



City of Southport Budget 2020-2021

CITY OF SOUTHPORT
BUDGET
FY 2020- 2021

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City of Southport

Budget Message FY 20-21

The past fiscal year may best be characterized as a year of change; a new Mayor, three new Aldermen, and a new City Manager. By mid-year the economy was robust, unemployment lowest in over 50 years, and the future was bright! One month later came the worst pandemic since the 1917 Spanish Flue outbreak. The economy sputtered to a stop with the world being shutdown to “stay home” sequestered away from the virus. While our businesses languished, Southport City Government was ramped up to protect our citizens and keep the spread of the virus at bay. However, life as we had known it changed overnight to the new normal; masks, gloves, hand sanitizer, take-out food only, social distancing, no groups over 10. The impact felt world-wide resulted in economic collapse felt immediately here locally with reduced retail sales and sales tax revenues. The future suddenly became uncertain.

We are now two months into the pandemic and are beginning to slowly phase back into a more relaxed but still restrained economy. As we tally the costs, we are pleased to report that we may be over the worst of it and remain hopeful for a stronger third quarter followed by a recovery by January 2021, The local government experts agree and our numbers reflect the collective thought of the NC League of Municipalities, the UNC School of Government, the NC Local Government Commission, as well as our local government colleagues. No one has a crystal ball, but we can with certainty predict growth on the horizon. Thankfully our reductions were not near as dire as initially thought. That said, we are solvent, secure, and confident with prudent fiscal conservatism, the budget presented for FY 20-21 is balanced with appropriations for necessities, no lost positions, and service levels at or above last year.

As we summarize the Budget Ordinance, it is important to understand the process that got us here. Melanie Trexler, CPA - Finance Director and her staff have been working on this budget since the first of the year. In February they began compiling year to date balances and projecting March through June estimates. At the same time the Department Heads were given worksheets to use in calculating what they needed for the upcoming Fiscal Year. Those estimates were turned in to Finance in late March so Finance could prepare draft budget numbers to review with each Department Head during April. By the end of April, I had the Department numbers and Finance recommendations to review for the final revisions leading to the balanced budget given to the Aldermen at their May meeting.

The proposed Budget is 5.4% less than last FY. We propose no new positions, modest increases in salaries of a one percent cost of living and the possibility of up to two percent merit based on employee evaluations. We are recommending no tax increase with the rate remaining **29.56 per \$100.00** of tax value. The General Fund is **\$7,946,120** which is **4.0%** below last year. The Water and Sewer Fund is **\$3,754,002** which is **(8%)** below last year. The W/S Capital Reserve account is set at **\$300,000** for Water and **\$80,000** for sewer. The Electric Fund is projected at \$6,856,231 which represents a decrease of **(13.9%)** below last year. Three capital projects funds added this year, Howe St. Sewer Replacement Project funded by Golden Leaf and W/S funds of \$1,148,550, NCDOT Improvement Program / Utility Relocation Agreement 41582.2.2 funded by NCDOT reimbursements and the Electric fund for \$2,486,727.54, Taylor Field Part F Grant of \$842,448 funded by grant and donated property. The grand total for all funds is **\$23,414,078.54**, which represents an increase of **13%** over last year.

Each Department Head provided explanations and defense for their budgets by line item. That sheet in your budget package follows each Departmental page as the next tab. The explanations are detailed, sufficient to understand what they are asking for, and will have some inserts from me and Finance in red where there is a difference which may occasionally need to be addressed by the BOA.

I am optimistic that next year will see a return to previous levels as we slowly come out of this pandemic. FY 19/20 was a challenging and historic time. As always, the citizens, the Staff, and the leadership of Southport have answered the challenge with determination, faith, and optimism. Better times are coming.

Respectfully submitted

Chris May

Chris May,
Interim City Manager



BUDGET ORDINANCE - FISCAL YEAR 2020-2021

CITY OF SOUTHPORT

BE IT ORDAINED by the Board of Aldermen of the City of Southport, North Carolina, that, following a duly advertised public hearing, the following annual budget ordinance is adopted to estimate revenues and make appropriations for the financial operations of the City of Southport for the fiscal year beginning July 1, 2020, and ending June 30, 2021.

