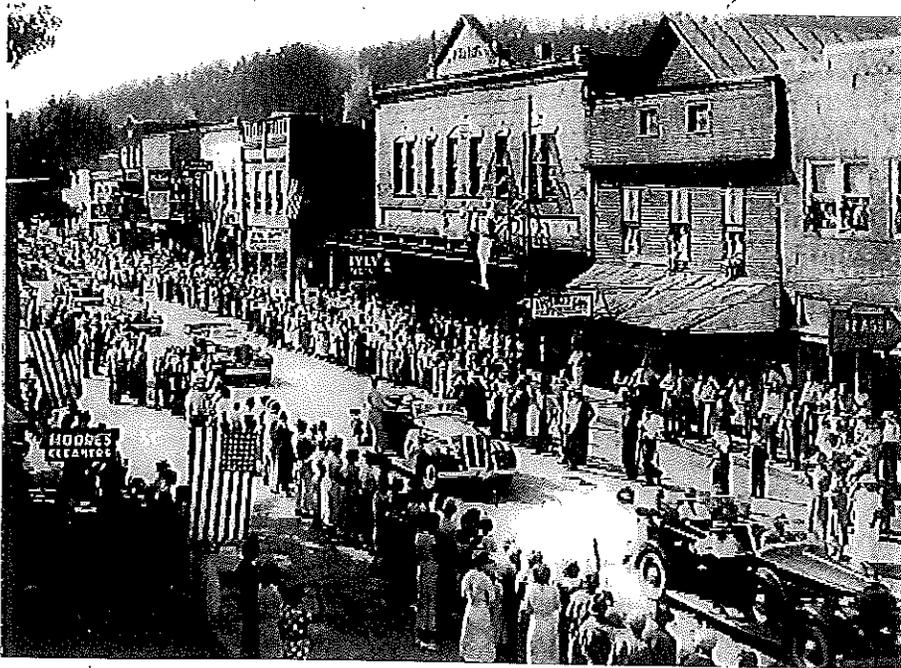


TOWN OF SYLVA

NORTH CAROLINA



President Franklin D. Roosevelt visit to Sylva in 1935

ANNUAL BUDGET FISCAL YEARS 2012-2013

May 31, 2012

Michael JaVan Morgan

Interim Town Manager/Budget Officer

Lynn Bryant

Finance Officer

Town of Sylva

North Carolina

Fiscal Year 2012-2013

Annual Budget

Maurice Moody, Mayor

Chris Matheson

Stacy Knotts

Danny Allen

Harold Hensley

Lynda Sossamon

Michael JaVan Morgan

Interim Town Manager/Budget Officer

Lynn Bryant

Finance Officer

Budget Message

May 31, 2012

Honorable Mayor Moody and Sylva Town Council:

Enclosed please find for your consideration the proposed budget for Fiscal Year beginning July 1, 2012 and ending June 30, 2013. The budget has been prepared in accordance with the NC Local Government Fiscal Control Act as required by NC General Statute Chapter 159-11. The General Fund budget as proposed is based on *no tax increase*. The budget keeps the current rate of \$.30 cents per \$100 of property valuation. If the budget is approved with a tax rate of \$.30 cents, this will be the *ninth year in a row* (2003) that the governing body has held the line on the tax rate or reduced the tax rate. The budget as proposed does include *fee increases* in the General Fund. Consistent with the policies and goals adopted in the Town Council's Financial Management Plan, staff continued the practice of projecting revenues conservatively and containing expenditures. This General Fund Budget totaling \$3,009,251 is an increase of \$1,565 or 0.0005% from the amended 2011-2012 Budget. (This does not include grants and other proceeds) This budget acknowledges the very difficult economic times our taxpayers, businesses and citizens are facing. We continue to be keenly aware of the personal financial pressures all are facing.

The current economic downturn is unprecedented in recent history for both North Carolina and the Nation. The current recession is proving to be to be the longest since the Great Depression and the circumstances in the housing market that precipitated it are unique to the current recession. As a result, Sylva will experience a *loss* of ad valorem revenue of <\$37,000> from the FY 2011-2012 approved budget due to a loss in personal property tax. One cent of the tax rate is equal to approximately \$41,000. Therefore the Town is short about one cent of the tax value before we start the budgeting process. Another source of loss is in the form of sales tax revenue for 2012-2013. We project a loss of approximately <\$9,600> from last year's budget. The local option sales taxes are the second highest source of tax revenue for Sylva with the property tax being the first. In this Budget, the Town has had to restore long delayed long term capital needs. For the past several years the Town has cut and delayed needed capital improvements. In this budget, the Town has tried to fill this gap in capital needs. With the approval of this budget, the Town employees will be able continue the Town's tradition of providing high

quality, efficient services while maintaining a small town atmosphere. Specific highlights of the proposed Budget are discussed in detail on the following pages.

Major Budget Issues

This Budget was developed with the vision as established by the Sylva Town Council to:

Provide efficient, effective, high quality services, encourage partnerships and proactively plan for the future to meet changing needs.

