

ADOPTED
BOILING
SPRING
LAKES
BUDGET

FY

2022

Adopted
financial plan
for July 1,
2022 to June
30, 2022



City of Boiling Spring Lakes

Boiling Spring Lakes, NC 28461

Honorable Mayor Caster and Board of Commissioners
City of Boiling Spring Lakes, N.C.

Re: FY 2022 Proposed Budget

Dear Mayor Caster and Members of the Board:

In accordance with Section 159-11 of the NC General Statutes, I am pleased to present the FY 2022 Adopted Budget for the City of Boiling Spring Lakes.

FY 2022 Budget

The budget is a sound financial plan and has been prepared with consideration given to the Board's goals and objectives as established at the March 2020 workshop. The five (5) top priorities, in no particular order, that were established are:

1. Storm water plan completion
2. Pave new and existing roads
3. Expand commercial development through a Business Advisory Committee and/or Economic Development Plan
4. Implement pedestrian plan
5. Rehabilitate parks and recreation facilities

All sections of the budget are in conformance with the Local Government Budget and Fiscal Control Act as amended. A balanced budget for the next fiscal year, or an interim budget, must be adopted by June 30, 2021.

Pursuant to N.C.G.S. 159-12, a public hearing on the proposed budget was held on Tuesday, May 4, 2021 at 6:30 pm in the City Hall Board Meeting Room. This date was advertised with a public notice and copies of the budget will be made available to local news media, in the lobby of City Hall and on the City's website beginning on Thursday, April 29, 2021.

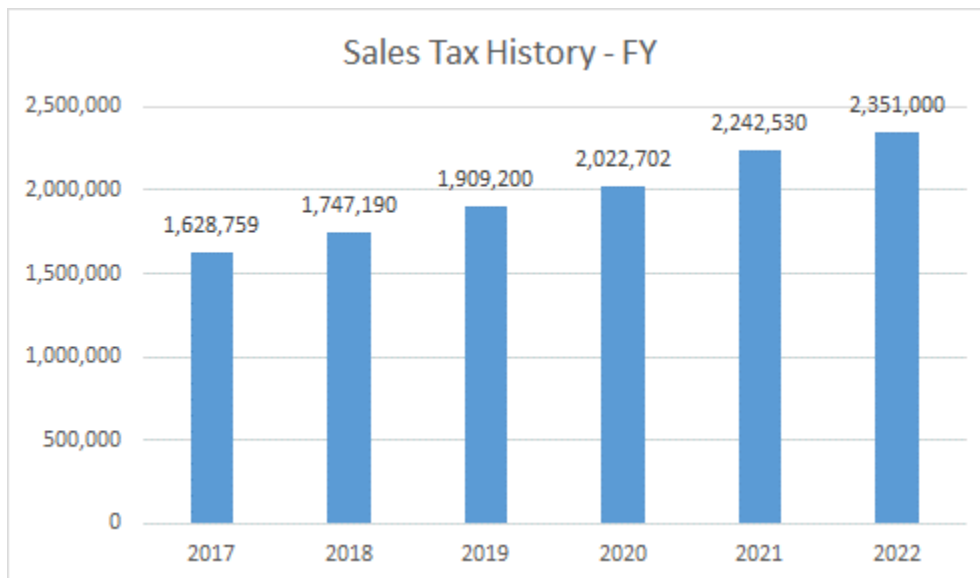
BUDGET OVERVIEW

The FY 2022 City of Boiling Spring Lakes budget is balanced and totals \$4,771,060 for the General Fund. Highlights in the proposed budget are:

- 1% Cost of Living Increase
- 2% Merit Increases upon performance evaluations
- Implementation of MAPS Salary Study
- \$0.022 increase in tax rate for road improvements
- Hiring of a second detective in the Police Department.
- Hiring of a Zoning Technician in Planning/Zoning Office
- Purchase of a new tandem dump truck for Public Works

REVENUES

Sales & Use Tax Revenue - The City's largest single source of revenue continues to be generated from *sales and use taxes* and usually represents approximately 42% of general fund revenues. The chart below reflects the history of increases as the NC General Assembly has expanded the items subject to sales tax and the City's population increases each year. While the FY 2021 budget anticipated a reduction in sales tax due to the effects of COVID-19, the exact opposite occurred with actual revenues exceeding projected revenues on an average of 27% per month.



Property Tax Revenue - The next highest revenue source is real property taxes.

Brunswick County government completed its revaluation of the county real property in 2018 with the next scheduled reassessment for 2023.

