



To: The Honorable Mayor Guy and Town Council

From: J. Michael Moore, Town Manager

Subject: Annual Budget Message – FY2013 - 2014

I have prepared and recommend the budget for fiscal year 2013 - 2014. 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 2013 to be estimated at \$1,307,695,639. This is a total valuation increase of \$31,805,775.

This budget reflects increasing the Tax Rate from the current rate of \$.31 per \$100 to \$.41 per \$100. The \$.10 cent tax increase is for the purpose of Storm Damage Reduction Plan. The \$.10 increase is reflected in a project budget ordinance set up specifically for Storm Damage Reduction and is to "Sunset" off the Tax rate in five (5) years. The .26 per \$100 will go for the General Fund Operations for the Town. I know none of us want to see our taxes increase but after careful study I do believe this is in the best interest for all property owners of Surf City.

5-3-13

I do believe with this budget Surf City will remain in sound financial condition. I am confident that you, the elected Board and your 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 2013 – 2014.

The total budget for 2013 - 2014, as recommended, is **\$13,458,929** which reflects a \$1,404,626 total increase over the 2012-2013 budget. The **General Fund amount is \$7,965,396** or \$1,310,553 increase. The **Accommodations Tax Fund is \$999,080** or \$5,372 increase. The **Enterprise Fund** (Water & Wastewater) is **\$4,494,453** or \$89,036 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 as well as our 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; Hurricane Expenses; and Interfund transfers. Each department head was aware and very mindful of the economic conditions while preparing their request for this budget. There are currently 49.5 full time positions in the

general fund and I am recommending three (3) new positions. This would bring the General Fund to a total of 52.5 positions. I am not recommending any layoffs or reduction in force. I am not recommending any furloughs or days off without pay. The budget does recommend an across the board salary increase of 4% for the employees. I have made no recommendation for changing the employee insurance program but with the ever increasing cost I fear that in the near future Council may need to review this benefit.

All debt service payments have been included in this budget.

**Accommodation Tax Fund:** This fund covers any tourist related activity such as the Welcome Center, Beach Accesses, Mosquito Control, Holiday Decorations, Chamber, and the 4<sup>th</sup> July celebration. This fund increased by \$5,037. We currently have two full time employees salary coming from this fund.

**Enterprise Fund:** The total amount proposed in the Enterprise Fund amounts to \$4,494,453 which is an increase of \$89,036.

Total positions in the Enterprise Fund (Utility Fund) are currently 14.5 but I am recommending to eliminate 2.5 positions which have been unfilled leaving the recommended positions at 12.

The past several years have been very difficult for us as we know it has been for all our citizens. I must give

the credit to our elected officials for the foresight they had in completing the master plans and sticking with these plans have allowed us to keep our infrastructure current and with growth potential we are finally beginning to see the growth begin to pick up.

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

As this is the last budget message I will prepare as your town manager I, from the bottom of my heart wish to thank each of you for the past 12 years. In my 40 years serving the public this has truly been the most rewarding experience for me. You are a very dedicated elected board with outstanding leadership skills and no one truly knows the hours of valuable time you give up each year only to make Surf City a better place for everyone.

I thank all the Town Employees for their dedicated work and wish each of them as many wonderful years serving the public as I have been able to enjoy.

Respectively submitted,

J. Michael Moore  
Town Manager

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, 2013, and ending June 30, 2014, and the following revenues are estimated to fund their appropriations:

**GENERAL FUND**

<u>Revenues</u>		<u>Appropriations</u>	
Ad Valorem Taxes	\$ 5,214,089	Governing Board	\$ 104,377
Other Taxes	\$ 1,012,000	Elections	\$ 6,000
Intergovernmental Revenue	\$ 68,900	Legal	\$ 20,000
Restricted Intergovernmental Revenue	\$ 75,940	Insurance	\$ 250,000
Fees and Charges	\$ 758,400	Management	\$ 255,743
Fees & Charges Recreation	\$ 71,800	Finance	\$ 327,818
Investment Income	\$ 3,000	Police	\$ 1,668,708
Miscellaneous	\$ 5,000	Fire	\$ 850,444
Other Income	\$ 23,000	Community Development	\$ 296,326
Transfer from other funds	\$ 61,000	Public Works	\$ 670,723
Fund Balance Appropriated	\$ 672,267	Recreation	\$ 687,376
		Public Buildings	\$ -
		Public Works Center	\$ 24,200
		Sanitation	\$ 675,600
		Interfund Transfers	\$ 2,103,081
		Contingency	\$ 25,000
<b>Total Revenues</b>	<b><u>\$ 7,965,396</u></b>	<b>Total Appropriations</b>	<b><u>\$ 7,965,396</u></b>

