implementation of the budget begins immediately on July 1. Pursuant to North Carolina General Statute 159-15, the budget may be amended by submission of proposed changes to the City Council. Upon City Council approval, the City Manager is then authorized to transfer funds from one appropriation to another within the same fund. All budget amendments and transfers must adhere to balanced budget requirements.

Encumbrances

As required by North Carolina General Statutes, the City maintains encumbrance accounts, which are considered “budgetary accounts” under which purchase orders, contracts and other commitments for expenditures of funds are recorded in order to reserve that portion of applicable appropriation.

Debt

The City shall not knowingly enter into any contracts creating significant unfunded liabilities. If utilized, general obligation debt of the City will not exceed eight percent (8%) of the assessed valuation of the taxable property of the City.

Fund Balance Reserve

The Local Government Budget and Fiscal Control Act states: “Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts at the end of the fiscal year next preceding the budget year.”

The City will maintain as a minimum a general fund balance, less restricted funds, to be used for unanticipated emergencies of twenty-five percent (25%) of the General Fund. These funds will be used to avoid cash-flow interruptions, generate interest income, eliminate the need for short-term borrowing, and assist in maintaining an investment grade bond rating.

The City’s Annual Budget Report will include a section which shows the City’s ending Fund Balance, and also shows this Fund Balance as a percentage of expenditures.

In the event the City’s targeted minimum Fund balance drops below twenty-five percent (25%), each annual budget ordinance shall address, at a minimum, actions to be taken by Council to increase the fund balance back to twenty-five percent (25%).

Basis of Budgetary Accounting

Budgetary accounting is used for management control of all funds of the City.

Governmental Funds

These funds are used to account for governmental functions. Governmental funds include the following fund types:

- **General Fund:**

The General Fund is the general operating fund of the City. It is used to account for expenditures and all financial resources for services to the public, except for those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, grants and various other taxes and licenses. The primary expenditures are for public safety, public works, recreation, and general governmental functions.

- **Powell Fund:**

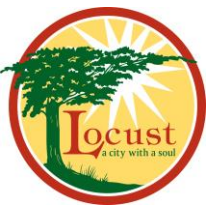
The Powell Fund is used for the construction, maintenance and repair of all public streets, sidewalks, bridges, and other ways of public passage within corporate limits. North Carolina levies motor fuel taxes pursuant to a formula that increases taxes when the wholesale price of motor fuels increases. North Carolina General Statute 136-41.1 appropriates a certain percentage of this revenue, plus an additional percentage of the net proceeds of the North Carolina Highway Trust Fund, to eligible municipalities across the state.

Proprietary Funds

These are used to account for business-type activities.

- **Enterprise Fund (Wastewater):**

The Enterprise Fund accounts for operations that are a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.



Annual Operating Budget
Fiscal Year 2023-2024
City of Locust, North Carolina

Budget Message

June 8, 2023

The Honorable Steve Huber, Mayor
Members of the Locust City Council
City of Locust, North Carolina

Dear Mayor Huber and Members of the City Council:

Pursuant to Section 159-11 of the North Carolina General Statutes, attached is the recommended FY 2023-2024 budget for your review and consideration. I want to thank the Mayor and City Council for providing staff with specific direction during our budget retreat on March 11, 2023. Your comments and directions were used as guidelines for budget recommendations. I also want to thank department directors and their respective staff for their assistance in preparing this proposal.

The 2023-2024 FY City-wide budget totals \$5,584,550 for both General Fund and Enterprise Wastewater Fund.

The proposed property tax rate for FY 2023-2024 is \$0.36/\$100, which remains the same for the 26th consecutive year.

This recommendation assumes the North Carolina General Assembly will not make changes to local government revenues distribution that would impact the City of Locust.

Per Council's direction, the focus of this budget aims to uphold the City's mission statement to "plan and prioritize for the citizens' well-being through equitable and quality services, focusing on cost-effective government." The City Council is to be commended for continuing to be conservative in projecting revenues, in holding down expenditures, and in maintaining a healthy fund balance reserve. These practices have enabled the City of Locust to remain in a healthy financial position.

To ensure the health of the City's financial position for years to come the City adopted a fiscal policy to maintain, a minimum of twenty-five percent (25%), of General Fund balance reserve to be used for unanticipated emergencies. These funds may also be used to avoid cash-flow interruptions, generate interest income, and eliminate the need for short-term borrowing. As per the 2021-2022 FY audit, the City's General Fund balance reserve is approximately 91% of total General Fund expenditures for the 2021-2022 FY.

The principal challenge we focused on when developing the FY 23-24 budget is managing growth to ensure our infrastructure and personnel is adequate for the rapid growth we are experiencing and expecting. According to the 2020 Census, Locust was one of the fastest growing municipalities in the Charlotte-metro area. Our proximity to Charlotte, our public services, and our small-town feel makes

Locust a very desirable community. It is imperative that we continue to invest in infrastructure and staff to maintain the high quality of services our residents expect.

The presented budget reflects a conservative revenue forecasting approach that we believe meets the needs of our operations. We continue to provide quality services to our community, while maintaining a flat tax rate for the 26th consecutive year. At this time, we do not anticipate any policy, regulatory, or legislative challenges facing the City of Locust in FY 2023-2024.

Notice of this submission will be given to the news media and the public, and a public hearing will be scheduled at the Council's meeting on June 8, 2023, at 7:00pm. A copy of this proposed budget will be placed on file with the City Clerk and will be available for public inspection during normal business hours within 10 days prior to the June 8th public hearing.

Budget Highlights

The General Fund Operating Budget

Revenues for the General Fund increased by 11% or approximately \$422,625. This is mainly a result from increased property values, new home construction and commercial development experienced in 2022.

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 interest 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.

We believe that our growth will continue to be quite modest for the next fiscal year. Each one cent on the tax rate generates approximately \$71,283 in revenues. Property and vehicle taxes comprise about 48% or \$2,042,000 of the revenues for the general operating budget. The City's property tax base increased by 6.7% from FY 2022-2023.

The City continues to invest fund balance reserves in the North Carolina Trust Management Fund, which continues to yield substantial returns due to current Federal interest rates.

The City locked rates for vision, a 3.5% increase in dental premiums, and a 27% in health benefits for City employees. In addition, employees received a 3% cost of living adjustment, and appropriate merit increases based on their performance evaluation review for 2022.

New personnel: The FY 2023-2024 budget includes funding for 3 (three) new full-time positions. Two new Patrol Officers for the Police Department, and one Program Coordinator for Parks & Rec.

The General Fund remains debt-free while also maintaining a healthy fund balance reserve.

Wastewater Enterprise Fund

Pursuant to House Bill 436 “An Act To Provide For Uniform Authority To Implement System Development Fees For Public Water and Sewer Systems in North Carolina.” The City of Locust contracted The Wooten Co. to complete a System Development Fee Study in 2023. This study is valid for 5 years, at which point the City will have to perform a new study to determine the appropriate System Development Fee. **For FY 2023-2024, I am recommending our wastewater system development fees to increase from \$2,500 to \$5,000 while eliminating the previous \$2,500 tap fee.**

In addition, I am recommending for user and availability fees to remain flat despite an anticipated increase in wastewater treatment cost from Stanly County Utilities. It is important to note that Stanly County is currently working towards improving the West Stanly Treatment Plant in order to achieve a treatment capacity of 2.5 MGD (million gallons per day.) The costs associated with this capital improvement are projected to be between \$30M to \$35M. County and the City of Locust will study the feasibility of utility consolidation during FY 23-24.

The Wastewater Enterprise Fund remains debt-free while maintaining a healthy fund balance reserve.

Powell Fund

In order to provide appropriate street and sidewalk infrastructure for future generations, FY 23-24 includes a recommendation to allocate the entire Powell Bill disbursement for street paving and repairs purposes. While this will require additional resources to be allocated from the General Fund to fund employee salaries and wages, it will allow the City of Locust to complete an appropriate resurfacing cycle based on our 2019 pavement condition study. The plan will be reviewed annually by staff, and every 5 years by professional engineers to determine a priority-based schedule.