SECTION I. GENERAL FUND

A. Anticipated Revenues. The following revenues are estimated to be available in the General Fund for the fiscal year beginning July 1, 2020, and ending June 30, 2021:

Taxes Current Year	\$ 2,393,785
Motor Vehicles Tax Collections	98,700
Interest/Penalties -Taxes	5,717
Waste Revenue	285,000
Motor Vehicle Interest	942
Taxes Prior Years	23,016
Local Option Sales Tax	942,575
Beer & Wine Tax	18,000
Utility Franchise Tax	328,500
Priviledge Licenses	525
Itinerant/Peddler Permit	105
Sale Of Fixed Assets	1,000
Commuity Garden	1,000
Interest Earned	80,000
Southport ABC Distribution	302,000
Forestry Committee Donations	3,000
Miscellaneous Revenues	10,000
Appropriated Fund Balance	48,773
ABC Revenue for Law Enf.	18,000
Misc. Receipts/Police Dept.	444
Police Shop with a Cop	15,000
Golf Cart Fees	1,694

Fire District Fees	1,232,351
Duke Engergy For Fire Dept	50,000
Misc. Grants For Fire Dept	30,000
Fire Response Fees	25,000
Fire - Miscellaneous Revenue	25,000
Fire Inspections & Permit Fees	15,000
Rescue Squad Fees	210,000
Fire Fee Carryover	431,954
Citations	614
Inspection Permits	357,000
Re-Inspection Fees	2,678
Planning & Zoning Fees	21,000
Home Owners Recovery Fund	81
Recreation Programs Receipts	48,700
Parks & Recreation Donations	1,600
Rent Recreation Facilities	7,400
Community Bldg Rental Revenue	71,250
Local Occupancy Tax	99,000
Tourism - Misc Revenue	500
Tourism Special Events	8,000
Solid Waste Disposal Tax	2,100
Refuse Revenue	232,050
Donations Animal Care	3,000
Pet License and Tags	2,000
Boat Dock Fema /Goldenleaf	254,722
Land & Water Conservation Grant	75,000
Weather Tower Donations carryforward	4,225
Fema city pier	25,000
NC Powell Bill Funds	113,120
Southport Firemen'S Revenues	20,000
Total General Fund Revenue	<u>\$ 7,946,120</u>

- B. Expenditures. The following amounts are hereby appropriated in the General Fund for the expenses of the city government and its activities for the fiscal year beginning July 1, 2020, and ending June 30, 2021:

Fire District Fees	1,232,351
Duke Engergy For Fire Dept	50,000
Misc. Grants For Fire Dept	30,000
Fire Response Fees	25,000
Fire - Miscellaneous Revenue	25,000
Fire Inspections & Permit Fees	15,000
Rescue Squad Fees	210,000
Fire Fee Carryover	431,954
Citations	614
Inspection Permits	357,000
Re-Inspection Fees	2,678
Planning & Zoning Fees	21,000
Home Owners Recovery Fund	81
Recreation Programs Receipts	48,700
Parks & Recreation Donations	1,600
Rent Recreation Facilities	7,400
Community Bldg Rental Revenue	71,250
Local Occupancy Tax	99,000
Tourism - Misc Revenue	500
Tourism Special Events	8,000
Solid Waste Disposal Tax	2,100
Refuse Revenue	232,050
Donations Animal Care	3,000
Pet License and Tags	2,000
Boat Dock Fema /Goldenleaf	254,722
Land & Water Conservation Grant	75,000
Weather Tower Donations carryforward	4,225
Fema city pier	25,000
NC Powell Bill Funds	113,120
Southport Firemen'S Revenues	20,000
Total General Fund Revenue	<u>\$ 7,946,120</u>

SECTION II. ELECTRIC FUND

- A. Anticipated Revenues. The following revenues are estimated to be available in the Electric Fund for the fiscal year beginning July 1, 2020, and ending June 30, 2021:

Electricity Sales	6,375,000
Utility Sales Taxes	446,250
Service Charges	30,518
Other Revenues	<u>4,463</u>
Total Revenues	\$ 6,856,231

- B. Expenditures. The following amounts are hereby appropriated in the Electric Fund for expenses for the fiscal year beginning July 1, 2020, and ending June 30, 2021:

Total Expenditures	\$ 6,856,231
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SECTION III. WATER AND SEWER FUND

- A. Anticipated Revenues. The following revenues are estimated to be available in the Water and Sewer Fund for the fiscal year beginning:

Water	\$ 1,268,555
Sewer Sales	2,023,298
Water/Sewer Tap Fees	18,900
State Grant	29,250
Service Charges	13,125
Interest Income	1,050
Miscellaneous Revenues	6,825
Neighbor4Neighbors Donations	3,000
Transfer From General Fund	10,000
Transfer System Development Fund	<u>380,000</u>
Total Revenues	\$ 3,754,002

- B. Expenditures. The following amounts are hereby appropriated in the Water and Sewer Fund for expenses for the fiscal year beginning July 1, 2020, and ending June 30, 2021:

Total Expenditures	\$ 3,754,002
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SECTION IV. SYSTEM DEVELOPMENT FEE FUND

- A. Anticipated Revenues. The following amounts are appropriated in the System Development Capital Reserve Fund for the fiscal year beginning July 1, 2020, and ending June 30, 2021:

Sewer Development Fees	\$ 300,000
Water Development Fees	<u>80,000</u>
	\$ 380,000

- B. Expenditures. The following amounts are hereby appropriated in the System Development Capital Reserve Fund for the fiscal year beginning July 1, 2020, and ending June 30, 2021.