ACCOMMODATIONS TAX FUND

<u>Revenues</u>		<u>Appropriations</u>
Occupancy Taxes	\$ 835,000	Tourism-Related Activities \$ 999,080
Appropriated Fund Balance	\$ 164,080	\$ -
<b>Total Revenues</b>	<b>\$ 999,080</b>	<b>Total Appropriations \$ 999,080</b>

WATER AND SEWER FUND

<u>Revenues</u>		<u>Appropriations</u>
Interest Income	\$ 1,000	Management & Finance \$ 202,094
Lease of Property	\$ 120,000	Insurance \$ 77,000
Miscellaneous	\$ 5,000	Water Treatment Plant \$ 798,685
Reconnection Fee	\$ -	Wastewater Treat. Plant \$ 2,401,935
Late Fees	\$ 60,000	Collection/Distribution \$ 964,739
Transfer from Impact Fee Reserves	\$ 198,845	Contingency \$ 50,000
Water Charges	\$ 1,403,142	Increase Retained Earning \$ -
Bulk Water Sales	\$ 80,000	
Transfer from Water Impact Fees	\$ 150,000	
Sewer Charges	\$ 2,075,466	
Transfer from Sewer Impact Fees	\$ 150,000	
Water Tap Fees	\$ 35,000	
Sewer Tap Fees	\$ 16,000	
Sales Tax Refund	\$ 50,000	
Local Option Sales Tax	\$ 150,000	
Appropriated Surplus	\$ -	
<b>Total Revenues</b>	<b>\$ 4,494,453</b>	<b>Total Appropriations \$ 4,494,453</b>

# Budget Ordinance 2013-2014

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

		2013-2014	
		Previous	Proposed
		Revised	
<b>GENERAL FUND</b>			
<b>CAPITAL PROJECTS</b>			
81	<b>Beach Renourishment Capital Project Fund</b>		
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)FY13-14		\$ 1,883,081
			\$ 1,883,081
	Transfer from General Fund FY 00-03	\$ 500,000	\$ 500,000
	Room Occupancy Tax PC 01-06	\$ 821,644	\$ 821,644
	Room Occupancy Tax PC 06-13	\$ 2,632,854	\$ 2,632,854
	Room Occupancy Tax PC 13-14		\$ 410,000
			\$ 410,000
	NCDNR/State Share	\$ 505,375	\$ 81,476
	Fish & Wildlife Grant- Beach Vitex Eradication	\$ 20,000	\$ 20,000
	Onslow County Contribution 02-07	\$ 105,000	\$ 105,000
	Pender County Contribution 02-13	\$ 1,180,202	\$ 1,180,202
	Pender County Contribution 13-14		\$ 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>\$ 10,775,967</b>	<b>\$ 2,499,557</b>
			<b>\$ 13,275,524</b>

**Budget Ordinance 2013-2014**

		\$ 2,012,014	
		<b>Proposed</b>	<b>Revised</b>
<b>GENERAL FUND</b>	<b>Previous</b>	<b>Proposed</b>	<b>Revised</b>
<b>CAPITAL PROJECTS</b>			
81	Approp. Professional Services	\$ 1,270,850	\$ 1,470,850
	Contracted Services Beach Vitex Eradication	\$ 20,000	\$ 20,000
	Beach Renourishment Project	\$ 6,270,005	\$ 8,403,937
	Land Payment 2301 S. Shore Dr.	\$ 763,462	\$ 763,462
	Land Payment 102 S. Shore Dr.	\$ 2,309,101	\$ 2,474,726
	Miscellaneous Exp	\$ 142,549	\$ 142,549
	<b>Total Appropriations</b>	<b>\$ 10,775,967</b>	<b>\$ 13,275,524</b>
82	<b>Disaster Recover Capital Reserve Fund</b>		
	Revs. Gen Fund Approp Fund Balance FY 00-03	\$ 520,000	\$ 520,000
	Transfer from General Fund FY 03-04	\$ 50,000	\$ 50,000
	Transfer from General Fund FY 04-05	\$ 25,000	\$ 25,000
	Transfer from General Fund FY 05-06	\$ 25,000	\$ 25,000
	Transfer from General Fund FY 06-07	\$ 50,000	\$ 50,000
	Transfer from General Fund FY 07-08	\$ 50,000	\$ 50,000
	Transfer from General Fund FY 08-09	\$ 25,000	\$ 25,000
	Transfer from General Fund FY 09-10	\$ 25,000	\$ 25,000
	<b>Total Revenues</b>	<b>\$ 770,000</b>	<b>\$ 770,000</b>
Approp.	Disaster Recovery Capital Reserve	\$ 770,000	\$ 770,000
90	<b>Community Center</b>		
	Revs. Donations FY 01-02	\$ 31,500	\$ 31,500
	PARTF Grant FY 01-02	\$ 250,000	\$ 250,000
	PARTF Grant FY 09-10	\$ 212,950	\$ 212,950
	Transfer from General Fund FY 01-07	\$ 650,000	\$ 650,000
	Transfer from General Fund FY 08-09	\$ 170,000	\$ 170,000
	Transfer from General Fund FY 09-10	\$ 125,000	\$ 125,000
	Loan RBC Building	\$ 1,358,700	\$ 1,358,700
	<b>Total Revenues</b>	<b>\$ 2,798,150</b>	<b>\$ 2,798,150</b>