Capital Improvement Program

The recommended Capital Improvement Program for FY 2023-2024 includes, at Council’s request:

- Purchase of 2 (two) new Dodge Charger vehicles for the Locust Police Department.
- Facility improvements at the Public Works yard, and a new zero turn mower.
- City beautification for Town Center consisting of tree planting.
- Purchase of a new sweeper/vacuum equipment for Powell Street Department.
- Purchase of a new infield groomer and golf cart for Parks & Recreation.
- Purchase of additional technology and valves for the Wastewater Enterprise utility.

The City of Locust is fortunate and proud of the hard-working elected officials and staff, and for their dedication to this community. I would like to acknowledge the Mayor and City Council for their continuous support and leadership.

Respectfully,



Cesar Correa
City Manager

Budget Ordinance

City of Locust
2023-2024 FY Budget Ordinance

BE ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOCUST, NORTH CAROLINA:

Section 1. Appropriations:

The following amounts are hereby appropriated for the operation of the City government and its activities for the fiscal year beginning July 1, 2023, and ending June 30, 2024, according to the following schedule:

Schedule A. General Fund:

General Government:

Administration Compensation	\$554,250
Legal	\$2,000
Mapping/Surveying/Plan Review	\$3,000
Audit	\$18,000
Misc. Supplies	\$1,000
Office Supplies	\$3,000
Employee Wellness	\$5,000
Motor Vehicle Expense	\$3,000
Dues	\$16,000
Office Expenses	\$10,000
IT Expense	\$25,000
Travel	\$3,000
Continuing Education	\$4,000
Telephone	\$4,000
Postage	\$1,000
Advertising	\$1,000
Insurance-Property/Liability	\$7,500
Property Tax Collections	\$30,000
Total General Government	\$690,750

Central Services:

Government Center	\$70,000
Veterans Memorial	\$2,500
Senior Center	\$1,750
Total Central Services	\$74,250

Public Safety:

Police Compensation	\$1,459,500
PD Legal	\$1,000
Hiring Expense	\$1,000
Office Supplies	\$5,000
Uniforms	\$10,000
Motor Vehicle Expense	\$65,000
Equipment	\$8,000
Investigations	\$2,000
Weapon Supplies	\$4,500
IT Expense	\$28,500
K9 Expense	\$2,500
Training	\$6,000
Postage	\$500
Police Communications	\$15,000
Liability Insurance	\$32,000
Capital Outlay	\$100,000
Total Public Safety	\$1,740,500

Public Works:

Public Works Compensation	\$175,850
Software Maintenance	\$2,500
Supplies	\$3,500
Office Supplies	\$1,200
Street Blade Signs	\$1,500
Uniforms	\$2,500
Motor Vehicle Expense	\$15,000
Office Expense	\$4,000
Equipment	\$3,000
Continuing Education	\$1,000
IT Expense	\$1,500
Telephone	\$6,500
Utilities	\$6,000
Streetlights	\$100,000
Streetscapes	\$20,000
Insurance	\$6,000
Building Expense	\$6,000
Capital Outlay	\$30,000
Total Public Works	\$386,050

Streets – Transportation (Powell Bill):

Powell Compensation	\$66,500
Software Maintenance	\$2,500
Mapping/Engineering/Legal	\$3,000
Supplies	\$4,000
Uniforms	\$1,500
Motor Vehicle Expense	\$13,500
Equipment	\$2,000
Continuing Education	\$2,000
Street Maintenance	\$6,000
Paving and Repairs	\$140,000
Property Liability Insurance	\$5,000
Capital Outlay	\$66,000
Capital Project – Sidewalks	\$10,000
Total Powell Fund	\$322,000

Environmental Protection:

Solid Waste Sanitation	\$500,000
Total Environmental Protection	\$500,000

Economic Development:

Economic Development	\$1,000
Total Economic Development	\$1,000

Parks & Recreation:

Parks & Recreation Compensation	\$311,500
Supplies	\$4,000
Office Supplies	\$3,500
Uniforms	\$2,500
Fleet Maintenance Expense	\$6,000
Office Expense	\$8,000
Equipment	\$9,500
Senior and Program Services	\$22,000
IT Expense	\$500
Turf Grass Maintenance	\$8,000
Youth and Adult Services	\$48,500
Concession Supplies	\$3,000

Continuing Education	\$3,500
Utilities	\$25,000
Utilities/Community Building	\$3,500
Utilities/Park Office	\$2,500
Facility Maintenance	\$6,000
Property and Liability Insurance	\$4,000
Capital Outlay	\$75,000
Grounds Maintenance	\$5,000
Advertising	\$1,500
Total Parks & Recreation	\$553,000

TOTAL GENERAL FUND EXPENSES: \$4,267,550

Schedule B. Wastewater:

Wastewater Compensation	\$284,500
Software Maintenance	\$12,000
Legal	\$5,000
Office Supplies	\$6,000
Uniforms	\$3,500
Continuing Education	\$2,000
Water Conservation Education	\$1,000
Telephone	\$5,500
Postage	\$15,500
Property and Liability Insurance	\$8,000
Bank Service Charge	\$2,000
Engineering Fees	\$10,000
Wastewater Treatment	\$737,000
Supplies	\$40,000
Motor Vehicle Expense	\$5,500
Electric – PS1 Browns Hill Rd.	\$17,500
Electric – PS2 Meadow Creek Rd.	\$33,000
Electric – PS3 Creekview	\$4,000
Electric – PS4 Hwy 200N	\$6,000
Electric – PS5 Redah	\$4,500
Electric – PS6 Elm Street	\$9,500
Electric – PS10 Town Center	\$2,000
Electric – Water Stanly County	\$2,000
Electric – PS8 Bluffton Lane	\$2,000
Electric – PS9 Walmart	\$3,000
Electric – PS7 Locust Valley	\$2,000
Electric – PS11 Town Center North	\$2,000
Electric – Morgan Meadows	\$2,000
Other Maintenance	\$35,000
Emergency	\$30,000
Capital Outlay	\$25,000
Total Wastewater	\$1,317,000

TOTAL WASTEWATER: \$1,317,000

Section 2. Estimated Revenues:

It is expected that the following revenues will be available during the fiscal year beginning July 1, 2023 and ending June 30, 2024, to meet the foregoing appropriations according to the following schedule:

Schedule A. General Fund:**Ad Valorem Taxes:**

Property Taxes @ \$0.36	\$2,000,000
Interest on Property Taxes	\$2,000
Vehicle Tax @ \$10/car	\$40,000
Total Ad Valorem Taxes	\$2,042,000

Other Taxes and Licenses:

Sales Tax	\$1,100,000
License/Permits	\$10,000
Cable Vision Franchise Tax	\$17,500
Total Other Taxes and Licenses	\$1,127,500

Intergovernmental Revenues:

Utility Franchise Tax	\$190,000
Court Fees/Police Reports	\$5,000
Total Intergovernmental Revenues	\$195,000

Beer and Wine Tax:

Beer and Wine Tax	\$14,000
Total Beer and Wine Tax	\$14,000

Solid Waste Tax:

Solid Waste Tax	\$250,000
Total Solid Waste Tax	\$250,000

Streets - Powell Fund:

Powell Revenue	\$145,000
Powell Interest	\$100
Total Powell Fund	\$145,100

Capital:

Police Donations	\$4,000
Vehicle Sale	\$8,000
LPD Special Separation Allowance	\$18,600
Total Capital	\$30,600

Miscellaneous Revenues:

Interest General Fund	\$70,000
Park Fees	\$70,000
Misc. Income	\$1,750
Building Rentals	\$6,000
Concession Revenue	\$2,000
Veterans Memorial	\$600
ABC Income	\$275,000
Library Utilities	\$2,000
SRO Grant	\$36,000
Total Miscellaneous Revenues	\$463,350

TOTAL GENERAL FUND REVENUE: INSERT \$4,267,550

Schedule B. Wastewater:

Misc. Income	\$1,000
Interest	\$1,000
Availability Fees	\$115,000
User Fees	\$1,000,000
System Development Fees	\$200,000
Total Wastewater Revenue	\$1,317,000

TOTAL WASTEWATER REVENUE: INSERT \$1,317,000

Section 3. Taxes Levied:

There is hereby levied the rate of tax on each one-hundred-dollar valuation of tangible property both real and personal as listed for taxes as of January 1, 2023, for the purpose of raising revenues for current year's property tax as set forth in the foregoing estimates of revenue, in order to finance the foregoing appropriations: **\$0.36 cents** per hundred dollar valuation:

General Fund: For the general expense incident to proper government of the City of Locust, valuation of \$712,836,749 and a tax levy of \$2,566,212

Section 4. Distribution:

Copies of this ordinance will be furnished to the finance officer of the City of Locust, to be kept on file for the direction of disbursement of funds.