In early 2021, the following information was supplied to the City projecting the City's assessable base as of July 1, 2021.

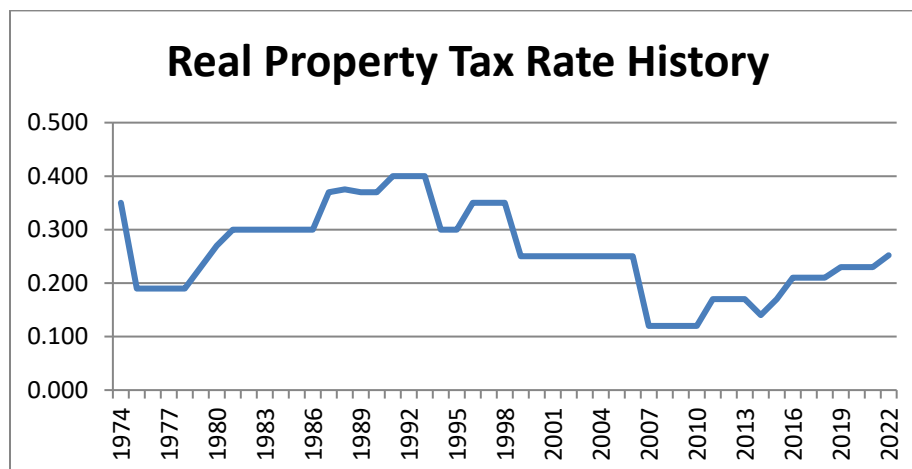
Preliminary Value Estimates	3/30/2021
RSI	FY 2021-2022
	2021 VALUE ESTIMATE
GROSS REAL PROPERTY	562,982,320
EXEMPT PROPERTY	55,600,000
TAXABLE REAL PROPERTY	507,382,320
LAND USE DEFERRED	107,320
NET TAXABLE AFTER PUV	507,275,000
LOW INCOME HOUSING DEFERRED(09)	-
WORKING WATERFRONT DEFERRED(09)	-
ELDERLY EXEMPTIONS (REAL)	5,050,030
ELDERLY EXEMPTIONS (PERS)	11,400
VETS EXEMPTIONS (PERS)	4,580
VETS EXEMPTIONS (REAL)	2,070,000
DENR Pollution Abatement	-
LOW INCOME HOUSING 277.16	-
Builder Exemptions	500,000
NET TAXABLE REAL PROPERTY	499,638,990
INDIVIDUAL & BUSINESS PERSONAL	3,510,000
NET TAXABLE REAL/PERS PROPERTY	503,148,990
PUBLIC UTILITIES	1,100,000
TOTAL PROPERTY VALUE	504,248,990
ESTIMATED REDUCTIONS - PTC	-
ESTIMATED REDUCTIONS - BD OF E&R	300,000
NET FORECAST PROPERTY EXCLUDING MV	503,948,990
MV VALUE	61,000,000
ESTIMATED TOTAL TAXBASE	564,948,990

The chart below shows the valuation change from FY 2007 to the projected FY 2022 value:

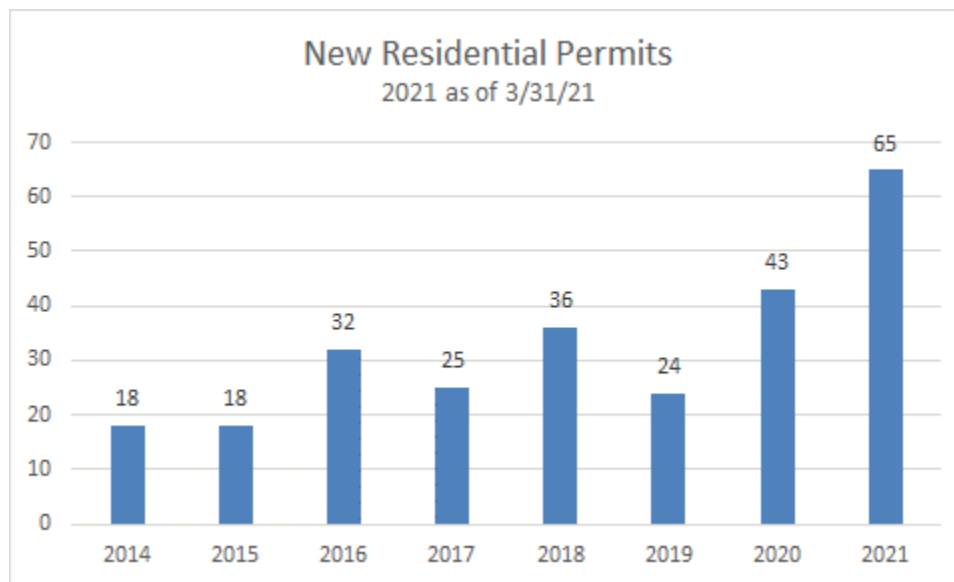


This budget, as adopted, increases the tax rate to \$ 0.282 per \$ 100 of assessable base, a \$0.052 increase, for FY 2022 to generate an additional \$ 100,000 for road improvements, \$100,000 for future Parks & Rec capital expenditures and \$50,000 for future Public Works capital expenditures.

A number of factors influence the tax rate with the most significant being the assessable base of the City. As the assessable base increases, two things may occur; additional revenues are generated or the tax rate is reduced. The inverse can occur when the mandatory reevaluation by the County takes place. State law requires it to be done at least once every eight (8) years but Brunswick County has elected to perform a reevaluation every five (5) years. The next revaluation will be in 2023.



Increases in the City's tax base are projected as housing starts continue to grow. The chart below shows a trend to support that statement: Other revenue sources such as interest income, a variety of State Collected Local Revenues and local permits and fees are forecasted for modest growth in the near future.



EXPENDITURES

Expenditure estimates were compiled and formulated by the Budget Officer (City Manager) based upon written requests and justification submitted by the various department heads. Each department's request was given consideration based on current and prior year expenditures, proposed work program, inflationary trends and a review of each departmental operation.

All revenue estimates in the budget are partially based upon recommendations provided by the NC League of Municipalities, current contracts, and figures provided by department heads that have revenue collection responsibility and actual revenues received during the current fiscal year.

Because of the continuing economic conditions, expenditures are being budgeted very conservatively in an attempt to insure that they do not exceed, largely, anticipated revenues.

The budget does include a one percent (1.0%) Cost of Living Adjustment (COLA)/Salary Adjustment and a two percent (2%) possible increase for City employees based evaluations. The budget also continues the annual longevity bonus provided by the City in December of each year that was established by the Board in FY 2018. The City also had completed in FY 2021 a salary study by the MAPS Group to determine if the City's salary structure is competitive. The results, which are included in the FY 2022 budget, was that an increase of \$ 90,598 was needed to a number of positions to make them competitive with area governments.

Workers Compensation is projected to be remain level. Property & Liability and health insurance rates are estimated to increase by 5%. The Board of Commissioner in November 2019 adopted a revised Personnel Policy requiring all new employees hired after the date of adoption to contribute 20% towards

the cost of major medical health insurance. They also removed the City contribution to a supplement to Medicare for all new retirees of the City.

HIGHLIGHTS

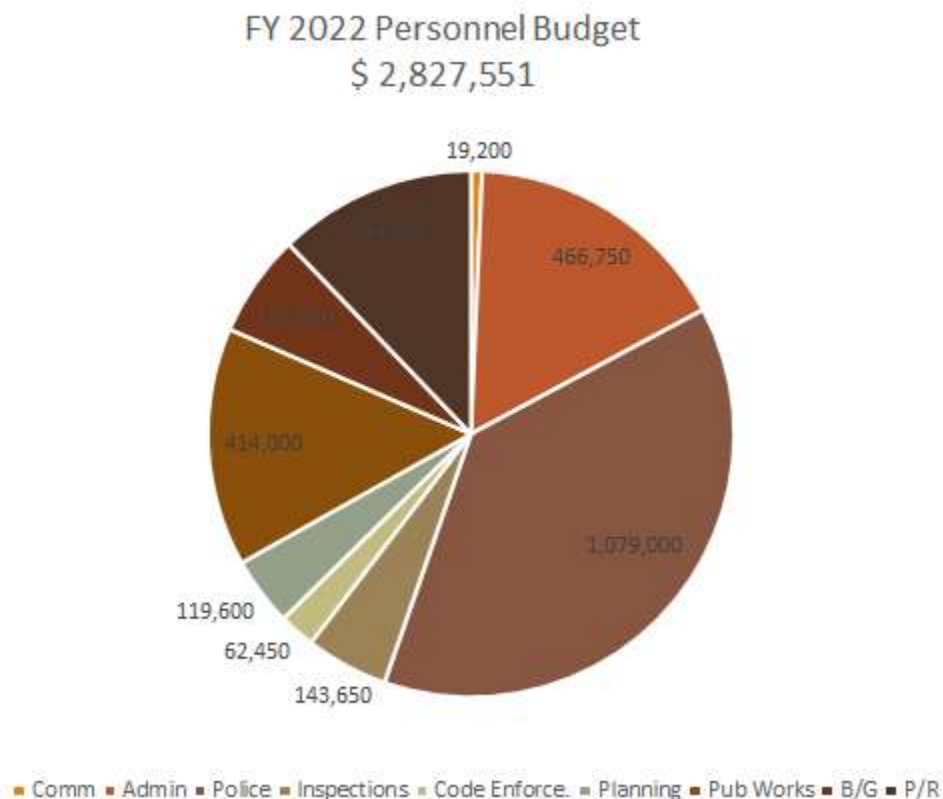
I. General Fund Revenues:

- One Cent (\$.01) on property tax rate generates approximately \$ 48,883.00.
- Sales & Use Tax revenue is projected to increase by 2.5% from estimated ending FY 2021 dollars.

II. General Fund Expenditures:

The total full time work force is projected thirty-eight (38) full-time employees.

Notable Personnel Costs



- Employee health insurance projected to increase by five percent (5%).
- State Retirement increased to 11.42% & 12.04% (police)
- MAPS Study recommendation funded; 5.2% increase in salary cost (\$ 90,598).

III. General Fund Expenses

Items of Note:

The table below summarizes significant items for the FY 2022 budget. The table shows items in the adopted budget:

GOVERNING BODY	\$	70,470
ADMINISTRATION	\$	859,650
ANIMAL CONTROL	\$	11,100
BUILDING AND GROUNDS	\$	282,450
PUBLIC SAFETY	\$	1,428,700
CODE ENFORCEMENT	\$	84,620
BUILDING INSPECTIONS	\$	195,050
PLANNING AND DEVELOPMENT	\$	147,825
STREET REPAIR & CONSTRUCTION	\$	906,150
DAMS/LAKES	\$	51,500
PUBLIC HEALTH MOSQUITO CONTROL	\$	5,900
SPECIAL EVENTS	\$	8,250
PARKS & RECREATION	\$	546,635
LIBRARY/COMMUNITY APPEARANCE	\$	3,000
INTERFUND TRANSFERS	\$	150,000
CONTINGENCY	\$	19,760
TOTAL	\$	4,771,060

IV. Powell Bill Fund:

- Estimating Revenues at \$314,000 is .03% from the current year due to passage of the legislation by the General Assembly to stabilize this funding source from fluctuations in gas tax revenue.
- Expenditures
 - \$ 367,800 for paving/repaving projects of city streets located from both the Public Works budget (\$235,000) and Powell Bill fund (\$ 132,800)

Summary

I believe the adopted FY 2022 Boiling Spring Lakes budget reflects the Board's service priorities for the citizens, meets the Board's stated goals and objectives, and is responsive to City-wide needs while reflecting a conservative approach to municipal revenues and expenditures.

On behalf of the City, I am pleased to present this adopted budget of the City of Boiling Spring Lakes for the next fiscal year to the Mayor and Board of Commissioners.

We look forward to working with the Board in the delivery of City services to our citizens in the most professional, businesslike, economical and environmentally sensible manner possible.

Respectfully submitted,

Jeffrey E. Repp, City Manager

FY 2022 Budget Summary

Revenues

TAXES	\$	1,690,060
INTERGOVERNMENTAL	\$	2,681,000
RESTRICTED INTERGOVERNMENTAL	\$	48,950
PERMITS & FEES	\$	208,000
SALES & SERVICES	\$	128,000
INVESTMENT EARNINGS	\$	100
MISCELLANEOUS REVENUE	\$	14,950
TOTAL	\$	4,771,060

Expenses

GOVERNING BODY	\$	70,470
ADMINISTRATION	\$	859,650
ANIMAL CONTROL	\$	11,100
BUILDING AND GROUNDS	\$	282,450
PUBLIC SAFETY	\$	1,428,700
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TOTAL	\$	4,771,060

General Fund Revenues

FY 2022 Budget Comments:

- Property taxes to increase to \$.282 per \$ 100 of assessed valuation from \$ 0.23 currently. \$ 0.01 of property tax generates approximately \$ 48,883.
- Municipal Vehicle Tax - NCGS 20-97 (b1) provides for a Municipal Vehicle Tax of up to \$ 30.00 per registered vehicle that may be levied by the local governing board. With 5,711+ registered vehicles in the city limits, this source of revenue would generate roughly \$ 135,000 per year that would enhance the city's ability to pave and resurface additional roads.
- Sales & Use Tax Revenue projected to increase by 2.5%.
- Building Permit Fees – Fees were increased in FY 2021 to compare more favorably with area municipalities. Electronic processing fee new in FY 2022 (\$ 5,000).