Transfer to Water and Sewer Fund	\$ 380,000
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SECTION V. CAPITAL PROJECT FUND HOWE ST. SEWER REPLACEMENT PROJECT

A. Anticipated Revenues. The following amounts are appropriated in the Capital Project Fund Howe St. Sewer Replacement Project for the fiscal year beginning July 1, 2020, and ending June 30, 2021:

Revenues	
City of Southport Contribution	\$158,800
Golden Leaf Grant	<u>900,000</u>
	\$1,148,550

B. Expenditures. The following amounts are hereby appropriated in the Capital Project Fund Howe St. Sewer Replacement Project for the fiscal year beginning July 1, 2020, and ending June 30, 2021.

Expenditures	
Construction Cost	\$1,008,705
Engineering & Design	<u>139,845</u>
	\$1,148,550

SECTION VI. CAPITAL PROJECT FUND NCDOT UTILITY RELOCATION AGREEMENT
415825.2.2

A. Anticipated Revenues. The following amounts are appropriated in the Capital Project Fund NCDOT Improvement Program / Utility Relocation Agreement 41582.2.2 for the fiscal year beginning July 1, 2020, and ending June 30, 2021:

Revenues	
City of Southport Contributions	\$ 76,309.73
NCDOT Reimbursements	<u>2,410,417.81</u>
	\$2,486,727.54

B. Expenditures. The following amounts are hereby appropriated in the Capital Project Fund NCDOT Improvement Program / Utility Relocation Agreement 41582.2.2 for the fiscal year beginning July 1, 2020, and ending June 30, 2021.

Construction Cost	\$2,86,727.54
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SECTION VIII. CAPITAL PROJECT FUND TAYLOR FIELD PART F GRANT Phase 1

C. Anticipated Revenues. The following amounts are appropriated in the Capital Project Fund Taylor Field Part F Grant for the fiscal year beginning July 1, 2020, and ending June 30, 2021:

Revenues	
City of Southport Match	\$ 421,224
Part F Grant	<u>\$ 421,224</u>
Total Revenues	\$ 842,448

Anticipated expenditures. The following amounts are hereby appropriated in the Capital Project Fund Taylor Field Part F Grant for the fiscal year beginning July 1, 2020, and ending June 30, 2021.

Construction Cost	\$ 842,448
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SECTION IX. TAX RATE

There is hereby levied, for fiscal year 2020-2021, a tax at the rate of \$0.2956 on each one hundred dollars (\$100) of assessed valuation of property located within the City of Southport for the purpose of raising revenue in the General Fund. The assessed value of property is \$917,971,341.

SECTION X. BUDGET OFFICER AUTHORITY

The city manager (budget officer) is hereby authorized to transfer appropriations within a fund and between funds under the following terms:

- A. He may transfer amounts between appropriations within the same fund, provided that a report of such transfers shall be made no later than the next regular financial report to the Board of Aldermen.
- B. He may authorize temporary transfers of cash among funds as necessary to meet cash flow needs.

All other transfers of funds between appropriations or budget funds shall be accomplished by Board amendment of this ordinance.

SECTION XI. BUDGET IMPLEMENTATION

This ordinance and the supporting budget document shall be the basis of the financial plan for the City of Southport municipal government for the 2020-2021 fiscal year. The budget officer shall administer the budget and shall insure the finance officer and department heads of the city are provided with sufficient guidance to properly implement this plan. Copies of the budget ordinance shall be furnished to the city manager and the finance officer for their use and direction in the disbursement of funds and to the city clerk for the official records of the city.

SECTION XII. ADOPTION

This ordinance has been adopted by the Southport Board of Aldermen in regular session on June 11, 2020, upon the motion of Alderman _____ and the second of Alderman _____, with a vote of ___ ayes and ___ noes, and shall be effective July 1, 2020.

Joseph P. Hatem, Mayor

Attest:

Michele Windham, City Clerk