ADOPTED THIS JUNE 8, 2023

Motion Made/Seconded by:

For: _____

Against: _____

Stephen Huber, Mayor

Amy Furr, City Clerk
Seal

Strategic Plan

Strategic Plan

In 2020, The City of Locust marked a milestone with the adoption of the City's first-ever Strategic Plan. The Strategic plan establishes a vision and key strategic priorities that reflect the City Council's direction for sustainable growth.

What is a Strategic Plan?

A Strategic Plan is a document that guides the City as it grows and responds to the evolving needs of residents. This 5-year plan provides direction for maintaining and improving the quality of life that makes the City of Locust, A City With A Soul.

The Strategic Plan was drafted by the City Manager based on feedback from residents, City Council members and staff. It follows best practices from the UNC School of Government and peer communities to build a plan that reflects the values and needs of our community. Upon discussion and consideration, the City Council adopted the first ever Strategic Plan in 2020.

What is the process for creating strategic goals?

The process of creating strategic goals involves a systematic approach that includes assessing the current state of the City of Locust, identifying future opportunities and challenges, defining a clear vision and mission, conducting a thorough analysis of internal and external factors, setting specific and measurable objectives, formulating strategies to achieve said objectives, and finally, establishing a framework for monitoring progress and making necessary adjustments along the way.

What is the purpose of a Strategic Plan?

The purpose of the City of Locust Strategic Plan is to uphold the City of Locust's Vision, Mission and Core Values.

VISION:

Locust is the preferred community where people fulfill their dreams of home, leisure, and work.

MISSION:

Our mission is to plan and prioritize for the citizens' well-being through equitable and quality services, focusing on cost-efficient government.

CORE VALUES:

Preserve our community history, encourage family values, maintain quality of life, and responsible stewardship of public resources.

Strategic Priority Areas:

- General Government
- Public Safety
- Parks & Recreation
- Transportation
- Planning & Zoning
- Public Works & Wastewater

General Government:

The City Council of the City of Locust is a leader in responsible government with a high-performing organization that meets the public service needs of its residents. The goals and objectives of the City Council and City Administration include:

- To uphold public's trust in City elected officials and City staff. City Council takes pride in leading a local government that fosters accountability, participation, and inclusion for all residents.
- To follow financial management policies that maintain the City's financial strength and integrity.
- To promote government transparency.
- To foster relationships at the local, State and Federal levels.
- To continue to invest in City staff to ensure appropriate levels of recruitment and retention.
- To pursue Certificate of Achievement of Excellence in Financial Reporting by the Government Finance Officers Association.

Public Safety:

The City of Locust is one of the safest communities in North Carolina with highly trained law enforcement officers. The goals and objectives of the Locust Police Department include:

- Invest in equipment that maximizes the safety and efficiency of our law enforcement officers.
- Advance the professional development and training of our law enforcement officers.
- To support, and fund, the School Resource Officer program in Locust Elementary School in partnership with Stanly County Schools.
- Foster programs that encourage dialogue between Locust Police Department and citizens, representatives of the community, and interested groups. For example: National Night Out, Shop With A Cop, and Coats by Cops.
- Enhance internal and external communication to ensure clear and consistent communication within the Department and throughout the community.

Parks & Recreation:

The City of Locust provides several programs and activities that promote a healthy, fulfilling and rewarding lifestyle. The goals and objectives of the Parks & Recreation Department include:

- To increase the use of the Locust Athletic Complex for Youth Recreational Sports while still profiting from the use of private tournaments.
- Continue to provide events and activities for residents of all ages to enjoy.
- Explore options to acquire property around the Locust Athletic Complex to increase passive and active recreation opportunities.
- Expand on Locust's End of Summer Festival through a combination of resources and business sponsorships.

- Update signage around the Athletic Complex, including bulletin boards, park map, and walking markers.

Transportation (Powell Fund):

The City of Locust will continue to plan for future infrastructure and support the quality of existing public streets and sidewalks. The goals and objectives of the Streets Division include:

- To continue to pursue NCDOT funding through the Rocky River Rural Planning Organization for highway and pedestrian projects.
- Maintaining and repairing roadways in accordance with the City's pavement condition report.
- Complete City beautification projects such as: Welcome sign, way finder sign program, and street planting.
- Preserve the aesthetic integrity of the Hwy 24/27 corridor to make it inviting for residents and visitors alike.
- Update and maintain the Powell Fund map as required by NCDOT.
- Pursue road connection from Market Street to the USPS building.

Public Works & Wastewater Utility:

The Public Works Department is responsible for the maintenance of all public facilities and spaces. They maintain the City of Locust's welcoming spirit and inviting atmosphere. The goals and objectives of the Public Works Department include:

- Support the projected Public Works & Wastewater Utility facility expansion, equipment, and personnel needs to meet service demands.
- Maintain Wastewater Enterprise Fund financial stability.
- Plan and budget for future capital improvement plans to the sewer wastewater collection system.
- Preserve and enhance City infrastructure for an accessible, safe, and inclusive community experience.
- Explore asset management tools to streamline equipment and infrastructure maintenance.

Planning & Zoning:

The Planning and Zoning Department will continue to plan for future growth and development that will support a quality balanced mix of land uses, while preserving our small-town charm, characteristics, and history. The goals and objectives of the Planning and Zoning Department include:

- Adopt policy changes as required per NCGS Chapter 160-D.
- Conduct a comprehensive Planning & Zoning retreat to recommend changes to the City of Locust Land Development Ordinance.
- To update the 2014 City of Locust Land Use Plan.
- Provide resources and assistance to Locust residents to complete the 2020 Census population count.

Performance Measures

Major Service Area: Public Safety

Program Goal: Ensuring that the City of Locust is one of the safest communities in North Carolina with highly trained law enforcement officers.

Performance Measures	Industry Benchmark	FY 21 Actual	FY 22 Actual	FY 23 Mid-Year	FY 24 Objective
Reported law-Enforcement Incidents	N/A	1,799	1,791	577	N/A
Confirmed Criminal Incidents	N/A	360	389	128	N/A
Property Crime/Fraud Incidents	N/A	266	278	120	N/A
Percentage of Closed Incidents	N/A	94.9%	95.3%	92%	>90%
Percentage of Incidents Cleared by Arrest	N/A	76.7%	79.2%	85.2%	>70%
Percentage of Cleared Property Crime/Fraud	N/A	66.5%	71.2%	65.8%	>60%

Major Service Area: Planning & Zoning

Program Goal: Plan for future growth and development that will support a quality balanced mix of land uses, while preserving our small-town charm, characteristics and history.

Performance Measures	Industry Benchmark	FY 21 Actual	FY 22 Actual	FY 23 Mid-Year	FY 24 Objective
Number of New Residential Permits	N/A	172	163	577	>100
Number of New Commercial Permits	N/A	8	7	128	>5
Number of Rezoning Cases	N/A	12	8	5	>3
Number of Variance Cases	N/A	-	-	-	-
Fees Collected	N/A	\$995,207	\$864,325	\$472,400	>\$500,000

Major Service Area: Parks & Recreation

Program Goal: To provide several programs and activities that promote a healthy, fulfilling and rewarding lifestyle.