Governing Body

FY 2022 Budget Comments:

- **Salaries** – Annual compensation unchanged for the Mayor (\$ 2,000) and Commissioners (\$ 1,500).
- **City Attorney Fees** – After several years of litigation involving Spring Lake, the costs for litigation are projected to be back to a more normal amount.
- **Collection Fees for Taxes** – Fee retained by the county for billing and collection property taxes (.75%)
- **Collection Fees for Vehicles Tax Collection** – 4% fee retained by county for collection.
- **Miscellaneous** – Municipal elections \$ 2,000.

Administration

FY 2022 Budget Comments:

- **Salaries** – Five (5) FTE.
- **Emergency Response** – annual subscription fee for emergency notification software (Code Red).
- **Travel & Training** - BLR's On-Line Training and miscellaneous conferences and training seminars.

- **Contracted Services** – VC3 \$1,886@12=\$22,632, Web Page VC3-\$6,972, Cavanaugh \$3,507.50 for Separation Allowance, Wolf Co \$1,050, GFL Recycle \$600 per yr, IEB \$50@12=\$600, Misc \$221
- **Dues and Subscriptions** – membership fees for CFCOG, ICMA, NCLM, SOG, NCGFOA and GFOA.
- **City Insurance** – covers property and equipment and is projected to rise by 5%.
- **Workman's Compensation** – mandated insurance to cover employee injuries while on the job.
- **Debt Services** – Principal & Interest payments for City Hall.

Buildings & Grounds

FY 2022 Budget Comments:

- **Part Time Salaries** – One (1) seasonal employee.
- **Salaries** – Three (3) FTE and One (1) PTE (Janitor) included in this budget
- **Professional Services** – Funds for consultant review of former police department.
- **Telephone** - GPS (3) \$720, Cell phone 1 & Tablet 2 @ \$120@12= \$1400, VC3 phones \$460.00 per yr., misc. \$120
- **Generator** – Annual service contract for City Hall/Police Department generator.
- **Contracted Services** – VC3 at \$280/mo. (\$3,360), BFPE Fire Ext (\$1,150), GovPilot (\$1,400), ATMC phone (elevator) at \$45/mo. (\$540)
- **Pest/Termite** – This line item was created in FY 2015 and consolidates the cost for all city buildings into this one line item that were formerly in several different budgets.
- **Capital Outlay** – Demolition and reconstruction of office for garage mechanic.

Police

FY 2022 Budget Comments:

- **Part Time Salaries** – Funds for part time officers to fill in for labor shortages during the year.
- **Salaries** – Includes funding for sixteen (16) employees including one (1) administrative assistant and one (1) animal control officer and fourteen (14) certified officers. One new officer to be hired in FY 2022 and one (1) current officer promoted to detective.
- **Phones/Postage** - GPS (12) \$2880, Cell Phones & Air Cards-\$675 @12=\$7800, VC3 Phones\$220 @12= \$2800, Atlantic \$95@12=1140 (new Phone for cloud server), \$300.00 Cushion
- **Contracted Services** – VC-3 @ \$4800 @ 12 = \$57,600.00, New Server @ \$250.00/Month = \$3000.00, Leads Online = \$1600.00, Coastal Documents = \$700.00, TransUnion = \$600.00, Zuercher/Central Square = \$10,276.00, NCDNJ - Desktop = \$600.00, NCDNJ Laptop = 12ea. @ \$12/mo. = \$1728.00, TIAA = \$175 @ 12 = 2100, FirstPoint \$22.00 @ 12 = \$264.00, Lexipol =

\$4650.00, Wolf Cameras = 28,600.00 (5 year plan), GovPilot = \$1305.00, All Traffic Solutions Traffic Trailer = \$1500.00, RMS - 1 License = \$1200.00, E-Citation = \$800.00, E-Crash = \$800.00, Misc. = 636.00 (overages of estimates),

- **Non-Capital Outlay** - Ammunition/Targets = \$3000.00, Radar Unit = \$1300.00, 1 ea. Handguns @ \$700.00 = \$800.00, 1 ea. Tasers @ \$1000.00 = \$2700.00, 24 radios (14-handheld; 10-vehicle) = \$ 91,000.
- **Debt Service** – Existing lease for five vehicles; one new police rated pickup to be purchased.