# Budget Ordinance 2013-2014

GENERAL FUND		2013-2014	
CAPITAL PROJECTS		Previous	Proposed
		Revised	
Approp.	Community Center Development	\$ 1,873,150	\$ -
	Professional Services	\$ 275,000	\$ -
	Community Center Furnishings/Equipment	\$ 55,000	\$ -
	Surf City Sports Complex	\$ 595,000	\$ -
	<b>Total Appropriations</b>	<b>\$ 2,798,150</b>	<b>\$ -</b>
63	<b>Town Hall Capital Project Fund</b>		
Revs	RBC Loan for Town Hall Land	\$ 2,100,000	\$ 2,100,000
	Transfer from General Fund	\$ 92,436	\$ 92,436
	Transfer from CRF-Future Projects	\$ 190,000	\$ 190,000
	<b>Total Revenues</b>	<b>\$ 2,382,436</b>	<b>\$ -</b>
Approp	Town Hall Renovations	\$ 92,436	\$ 92,436
	Professional Services	\$ 90,000	\$ 90,000
	Land Acquisition	\$ 2,200,000	\$ 2,200,000
	Town Hall Construction	\$ -	\$ -
	<b>Total Appropriations</b>	<b>\$ 2,382,436</b>	<b>\$ -</b>
	<b>Total Appropriations</b>	<b>\$ 2,382,436</b>	<b>\$ 2,382,436</b>



**Budget Ordinance 2013-2014**

GENERAL FUND CAPITAL PROJECTS		2013-2014	
	Previous	Proposed	Revised
<b>80 Capital Reserve Fund/Future Projects</b>			
Revs. Transfer from General Fund	\$ 382,500	\$ -	\$ 382,500
Transfer from GF Police Dept. 06-08	\$ 35,000		\$ 35,000
<b>Total Revenues</b>	<b>\$ 417,500</b>	<b>-</b>	<b>\$ 417,500</b>
<b>Approp.</b>			
Future Office Space CPF	\$ 55,000		\$ 55,000
Future Radio System for Police Dept.	\$ -		\$ -
Future Stormwater Drainage CPF	\$ 67,500		\$ 67,500
Transfer to General Fund(stormwater drainage) FY 06-08	\$ 45,000		\$ 45,000
Transfer to Town Hall CPF	\$ 190,000		\$ 190,000
Transfer to Police Dept. CPF 05-06	\$ 25,000		\$ 25,000
Transfer to Police Dept. 08-09	\$ 35,000		\$ 35,000
<b>Total Appropriations</b>	<b>\$ 417,500</b>	<b>-</b>	<b>\$ 417,500</b>
 <b>93 POLICE DEPT. SEPARATION ALLOWANCE</b>			
Revs. Transfer from General Fund	\$ 133,935	\$ 16,000	\$ 149,935
<b>Total Revenues</b>	<b>\$ 133,935</b>	<b>\$ 16,000</b>	<b>\$ 149,935</b>
<b>Approp</b>			
Transfer to General Fund for Retirement Payment	\$ 133,935	\$ 16,000	\$ 149,935
<b>Total Appropriations</b>	<b>\$ 133,935</b>	<b>\$ 16,000</b>	<b>\$ 149,935</b>