Performance Measures	Industry Benchmark	FY 21 Actual	FY 22 Actual	FY 23 Mid-Year	FY 24 Objective
Number of Youth Sports participants	N/A	590	700	348	>600
Number of programs available	N/A	14	16	22	25
Fees Collected	N/A	\$68,708	\$73,310	-	\$70,000

Budget Summary

Major Revenue Sources

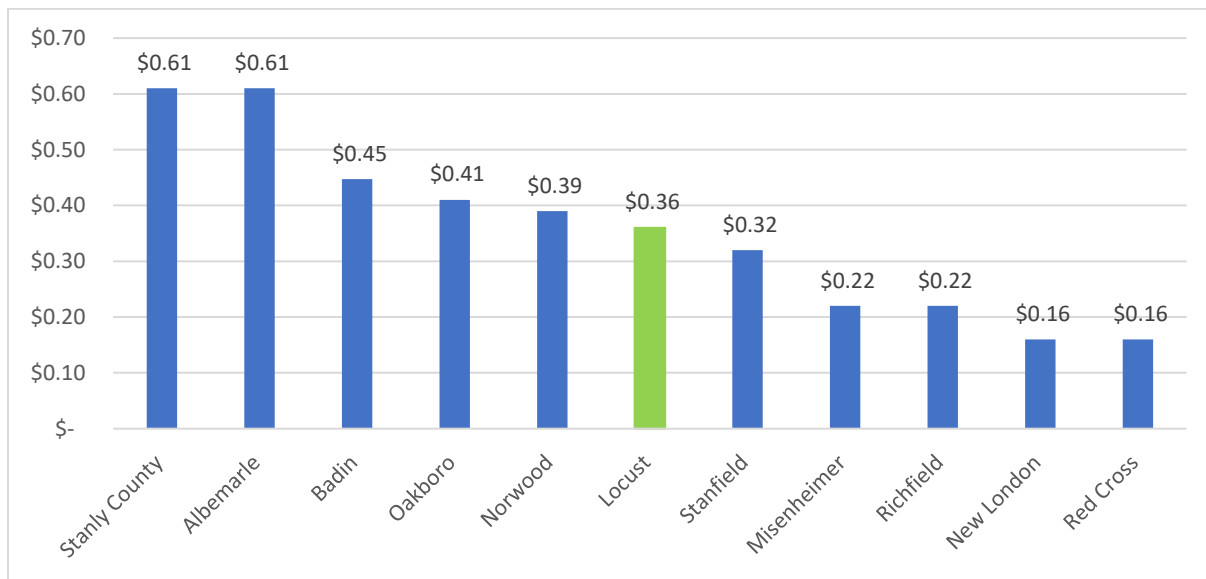
The following information defines the major sources of revenue for the City of Locust for FY 23-24. The City's anticipated revenues have been determined using historical financial trends, property tax values/estimates from Stanly and Cabarrus Counties, and projections provided by the North Carolina League of Municipalities (NCLM).

General Fund Summary

The current General Fund Operating Budget for FY 23-24 totals \$4,267,550 compared to the adopted budget of \$3,792,700 for FY 22-23.

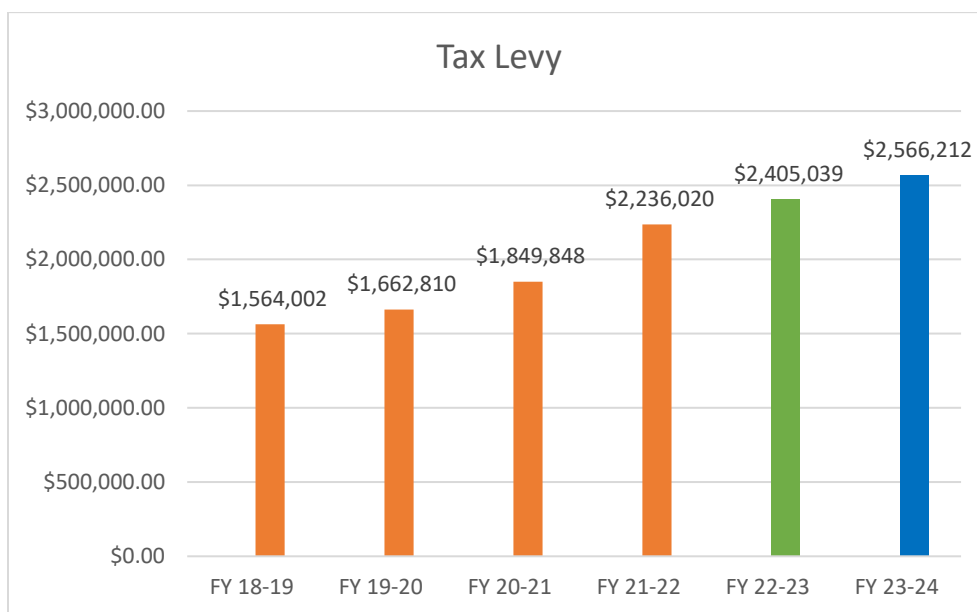
The change in revenues for the City's General Fund budget is a result of new residential and commercial construction in 2022, as well as steady increase in Sales Tax revenues. The City Manager is recommending for the tax rate of 36¢ per \$100 to remain flat, thus marking FY 23-24 as the 26th consecutive year that Locust residents will not experience a tax rate increase. The additional revenues will be used to plan and budget upcoming projects in the City's Capital Improvement Plans. FY 23-24 budget includes an increase in expected revenue from state sales tax of approximately 10%. This estimate is conservative using information provided by the North Carolina League of Municipalities, historical and statistical trends. This budget was prepared under the assumption that the City of Locust will receive all state shared revenues for FY 23-24.

Comparison of Stanly County Municipalities Tax Rates



Ad Valorem Taxes: The budget is balanced with a property tax rate of 36¢ per \$100 valuation. Ad valorem represents 48% of General Fund Operating Revenues. This will yield \$2,042,000 in total current and prior year ad valorem tax revenue based on an average real and personal property collection rate of 98%. The tax base used in this budget preparation represents a 6.70% increase in property values for a total valuation of \$712,836,749. One cent on the City’s property tax rate produces approximately \$71,283 in revenue.

Ad Valorem Taxes



FY 22-23 expected tax levy based on 2022 TR-2 reports.

FY 23-24 based on estimated property valuations from Stanly and Cabarrus Counties.

Sales Taxes: Sales taxes levied by Cabarrus and Stanly Counties are distributed on a per capita basis. Local option sales taxes represent 26% of General Fund revenues for FY 23-24. FY 23-24 budget includes an increase in expected revenue from state sales tax of approximately 10%, despite inflation and current economic conditions. This estimate is conservative using information provided by the North Carolina League of Municipalities, historical and statistical trends.

Franchise Taxes: The State levies a tax on utility companies (electricity and natural gas) based on either gross receipts or usage. The state shares a portion of these taxes with local governments based on usage within their jurisdiction. The State also levies a tax on telecommunications gross receipts and then distributes a portion of these taxes per capita to each municipality.

Powell Bill Street Allocation: Since 2015, the amount of this distribution no longer represents a portion of the motor fuel taxes collected. The current law states that Powell Bill revenues will be determined by an appropriation of funds by the General Assembly. There is no set formula that determines the total amount of Powell Bill funds received each year. Of the funds available each year, 25% is distributed to cities based on local street miles, and 75% based on population. The use of these funds is restricted to maintaining, repairing, constructing, reconstructing or widening any public street or thoroughfare within

the City limits. Bridges, drainage, curb and gutter and other necessary appurtenances are also approved uses of these funds, but legislation passed in 2015 specifies that the funds should be primarily used for resurfacing streets. These funds are expected to provide approximately \$145,000.00 for FY 23-24, which represents a \$40,000 increase compared to FY 22-23 estimates. The entire Powell Bill distribution is used for street paving and repairs.

Permits and Fees: The City charges fees for providing construction permits and plan reviews to applicants in accordance with North Carolina General Statute 160A-414. In addition, the City charges other permits and fees associated with development.