Code Enforcement

FY 2022 Budget Comments:

- **Salaries** – One (1) FTE Code Enforcement Officer.
- **Phone/Postage** - GPS - \$240; CELL PHONE & TABLET - \$1080; VC3 PHONE - \$300 POSTAGE \$750; MISC \$100
- **Contracted Services** – GOVPILOT \$3433, VC3 \$3000
- **Debt Service** – lease for one pickup.

Building Inspection & Permitting

FY 2022 Budget Comments:

- **Part Time Salaries** - one (1) part time Fire Inspector/Building Inspector is included in the requested and proposed budget to provide backup to the Code Enforcement Officer position.
Salaries – One (1) FTE Building Inspector; one codes technician.
- **Contracted Services** –Includes funding for three (3) seats for VOA and telephone for the hosted IT environment. Also includes \$ 7,000 licensing fee for building permit software.

Planning & Zoning Administrator

FY 2022 Budget Comments:

- **Salaries** – One (1) FTE Planning & Zoning Administrator; one FTE (1) permit technician.
- **Phone/Postage** - 1 Cell Phone \$40.00 @ 12=\$480 , 2 VC3 phones \$56X12= \$672
- **Contracted Services** –Includes funding for two (2) seats for VOA and telephone for the hosted IT environment; GovPilot software annual fee.

Public Works

FY 2022 Budget Comments:

- **Part Time Salaries** – Hours budgeted for (1) Part-Time Equipment Operators. Employee is expected to work full time between May-November.
- **Salaries** – Six (6) FTE's one (1) supervisor and four (4) equipment operators; one (1) admin. Asst. included in this budget.
- **Professional Services** – Funds for engineering services non-street related.
- **Telephone/Postage** - GPS, (5) \$1200.00, Cell 1@83.00@12=\$996, Time Warner \$140.00 @12=1680, VC3 phones \$83.50@12=\$1,002, misc. \$122
- **Street Lights** –Cost for approximately 291 streetlights (229 LED and 62 HPS) on city streets, parking lots and parks at an average cost of \$ 12.16 per month per light
- **Contracted Services** – Includes one (1) VOA seat and three (3) telephone seats for hosted IT environment.
- **Capital Outlay** - \$ 235,000 paving (\$ 100,000 general fund and \$ 135,000 MV fee); \$ 175,000 new dual tandem dump truck.
- **Debt Service** – Lease for one pick up.

Dams/Lakes

FY 2022 Budget Comments:

- **Contracted Services** – Funds for contracted services to clean driveway culverts with the cost to be billed to the property owners; funds for contractual services to clean drainage ditches with equipment that the city does not possess.
- **Water Testing/Lakes** – Monthly (May-August) bacteria (*Enterococci*, *Fecal Coliform*, *E. Coli* & *Total Coliform*) of five designated swimming lakes (*spring*, *Mirror*, *Seminole*, *Tate* & *Patricia/Big Lake*) in the City.

Community Center/Parks & Recreation

FY 2022 Budget Comments:

- **Salaries** – Includes funding for four (4) FTE's.
- **Part Time Salaries** – Includes funding for fifteen (15) seasonal/part time positions for summer camp, after school program and community center assistants at the Community Center.

- **Contracted Services** – Includes four (4) VOA, four (4) telephone and three (3) public access computers for the hosted IT environment. Portable Toilets; Trash Recycle; Security System; Copier Lease; Coastal Documents (cost of copies); GovPilot Work Orders;.
- **Dues & Subscriptions** – NRPA; NCRPA; Constant Contact email newsletter; ASCAP Music License; USA Pickle ball; NC Arts Council
- **Capital Outlay** – Shade shelter for Spring Lake Park; treadmill replacement.

Library & Community Appearance Commissions

FY 2022 Budget Comments:

The Board of Commissioners created this new commission in 2014-2015 for fostering library services for city residents.

Powell Bill Expenditures

FY 2022 Budget Comments:

With the repayment of the Street Repaving Bond, financial resources are now available for an annual program. With the inclusion of several former “orphan” roads into the City street system and formal acceptance of these roads in the Powell Bill, funded street formula the City will begin creating a stone base to bring these roads up to a passable standard. As was the case in prior fiscal years, city staff will forward a recommendation for street paving during the fiscal year based on the amount approved by the Board of Commissioners.