The first major issue addressing the Town of Sylva was the need to hire a New Town Manager. This budget allows for the hiring, training and equipment for the new town manager. This decision is the most important decision that this Town Council will make during their tenure. Another budget issue that will have a major impact on the Town of Sylva is with the completion of the construction of the new Sylva Police Station located on Main Street. This project will cost an estimated \$715,000; the project is budgeted in the Capital Project Ordinance. Funding for this project is from current revenues in the Fisher Creek Funds and the Revolving Loan Funds.

Ad Valorem:

This budget was developed using a tax rate of \$0.30 per \$100. It is estimated that 1 cent of the tax rate is equal to \$41,000. Based upon property evaluation data from the Jackson County Tax Department, Sylva can expect a decrease in valuation from \$1,241,128.78 (after discoveries) to \$1,220,508.06 for a **negative <2%> growth rate**. Most of this decrease is due to the decrease in utilities and business personal property.

Council Focus Areas

The Sylva Town Council conducted a budget workshop on January 19, 2012 and February 9, 2012 and listed six key areas for achieving the Town's vision. Those areas include:

- 1. Hire a new Town Manager.**
 - Competitive Compensation
 - Adequate Training
 - Vehicle

- 2. Police Station**
 - Construction to start July 2012
 - Police move into the new station March 2013

- 3. Code Enforcement**
 - Increase Zoning Efforts

- Review and update land use fees
- Increase legal and professional fees

4. *Police and Public Works Equipment and staffing Needs*

- Replace police vehicles and equipment
- Major public works equipment needs
- New sidewalks
- Competitive Compensation for all staff

5. *Small Business Retention*

- Increase Police presents on Main Street
- Main Street Development
- Economic Development Coordinator

6. *Administration Equipment Needs*

- Update Computers and software

Solutions:

Priority #1 Hire a new Town Manager.

This budget allows for the hiring of a new Town Manager at a competitive salary. The Town has budgeted \$11,450 for Administrative Training. (10-420-1400). Managers vehicle is budgeted for \$24,000 (10-420-7400).

Priority #2 Police Station

Construction of this project is scheduled to start July 1, 2012. This project will cost an estimated \$715,000; the project is budgeted in the Capital Project Ordinance. Funding for this project is from current revenues in the Fisher Creek Funds and the Revolving Loan Funds.

Priority #3 Code Enforcement

Hazard Abatement and Code Enforcement is a major concern to the citizens of Sylva. The Town currently subcontracted with Jackson County to provide Code enforcement services for the Town. We have proposed to increase our zoning fees that we charge our customers by \$10,000 (10-355-0100). Therefore we have increased our payment to Jackson County to \$20,000 for this service (10-570-3200).

Hazard Abatement is concerned that the Town Council wanted addressed. We have

budgeted \$5,000 for hazard abatement (10-570-3400) and legal expenses for hazard abatement to \$5,000 (10-470-1700).

Priority #4 Police and Public Works Equipment Needs

The Town of Sylva's biggest asset is their employees. In this budget a 3.0% CPI has been budgeted for ALL employees. This increase equals to the Consumer Price Index for our area. An immediate need in the Police Department was the replacement of three new police vehicles. The vehicle being replaced have high mileage as well as high maintenance cost. To replace and equip the three vehicles is \$104,365 (10-510-7400).

Public Works has delayed capital equipment needs for the past several years. In this budget the following items are planned to be replaced or purchased:

- Side mounted Mower (\$ 17,416)
- Steiner (\$12, 708)
- New F350 truck (\$25,617)
- Dump Truck Bed (5,000)
- Tire Changing Machine (\$4,040)
- New computer update for auto code reader (\$1,142)
- Painting Town Hall (\$15,000)
- Road work in Pinnacle Park (\$9,000)
- Sidewalk construction (\$15,000)

Due to the economic downturn in the economy, many capital needs in the areas of street repaving and storm drainage renovation have been delayed. As well as the purchase on new garbage truck (\$100,000) and knuckle boom truck (\$100,000).

Priority #5 Small Business Retention

Downtown Sylva is very important to the Town Council. Funds have been set aside to increase the police foot patrol in the downtown area. In this budget (\$18,275) has been budgeted for Main Street Program, the new Town Manger will also serve as the Economic Development Coordinator for the Town.

Priority #6 Administration Equipment Needs

Computer equipment needs for Town Hall \$9,200.

Governmental Funds

In government, much more than in business, the budget is an integral part of the Town's accounting system and daily operations. An annual or project budget ordinance, as amended by the governing body, creates a legal limit on spending authorizations. In accordance with North Carolina State Law, the Town's budget is prepared on the modified accrual basis, and its accounting records also are maintained on that basis. Under modified accrual accounting, revenues are recorded when they are measurable and available. Expenditures are recorded when liability is incurred, except for interest on long-term debt and accrued vacations benefits. The Town of Sylva has the following types of Governmental Funds:

General Fund

The General Fund Budget for FY 2012-2013 is \$3,144,510 with the addition of anticipated grants and other proceeds.

Fund Balance Reduction

This budget will reduce the available Fund Balance by \$107,427. This reduction will bring the available Fund Balance to 56% of expenditures. The Town Fund Balance policy is that the Town must maintain a 40% fund balance to expenditures.