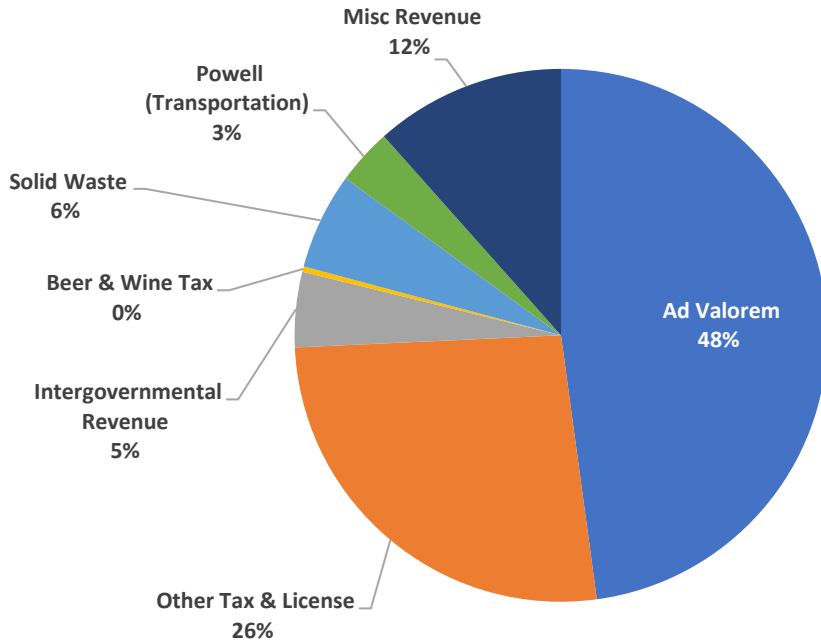
Parks and Recreation Fees: These revenues are fees collected from participants in City of Locust Parks & Recreation activities such as classes, camps, athletics, workshops, and event programs. Due to increased participation in our programs, non-Locust residents incur a surcharge to off-set Parks & Recreation related expenses.

Environmental Fees: The City collects a monthly fee associated with solid waste collection, recycling, and bulk pick up per user. In the FY 23-24 budget, the fee per user remains \$10 per month.

Fund Balance: In 2017 the City Council adopted a new fiscal policy with a targeted unassigned fund balance minimum of 25% of General Fund expenditures. As per the financial audit for year ending June 30, 2022, the City's unassigned fund balance is 91% of FY 21-22 General Fund expenditures. Our ability to maintain a healthy fund balance is attributable to the steady growth present in the City, and increases in available cash for investments, collection percentage of property taxes, and conservative estimates on revenues.

General Fund: Major Revenues and Expenditures Schedule

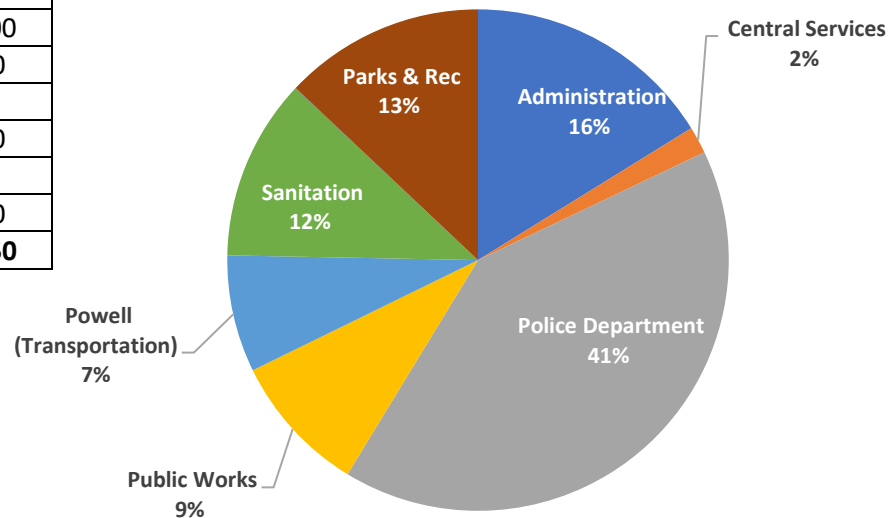
Approved Budgeted Revenues



REVENUES	%	FY 23-24
Ad Valorem	48%	\$2,042,000
Other Tax & Licenses	26%	\$1,127,500
Intergovernmental Revenues	5%	\$195,000
Beer & Wine Tax	>1%	\$14,000
Solid Waste Fees	6%	\$250,000
Powell (Transportation)	3%	145,100
Misc. Revenues	12%	493,950
TOTAL REVENUES	100%	\$4,267,550

Approved Budgeted Expenditures

EXPENDITURES	%	FY 21-22
Administration	16%	\$690,750
Central Services	2%	\$74,250
Public Safety	41%	\$1,740,500
Public Works	9%	\$386,050
Powell (Transportation)	8%	322,000
Sanitation	12%	\$500,000
Economic Development	>1%	\$1,000
Parks & Recreation	13%	\$553,000
TOTAL EXPENDITURES	100%	\$4,267,550



General Fund: Fund Balance

Amounts shown as fund balance for Governmental Funds represent a running total of monies over the years that remain unspent after all budgeted expenditures have been made. For many years, the North Carolina Local Government Commission has recommended that units retain an amount of available fund balance in the general fund to at least 8% of the appropriations of the fund. As of June 30, 2022, audit, the City of Locust Fund Balance reserve is approximately 91% of FY21-22 operations. The City has the following Reserve Policies:

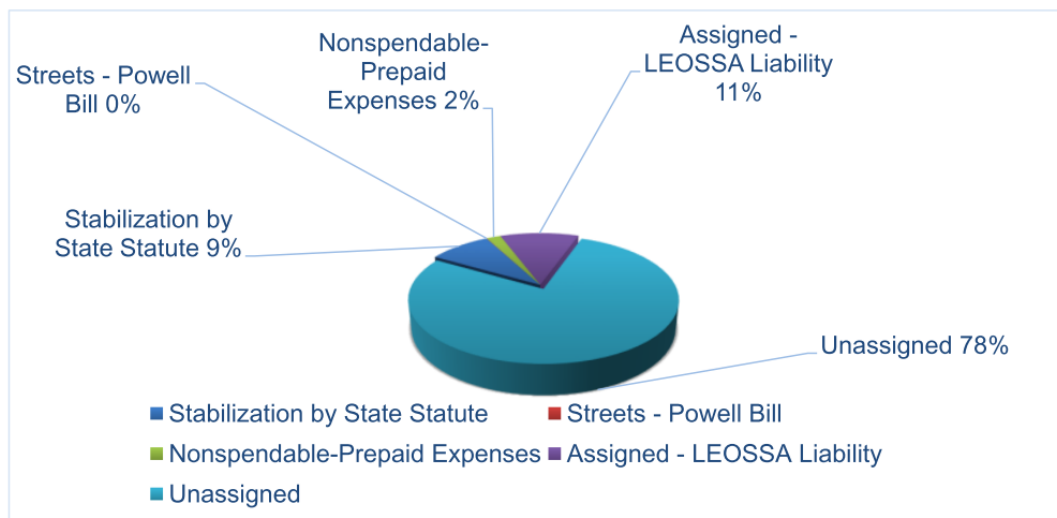
Unassigned Fund Balances will mean funds that remain available for appropriation by the City Council after all commitments for future expenditures, required reserves defined by State statutes, and previous Council designations have been calculated. The City will define these remaining amounts as “unassigned”

Available fund balances at the close of each fiscal year should be targeted to a minimum of 25% of General Fund expenditures.

The City Council may, from time-to-time, appropriate available fund balances for the purposes of a declared fiscal emergency or other such goal purpose as to protect the long-term fiscal security of the City of Locust. In such circumstances, the Council will adopt a plan to restore the available fund balances to the policy level.