# Budget Ordinance 2013-2014

		2013-2014 Proposed	Previous	Revised
	<b>WATER &amp; SEWER FUND</b>			
	<b>CAPITAL PROJECTS</b>			
<b>Fund</b>	<b>Sewer Capital Projects</b>			
67				
Revs.	Transfer from Sewer Capital Reserve	\$ 2,521,770	\$ 2,521,770	\$ 2,521,770
	Transfer from Sea Wall CPF	\$ 14,000	\$ 14,000	\$ 14,000
	Balance of Annexation Water Project	\$ 414,500	\$ 414,500	\$ 414,500
	Engineering Overcharge Refund-Water Project	\$ 9,600	\$ 9,600	\$ 9,600
	Transfer from Water & Sewer Fund FY 02	\$ 300,000	\$ 300,000	\$ 300,000
	DENR - CG&L	\$ 5,513,168	\$ 5,513,168	\$ 5,513,168
	Loan from BB&T WWTP land	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000
	Loan from BB&T Hwy 50 Forcemain	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
	Loan from RBC WWTP	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000
	Loan from BB&T- Mainland Pump Station	\$ 1,905,236	\$ 1,905,236	\$ 1,905,236
	Transfer from Other Funds	\$ 120,000	\$ 120,000	\$ 120,000
	Interest Income	\$ 35,000	\$ 35,000	\$ 35,000
	Reimbursement from Lowe's	\$ 267,719	\$ 267,719	\$ 267,719
	State Grant 06-07	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
	Lease On Property	\$ 20,000	\$ 20,000	\$ 20,000
	Miscellaneous	\$ 31,908	\$ 31,908	\$ 31,908
	Total Revenues	<b>\$ 28,152,901</b>	<b>\$ 28,152,901</b>	<b>\$ 28,152,901</b>
Approp.	All prior construction project costs	\$ 18,518,733	\$ 18,518,733	\$ 18,518,733
	Juniper Swamp Phase 1 Professional Services	\$ 1,015,351	\$ 1,015,351	\$ 1,015,351
	Juniper Swamp Phase 1 Construction	\$ 4,618,817	\$ 4,618,817	\$ 4,618,817
	Land purchase	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000
	Total Appropriations	<b>\$ 28,152,901</b>	<b>\$ 28,152,901</b>	<b>\$ 28,152,901</b>

**Budget Ordinance 2013-2014**

**WATER & SEWER FUND**

**UTILITY IMPACT FEES  
CAPITAL PROJECTS**

	2013-2014 Proposed Change	Previous	Revised
<b>83 Water Capital Reserve</b>			
Revs.			
Interest Income		\$ 44,000	\$ 44,000
Transfer from Water/Sewer Capital Reserve		\$ 115,000	\$ 115,000
Transfer from Water Fund 05		\$ 144,260	\$ 144,260
Water Impact Fees FY 00-07		\$ 1,861,500	\$ 1,861,500
Water Assessment Fees		\$ 1,850	\$ 1,850
Water Impact Fees FY 07-08		\$ 339,500	\$ 339,500
Water Impact Fees FY 08-09		\$ 25,000	\$ 25,000
Water Impact Fees FY 09-10		\$ 71,000	\$ 71,000
Water Impact Fees FY 10-11		\$ 282,500	\$ 282,500
Water Impact Fees FY 11-12		\$ 195,000	\$ 195,000
Water Impact Fees FY 12-13		\$ 365,000	\$ 365,000
Water Impact Fees FY 13-14			
Approp from Fund Balance	\$ 300,000		
<b>Total Revenues</b>	<b>\$ 300,000</b>	<b>\$ 3,544,610</b>	<b>\$ 3,844,610</b>
Approp			
Transfer to Water Tank Capital Project		\$ 165,000	\$ 165,000
Transfer to Water Supply Development		\$ 269,000	\$ 269,000
Transfer to Current Projects/Payments		\$ 506,876	\$ 506,876
Transfer to Utility Fund FY 07-09		\$ 982,672	\$ 982,672
Transfer to Utility Fund FY 09-10		\$ 520,500	\$ 520,500
Transfer to Utility Fund FY 10-11		\$ 300,000	\$ 300,000
Transfer to Utility Fund FY 11-12		\$ 395,000	\$ 395,000
Transfer to Utility Fund FY 12-13		\$ 365,000	\$ 365,000
Transfer to Utility Fund FY 13-14			
Unappropriated Balance	\$ 249,422	\$ 40,562	\$ 249,422
<b>Total Appropriations</b>	<b>\$ 300,000</b>	<b>\$ 3,544,610</b>	<b>\$ 3,844,618</b>

