



# City of Locust

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Office of the City  
Administrator

April 29, 2011

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

In accordance with G.S. 159, the Local Government and Fiscal Control Act, I am pleased to present to you a balanced Recommended Budget for the fiscal year July 1, 2011 to June 30, 2012. This budget has been assembled with the premise of ensuring that the budgeted funds are spent for public purposes in accordance with the North Carolina Constitution Article V, Section 2(1), "the power of taxation shall be exercised in a just and equitable manner, for public purposes only, and shall never be surrendered, suspended or contracted away."

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

This Recommended Budget includes a Revenue Neutral Property Tax Rate, as required and calculated by the formula provided by the North Carolina Department of Treasury. The Revenue Neutral rate for property taxes equates to 36.0 cents per hundred dollar valuation. I am pleased that this proposed budget recommends no property tax increase on the current rate of 36.0 cents per hundred dollar valuation, which is the fourteenth year that the citizens of Locust have not experienced a tax increase and the City continues to maintain 24 hour service to our Citizens while maintaining one of the lowest tax rates in the State of North Carolina for Towns that offer similar services..

## Appendix 1

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

### Budget Highlights

#### The General Operating Budget

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

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overall increase of about \$30,000 which reflected an increase of \$108,000 in assessed values within the City according to the Stanly and Cabarrus Tax Assessors, compared to the current year (2010-2011) budget. The same tax rate is applied to vehicle taxes therefore generating an estimated \$20,000 in vehicle tax revenue. Each one cent on the tax rate generates about \$33,000 in revenues. Property and vehicle taxes comprise about 54 percent (\$1,260,000) of the revenues for the general operating budget.

Earned interests on investments are projected to be considerably less again this year due to the lowered interest rates. Investment professionals were consulted and they recommended estimating the investment income at .75% annual yields, to be on the safe side. This results in a continued reduction of about \$24,000 in revenues from the 2008-2009 budget year, but is comparable to the 2011-2012 budget year. In an effort to increase the Fund Balance no appropriations from Fund Balances to the General Operating Budget were made in the 2011-2012 budget. In summary, the overall estimate for General Operating Fund revenues is estimated to be \$8,070 less than the 2010-2011 budget due in large part to the decrease in funding from the State of North Carolina Powell Funds used to maintain City streets.

## **Expenditures for General Fund**

Personnel wages and benefits comprise over one half of most municipal budgets and Locust is no exception. This budget does not include any merit or pay increase for the third consecutive year and also calls for the elimination of two full time positions, City Planner, and City Clerk. It also includes the elimination of the part-time School Resource Police Officer assigned to Locust School. Management has requested and included in this recommendation the following increases in expenditures as they relate to personnel:

- ⇒ A 2.0 % cost of living adjustment for personnel beginning the first pay period of FY 2011-2012.
- ⇒ No additional personnel for the City are included in this budget. In fact this budget eliminates two full-time positions in City Hall and two part-time positions one in the Park and one as the School Resource Officer.
- ⇒ Delayed for one year replacement purchase of all vehicles

## **Capital Improvement Program**

**The recommended Capital Improvement Program for FY 2011-2012 includes at the Councils request:**

- ⇒ Miscellaneous pothole repair and maintenance.
- ⇒ Construction of a covered area at the Public Works building to prevent exposure of City equipment to weather elements.
- ⇒ Purchase of two new in-car camera systems for the Police Department.

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As I conclude this message I would like to point out that the City of Locust like all others has decreased spending by cutting expenditures by 10%, this has not come without some pain with the elimination of two full time positions and one part time position which places a greater workload on those who remain and a one year moratorium on the rolling stock replacement plan to replace City vehicles. Management is dedicated to a balanced, solvent fund balance with a forecast of limited or nonexistent economic growth for the upcoming budget year.

I am extremely proud of the hard working, dedicated staff at the City of Locust and the job that they do under difficult circumstances and decreased pay and benefits. Our employees from the Police Department, Public Works, Parks, and Administration are second to none in their work ethic and dedication to this community and I feel most fortunate to work along side the caliber of individuals who serve here. I would also like to acknowledge the Mayor and the City Council for their support and leadership throughout the work sessions held to develop this budget. Additionally, I would like to acknowledge the efforts of Michael Rupp, who was instrumental in the creation of this budget document. I truly appreciate the efforts of the City staff, City Council and the Mayor to work together to continue to make Locust a wonderful place to live, work, and play.

Respectfully,

*James A. Inman*

James A. Inman  
City Administrator