GENERAL FUND INVESTMENT POSITIONS

Total Fund Balance	6/30/2022
Stabilization by State Statute	\$ 360,686
Streets - Powell Bill	\$ 2,266
Nonspendable-Prepaid Expenses	\$ 82,021
Assigned - LEOSSA Liability	\$ 453,822
Unassigned	\$ 3,165,874
Subtotal	\$ 4,064,669



General Fund: Prior, Current and Estimated Revenues and Expenditures

Revenues by Source	Prior Year Actual (Fiscal Year 2021-2022)	Current Year Budget (Fiscal Year 2022-2023)	Estimated Budget (Fiscal Year 2023-2024)
Ad Valorem	\$2,304,842	\$1,907,000	\$2,042,000
Other Tax & License	\$1,600,629	\$1,027,500	\$1,127,500
Intergovernmental Revenue	\$218,135	\$190,000	\$195,000
Beer & Wine Tax	\$21,889	\$13,500	\$14,000
Solid Waste	\$260,668	\$250,000	\$250,000
Powell (Transportation)	\$144,341	\$105,100	\$145,100
Misc. Revenue	\$535,725	\$322,725	\$463,350
Total:	\$5,089,729	\$3,844,925	\$4,267,550

Expenditures by Department	Prior Year Actual (Fiscal Year 2021-2022)	Current Year Budget (Fiscal Year 2022-2023)	Estimated Budget (Fiscal Year 2023-2024)
Administration	\$598,244	\$656,322	\$690,750
Central Services	\$81,683	\$79,250	\$74,250
Police Department	\$1,513,229	\$1,471,559	\$1,740,500
Public Works	\$357,497	\$475,069	\$386,050
Powell (Transportation)	\$207,446	\$206,820	\$322,000
Sanitation	\$250,231	\$460,000	\$500,000
Economic Development	\$2,103	\$1,000	\$1,000
Parks & Recreation	\$376,279	\$494,905	\$553,000
Debt Service	\$1,607,417	-	-
Total:	\$4,994,131	\$3,844,925	\$4,267,550

Fund Balance	Prior Year Actual (Fiscal Year 2021-2022)	Current Year Budget (Fiscal Year 2022-2023)	Estimated Budget (Fiscal Year 2023-2024)
General Fund	\$4,064,669	\$6,137,385	\$7,250,000

Wastewater Enterprise Fund Summary

The City of Locust Wastewater Enterprise Fund rates and operating charges will generate \$1,317,000 in revenues.

The City Manager recommends all fees to remain flat in FY 23-24 for the 7th year in a row, despite an anticipated increase in wastewater treatment costs by Stanly County Utilities. The Wastewater Enterprise Fund remains debt free entering FY 23-24.

The Wastewater Enterprise Fund will pursue a significant, non-recurring, capital expense starting in FY 23-24. The City will be moving forward with the North Basin Sewer Improvements. The project is estimated to cost approximately \$5.2M and it will be paid through a combination of ARPA funds (American Rescue Plan Act) and Fund Balance Reserve. The project is expected to be bid in summer 2023, with an anticipated 24 month completion.

Stanly County Utilities anticipates a capital improvement cost of \$30M to \$35M for the West Stanly Treatment Plant 2.5MGD expansion. Although the City of Locust has not paid capacity fees to access treatment, it is anticipated that we will incur a System Development Fee in the near future for treatment capacity.

In FY 2023-2024, the City of Locust and Stanly County anticipate studying the feasibility of consolidating the Wastewater Enterprise Fund into Stanly County Utilities.

Major Revenue Sources:

The following information defines the major sources of revenue for the City of Locust Wastewater Enterprise Fund for FY 23-24. The City's anticipated revenues have been determined using historical financial trends.

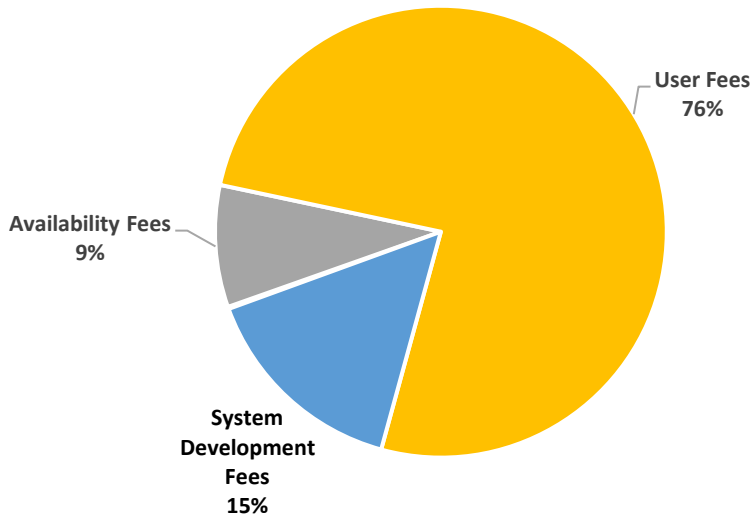
User Fees: Charges levied on users or customers of the wastewater collection system for the provision of wastewater management services. These fees are designed to cover the costs associated with operating, maintaining, and expanding the wastewater infrastructure, as well as treating and disposing of wastewater in an environmentally responsible manner.

System Development Fees: Charges imposed by the Wastewater Enterprise Fund on new development or property owners connecting to the City's wastewater utility. These fees are supported through a System Development Fee Study as mandated by NCGS 160A-314.2 System Development Fees for Water and Sewer. These fees are intended to recover the costs associated with expanding or upgrading the system to accommodate the increased demand generated by new developments.

Availability Fees: Charges imposed by the Wastewater Enterprise Fund on residents or property owners who have the potential to connect to the wastewater collection system but opt to use private septic tanks instead. This fee is levied to recover a portion of the costs associated with maintaining and providing access to the public utility infrastructure.

Wastewater Enterprise Fund: Major Revenues and Expenditures Schedule

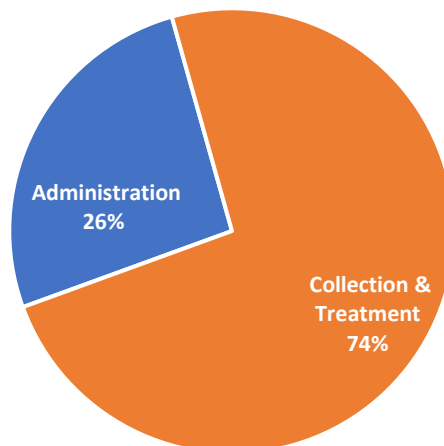
Approved Budgeted Revenues



REVENUES	%	FY 23-24
Misc Revenues	>1%	\$1,000
Interest Income	>1%	\$1,000
Availability Fees	9%	\$115,000
User Fees	76%	\$1,000,000
System Development Fees	15%	\$200,000
TOTAL REVENUES	100%	\$1,317,000

Approved Budgeted Expenditures

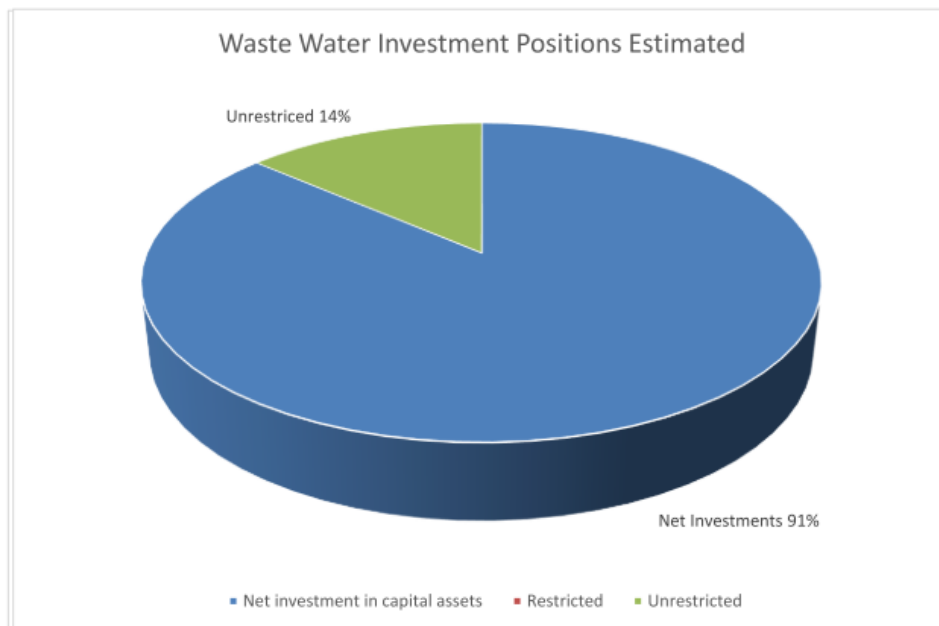
EXPEDITURES	%	FY 23-24
Administration	26%	\$345,000
Collection & Treatment	74%	\$972,000
TOTAL EXPENDITURES	100%	\$1,317,000