# Budget Ordinance 2013-2014

## UTILITY IMPACT FEES CAPITAL PROJECTS

		2013-2014	
		Previous	Proposed
		Revised	Revised
84	<b>Sewer Capital Reserve</b>		
Revs.	Interest Income	\$ 86,000	\$ 86,000
	Sewer Assessment Fees	\$ 409,600	\$ 409,600
	Transfer from Water/Sewer Capital Reserve	\$ 379,000	\$ 379,000
	Sewer Impact Fees FY 00-07	\$ 2,607,196	\$ 2,607,196
	Sewer Impact Fees FY 07-08	\$ 186,065	\$ 186,065
	Sewer Impact Fees FY 08-09	\$ 22,724	\$ 22,724
	Sewer Impact Fees FY 09-10	\$ 100,000	\$ 100,000
	Sewer Impact Fees FY 10-11	\$ 210,500	\$ 210,500
	Sewer Impact Fees FY 11-12	\$ 240,000	\$ 240,000
	Sewer Impact Fees FY 12-13	\$ 365,000	\$ 365,000
	Sewer Impact Fees FY 13-14	\$ 300,000	\$ 300,000
	Fund Bal Approp	\$ 80,000	\$ 80,000
	Total Revenues	<b>\$ 4,686,085</b>	<b>\$ 300,000</b>
Approp	Transfer to Sewer Project	\$ 2,154,700	\$ 2,154,700
	Transfer to Sewer Projects FY 06-08	\$ 799,379	\$ 799,379
	Transfer to Utility Fund FY 08-09	\$ 250,000	\$ 250,000
	Transfer to Utility Fund FY 09-10	\$ 575,000	\$ 575,000
	Transfer to Utility Fund FY 10-11	\$ 135,000	\$ 135,000
	Transfer to Utility Fund FY 11-12	\$ 400,000	\$ 400,000
	Transfer to Utility Fund FY 12-13	\$ 365,000	\$ 365,000
	Transfer to Utility Fund FY 13-14	\$ 249,423	\$ 249,423
	Sewer Capital Reserve Fund Balance	\$ 7,006	\$ 57,583
	Total Appropriations	<b>\$ 4,686,085</b>	<b>\$ 4,986,085</b>

**Budget Ordinance 2013-2014**

		2013-2014	
GENERAL FUND CAPITAL PROJECTS		Proposed	Revised
<b>60 SIDEWALK CAPITAL PROJECT FUND</b>			
Rev	Transfer from General Fund	\$ 423,500	\$ 423,500
	<b>Total Revenues</b>	<b>\$ 423,500</b>	<b>\$ 423,500</b>
Appro	Professional Services	\$ 61,000	\$ 61,000
	Sidewalk Construction	\$ 362,500	\$ 362,500
	<b>Total Appropriations</b>	<b>\$ 423,500</b>	<b>\$ 423,500</b>
<b>FEDERAL STORM DAMAGE REDUCTION</b>			
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 side	\$ 1,250,000	\$ 1,250,000
	<b>Total Revenues</b>	<b>\$ 85,301,402</b>	<b>\$ 85,301,402</b>
Approp	Project Expenses	\$ 84,051,402	\$ 84,051,402
	Contingency	\$ 1,250,000	\$ 1,250,000
	<b>Total Approoruatuins</b>	<b>\$ 85,301,402</b>	<b>\$ 85,301,402</b>

## Budget Ordinance 2013-2014

**Section 3. Tax Levy.** There is hereby levied for the fiscal year ending June 30, 2014, the following rate of taxes on each one hundred dollars of assessed valuation of taxable property on January 1, 2013

For the <b>General Fund</b>	\$	0.2600
For the <b>Beach Renourishment Fund</b>	\$	0.1500
Total	\$	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 FY 13-14, and the appropriations set forth in this ordinance. Funds shall be available for employee pay level adjustments and employee performance awards approved by the Town Manager. The town governing board shall be compensated at the following rates: mayor, \$373 per month; mayor pro tem, \$237 per month; council members, \$233 per month; special meetings, \$50 each; and mayor \$300 per month for travel; council members travel is \$150 per month.

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

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

Adopted this 18th day of June 2013.

ATTEST:

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