Wastewater Enterprise Fund: Fund Balance

Unrestricted Fund Balances will mean funds that remain available for appropriation by the City Council after all commitments for future expenditures, required reserves defined by State statutes, and previous Council designations have been calculated. The City will define these remaining amounts as “unrestricted”

WASTE WATER - INVESTMENT POSITION	
<i>Total Fund Balance</i>	6/30/2022
Net investment in capital assets	\$ 9,841,086
Restricted	\$ -
Unrestricted	\$ 2,983,752
Subtotal	<u>\$ 12,824,838</u>



Wastewater Enterprise Fund: Prior, Current and Estimated Revenues and Expenditures

Revenues by Source	Prior Year Actual (Fiscal Year 2021-2022)	Current Year Budget (Fiscal Year 2022-2023)	Estimated Budget (Fiscal Year 2023-2024)
Misc. Income	\$7,692	\$600	\$1,000
Interest Income	\$1,694	\$2,948	\$1,000
Lien Fee Income	\$210	-	-
Tap Fees	\$565,000	\$100,000	-
Availability Fees	\$132,821	\$115,000	\$115,000
User Fees	\$1,343,641	\$1,000,000	\$1,000,000
System Development Fees	\$612,307	\$100,000	\$200,000
Total:	\$2,663,366	\$1,318,548	\$1,317,000

Expenditures by Department	Prior Year Actual (Fiscal Year 2021-2022)	Current Year Budget (Fiscal Year 2022-2023)	Estimated Budget (Fiscal Year 2023-2024)
Administration	\$284,876	\$314,448	\$345,000
Collection & Treatment	\$950,325	\$1,004,100	\$972,000
Total:	\$1,235,202	\$1,318,548	\$1,317,000

Fund Balance	Prior Year Actual (Fiscal Year 2021-2022)	Current Year Budget (Fiscal Year 2022-2023)	Estimated Budget (Fiscal Year 2023-2024)
Wastewater Enterprise Fund	\$2,983,752	4,983,752	\$5,350,000

Capital Improvement Process

Capital project planning is an ongoing process. The need or idea for capital improvements can originate from the Mayor, City Council, Residents, or City staff. Through the annual City Council budget retreat and budget planning meetings, the City focuses on prioritizing capital improvements.

Capital Expenditures as defined as an expenditure resulting in the acquisition of or addition to the City's general fixed assets costing more than \$5,000 and having a useful life of greater than five years.

Capital Improvement Budget Policies

1. The City will prioritize all capital improvements in accordance with a capital improvement program.
2. The City will develop a five-year plan for capital improvements and review and update the plan annually.
3. The City will coordinate development of the capital improvement program with development of the operating budget.
4. The City will maintain all its assets at a level adequate to protect the City's capital investment and to minimize future maintenance and replacement costs.
5. The City will identify the estimated costs and potential funding sources for each capital project proposal before it is submitted for approval.
6. The City will attempt to determine the least costly and most flexible financing method for all new projects.

Vehicle Replacement

In addition to other capital improvement projects, there are other major types of vehicles and equipment which are a substantial financial investment and need to be handled in the most economic manner. Therefore, the City chooses to incorporate these items into capital planning. Vehicles and/or equipment are evaluated primarily based on age, mileage operation, and maintenance cost. There are, however, several additional factors which must be considered in determining these replacements such as: fuel costs, condition, safety, life of equipment, etc.

Potential Impact on Operations

An important factor to consider when developing a capital improvements plan is the financial impact that the proposed projects will have on the City's operating budget. While some projects will have little to no staffing or operating impact, others may bear significant additional annual costs. These costs include but are not limited to debt service (principal and interest), additional staffing, fuel, maintenance and repair, utility services, contract/service agreements and supplies. It is, however, important to keep in mind that while some projects add to the cost of operations, there are projects which will provide a cost savings benefit to the City (for example: energy efficient). In developing these projections City staff have taken both into consideration.



Annual Operating Budget
Fiscal Year 2023-2024
City of Locust, North Carolina

5 Year Capital Improvement Plan

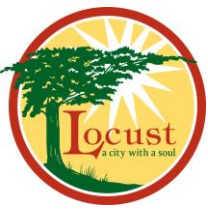
General Fund

Project	FY 2023-2024	FY 2024-2025	FY 2025-2026	FY 2026-2027	FY 2027-2028
Parks & Recreation					
Infield Groomer & Attachments	\$60,000	-	-	-	-
PARTF Grant Match	-	\$500,000	-	-	-
Utility Vehicle/Vehicle Replacement	\$15,000	\$35,000	-	-	-
Master Plan Improvements	-	-	\$150,000	\$150,000	\$150,000
Planning & Zoning					
Land Use Plan Update	-	\$50,000	-	-	-
Public Safety					
Vehicle Fleet Replacement	\$100,000	-	\$100,000	\$100,000	\$100,000
Public Works					
Facility Uplift #4/Christmas Decorations	\$30,000	-	-	-	-
City Beautification	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Mower Replacement	\$15,000	-	-	\$15,000	-
Vehicle Fleet Replacement	-	-	\$40,000	-	-
Powell Fund – Streets					
Paving & Repairs	\$145,000	\$145,000	\$145,000	\$145,000	\$145,000
Sidewalk Repairs	\$10,000	\$10,000	\$10,000	-	-
Sweeper/vacuum	\$36,000	-	-	-	-
Streets – Brush cutter	\$10,000	-	-	-	-
Streets – USPS Connection*	-	\$100,000	-	-	-
Streets – Ardsley Dr. Extension*	-	-	-	-	-

5 Year Capital Improvement Plan

Wastewater Enterprise Fund

Project	FY 2023-2024	FY 2024-2025	FY 2025-2026	FY 2026-2027	FY 2027-2028
Wastewater					
Vacuum System Remote Monitoring System	\$20,000	-	-	-	-
North Basin Improvements*	\$5.2M	-	-	-	-



Annual Operating Budget
Fiscal Year 2023-2024
City of Locust, North Carolina

Debt Management

The City strategically manages its long-term financing needs through Installment Purchase Agreements. Debt service expenditures include principal and interest payments.

The City of Locust is debt free.

Summary of Outstanding Debt Issuance

- **General Fund – As of June 21, 2022**
General Fund is debt free.
- **Wastewater Enterprise Fund – As of June 30, 2020**
Wastewater Enterprise Fund is debt free.

Legal Debt Limit

According to NCGS 159-34, the debt limit for local governments is set at 8% of the total assessed valuation of taxable property within their jurisdiction. The City of Locust has an estimated tax base of \$712,836,749 for FY 2023-2024. The City of Locust's debt limit is \$57,026,939.

Bond Rating

The City of Locust has never issued General Obligation Bonds, therefore it does not have a bond rating.

Position Summary

Authorized Full-Time Positions by Department

Department	FY 2021-2022	FY 2022-2023	FY 2023-2024
Administration	5	5	5
Parks & Recreation	2	3	4
Public Safety	15	15	17
Public Works	2	2	2
Streets	1	1	1
Wastewater Utility	4	4	4
Total:	29	30	33

Fee Schedule

Parks and Recreation Fees		
Description	Fee FY 2023-2024	
	Locust Resident	Non- Resident
Basketball (winter)	\$100	\$100
Baseball Tee ball	\$65	\$90
Baseball Coach Pitch	\$85	\$110
Baseball Minors	\$90	\$115
Baseball Ozone	\$95	\$120
Softball Sweeties	\$80	\$105
Softball Darling	\$85	\$110
Softball Angels	\$85	\$110
Softball Ponytails	\$90	\$115
Soccer U6-U15	\$75	\$100
Soccer PeeWee	\$50	\$75
Volleyball (fall)	\$65	\$65
Park Facilities		
	Locust Resident	Non- Resident
Athletic Fields, per hour (+\$10/hr with lights)	\$50/hr	\$100/hr
Tennis Courts commercial use and/or with lights	\$10/hr	\$20/hr
Community Building (+\$100 security deposit)	\$15/hr	\$30/hr
Park Shelters, per 5-hour reservation period	\$15	\$30/hr
Campsite, Locust resident	\$10/night	\$20/night
Events		
Special ticket events (pricing varies depending on event)	\$5 to \$15	\$10 to \$30
Food Vendor Fee	5% of sales	
Craft Vendor Fee	\$20	
Sponsorships (events specify what is included for each sponsorship tier)		
Baseball/Softball Field Signs, per 4x8 sign, per year	\$600	
Baseball/Softball Field Signs, per 4x4 sign, per year	\$400	
End-of-Summer Concert- Celebration Sponsor	\$150	
End-of-Summer Concert- Concert Sponsor	\$500	
End-of-Summer Concert- Event Sponsor	\$1,000	
End-of-Summer Concert- Featured Sponsor	\$2,000	
Family Movie Night Sponsor (movie choice reflects fee)	\$350-\$600	
Farmers Market vendor, yearly fee	\$5 per week	
Hands on Locust Event Sponsorship	\$200	
Locust City Cinema Party Sponsor	\$100	

Planning & Zoning Fees	
Description	Approved Fee FY 2023-2024
Residential	
Single Family	\$300.00
Multi Family	\$600.00 per structure
Accessory or Addition	
< \$30,000.00	\$100.00
> \$30,000.00	\$200.00
Non-Residential	
Non-residential	\$1,000.00
Zoning Compliance Permit (New Construction)	
Single Family	\$300.00
Multi Family	\$600.00 per structure
Non-Residential	\$1,000.00
Zoning Compliance Permit (Remodeling/Repair)	
< \$30,000.00	\$100.00
> \$30,000.00	\$200.00
Other	
Mobile Home Placement	\$500.00
Subdivision – Preliminary Review	\$2000.00 plus \$15.00 per lot
Subdivision – Final Plat	\$1,000.00
Plat Approval	\$1,000.00
Variance	\$500.00
Re-zoning & Conditional Zoning Request	\$500.00
Land Development Ordinance Changes	\$500.00
Street Access Permit (Driveways)	\$100.00
Sign Permit	\$100.00

Utilities Fees	
Description	Approved Fee FY 2023-2024
Sewer Rates - Residential	
Inside City Limits – Metered	
0-3,000 Gallons	\$45.68
Per 1,000 Gallons over 3,000	\$7.38
Inside City Limits – Non-metered	
Non-metered	\$57.75
Availability Fee	\$30.00
Outside City Limits – Metered	
0-3,000 Gallons	\$73.50
Per 1,000 Gallons over 3,000	\$9.79
Outside City Limits – Non-Metered	
Non-metered	\$110.78
Sewer Rates – Non-residential	
Inside City Limits – Metered	
0 – 3,000 Gallons	\$94.50
Per 1,000 Gallons over 3,000	\$14.75
Inside City Limits – Non-metered	
Monthly fee	\$84.26
Charge per person on premises	\$2.15
Childcare	Fee based on licensed number of children & staff.
Availability	\$50
Outside City Limits	
Sewer not available	
Stanly County – River Stone Business Park	
Per 1,000 Gallons	\$6.19
Wastewater Facilities Service	
Single Family Residential Tap Fee	\$2,500
Multi-Family Residential Tap Fee	\$2,500
System Development Fees	
3/4"	\$5,700.00
1"	\$7,500.00
1.5'	\$13,750.00
2"	\$20,000.00

Glossary

Ad Valorem Tax.

A property tax levied according to assessed value.

Annual Budget.

A budget covering a single fiscal year (July 1 – June 30).

Appropriation.

The amount budgeted on a yearly basis to cover projected expenditures which have been legally authorized by the City Council.

Assessed Valuation.

The value real estate or personal property as determined by tax assessors and used as a basis for levying taxes.

Assessment.

The process for determining values of real and personal property for taxation purposes.

Budget.

A plan covering a fiscal year which projects expenditures for providing services and revenues to finance them. The City's adopted budget is the official expenditure policy of the City Council and an effective tool for managing City operations. The budget is the legal instrument by which City funds are appropriated for specific purposes and by which City government positions are authorized. N.C. General Statutes require the budget to be balanced.

Budget Amendment.

A legal procedure used by City staff and Council to revise a budget appropriation.

Budget Document.

A formal document presented to the City Council containing the City's financial plan for a fiscal year. The budget document is presented in two phases, proposed and final, the latter of which

reflects the budget as adopted and approved by the City Council.

Budget Message.

A written overview of the proposed budget from the City Manager to the Mayor and City Council which discusses the major budget items and the City's present and future financial condition.

Budgetary Control.

The control or management of a government in accordance with approved budget to keep expenditures within the limitations of available appropriations and revenues.

Capital Outlay.

Expenditure resulting in the acquisition of or addition to the City's general fixed assets costing more than \$5,000 and having a useful life of greater than five years.

Capital Improvement Plan.

A long-range plan of proposed capital improvement projects, which includes estimated project costs and funding sources that the City expects to carry out over a five-year period. The program is updated annually to reassess capital needs and for the preparation of the capital budget.

Deficit.

An excess of expenditures over revenues or expense over income.

Encumbrances.

A financial commitment for services, contracts, or goods which have not, as of yet, been delivered or performed.

Enterprise Fund.

A fund which accounts for the operations that are financed from user charges and whose operation resembles a business.

Expenditure.

Outflows of net financial resources. They include current operating expenses requiring the present or future use of net current assets, debt service and capital outlays, and intergovernmental grants, entitlements, and shared revenues.

Fiscal Year.

A twelve-month period (July 1 through June 30) to which the annual operating budget applies and at the end of which an assessment is made of the City's financial condition and performance of its operations.

Franchise Tax.

A tax levied on the gross sales of Public Utilities. Such taxes were assessed by the state as a function of permitting the respective utilities to do business in the state of North Carolina. Such taxes are shared between the state and its municipalities according to the respective ratio of gross sales within those jurisdictions.

Fund.

An accounting entity created to record the financial activity for a selected financial grouping. A fund is set up to carry out a special function or attain certain objectives in accordance with set laws and regulations (i.e. General Fund).

Fund Balance.

The difference between fund assets and fund liabilities of the governmental unit.

General Fund.

A fund which provides for the accounting of all financial resources except those designated to other funds. Most of the basic government services, such as police, sanitation, parks and recreation, or street maintenance are accounted for in this fund.

Grants.

A contribution or gift in cash or other assets from another government to be used for a specific purpose.

Intergovernmental Revenues.

Revenues from other governments (state, federal, local) which can be in the form of grants, shared revenues, or entitlements.

Levy.

The amount of tax, service charges, and assessments imposed by a government.

Non-operating Expenses.

Expenses which are not directly related to the provision of services such as debt service.

Non-operating Revenues.

Revenues which are generated from other sources (i.e. interest income) and are not directly related to service activities.

Operating.

Those costs, other than personnel and capital outlay, which are necessary to support the day-to-day operations of the City. Includes items such as telephone charges, utilities, office supplies, advertising, travel, and printing.

Personnel.

Expenditures for salaries and fringe benefits including merit increases, social security, retirement, health insurance, life insurance, 401(k), and other employee benefits.

Policy.

A definite course or method of action in light of given conditions to guide and determine present and future decisions.

Powell Bill Funds.

Funding from state-shared gasoline tax which is restricted for use on maintenance of local streets and roads.

Property Taxes.

Taxes levied on both real and personal property according to the property's valuation and tax rate.

Reserve.

An account designed for a portion of the fund balance which is to be used for a specific purpose.

Revenue.

Inflows of financial resources that increase the fund balance account. Expenditure refunds, interfund transfers, and debt proceeds are not considered revenues.

Surplus.

The amount by which revenues exceed expenditures.

Tax Rate.

The amount of tax stated in terms of a unit of the tax base.