Conclusion

The Town staff has presented you a balanced budget that maintains our existing level of high quality services necessary to meet Council's established goals.

The preparation of this report would not have been possible without the dedicated efforts of the employees of the Town of Sylva and the support of the members of the Town of Sylva Town Council.

Michael JaVan Morgan
Interim Town Manager/Budget Director

Lynn Bryant
Finance Officer

THE TOWN OF SYLVA
FY 2012-2013
BUDGET ORDINANCE

BE IT ORDAINED by the Board of Commissioners of the Town of Sylva, North Carolina:

Section 1. The following amounts are hereby appropriated in the General Operating Budget for the operation of the town government and its activities for the fiscal year beginning July 1, 2012 and ending June 30, 2013 in accordance with the chart of accounts heretofore established for this town.

Mayor/Board	\$30,750
Community Contributions	\$17,850
Administration	\$274,282
Highway Patrol Electric	\$1,000
Main Street	58,073
Professional Services	\$42,900
Police Department	\$1,078,977
Street Department	\$338,100
Powell Bill Department	\$74,000
Street Lights	\$97,800
Planning/Codes Department	\$26,700
Sanitation Department	\$127,500
Facilities Maintenance	\$53,300
Cemetery Department	\$9,850
Non-Departmental	\$145,405
<u>Miscellaneous Appropriations</u>	<u>\$247,700</u>
Total Appropriation	\$2,624,187

Section 2. It is estimated that the following revenues will be available in the General Operating Budget for the fiscal year beginning July 1, 2012 and ending June 30, 2013.

Current Year's Property Tax	\$1,179,000
Prior Year's Property Tax	\$10,000
Interest on Taxes	\$7,500
Tax Advertising Penalties	\$400
Scrap Metal	\$500
Privilege License and Interest	\$90,800
Vehicle Taxes	\$52,000
ABC License	\$1,000
Interest on Investments	\$1,500
Sale of Recycling Bins	\$500
Street Sweeping	\$1,200
Main Street Program	\$7,800
County Inspections	10,000
Sales of Telecommunication	\$80,000
Excise Tax on Natural Gas	\$5,000
Local Video Programming	\$18,000
Franchise Tax on Power	\$190,000
Sales Tax Art 40	\$92,000
Sales Tax Article 42	\$82,000
Sales Tax Article 39	\$165,000
Solid Waste Disposal	\$1,700
Hold Harmless	\$85,000
Wine and Beer	\$11,500

Powell Bill	\$68,000
ABC Revenue	\$177,550
Police Department Fines and Fees	\$15,000
Substance Tax Distribution	5,000
Conditional Use/Appeals	\$500
Sales Tax Refund	\$10,000
Parking Lot Rental	\$1,200
Grants	\$55,260
Sale of Fixed Assets	\$5,000
Miscellaneous Revenue	\$850
Transfer In	\$15,000
Fund Balance Appropriation	\$107,427
Capital Reserve Appropriation	\$65,000
<u>PB Funds Appropriation</u>	<u>\$6,000</u>
Total Revenues	\$2,624,187

Section 3. The following amounts are hereby appropriated in the Recreation Fund 13 for the Fiscal Year beginning July 1, 2012 and ending June 30, 2013.

Personnel Expense	\$16,875
Operating Expenses	\$14,189
<u>Pool Expense</u>	<u>\$19,000</u>
Total Expenses	\$58,275

Section 4: It is estimated that the following revenues will be available in Recreation Fund 13 for the Fiscal Year beginning July 1, 2012 and ending June 30, 2013.

Park Rental	\$5,275
ABC Revenue	\$25,000
<u>Transfer from General Fund</u>	<u>\$28,000</u>
Total Revenue	\$58,275

Section 5. The following amounts are hereby appropriated in the Post Employment Trust Fund 14 for the Fiscal Year beginning July 1, 2012 and ending June 30, 2013.

Payroll – Separation Allowance	\$14,000
FICA – Separation Allowance	\$1,100
<u>Fund Balance Contribution</u>	<u>\$8,400</u>
Total Expenses	\$23,500

Section 6. It is estimated that the following revenues will be available in Post Employment Trust Fund 14 for the Fiscal Year beginning July 1, 2012 and ending June 30, 2013.

<u>Transfer from General Fund</u>	<u>\$23,500</u>
Total Revenues	\$23,500

Section 7, The following amounts are hereby appropriated in the Revolving Loan Fund 15 for the Fiscal Year beginning July 1, 2012 and ending June 30, 2013.

USDA Rural Business Grant	\$25,000
Transfer Out	\$15,000
<u>RLF Expenses</u>	<u>\$5,000</u>
Total Expenses	\$45,000

Section 8. It is estimated that the following revenues will be available in the Revolving Loan Fund 15 for the Fiscal Year beginning July 1, 2012 and ending June 30, 2013.

USDA Rural Business Grant	\$25,000
<u>Fund Balance Appropriation</u>	<u>\$20,000</u>
Total Revenues	\$45,000

Section 9. The following amounts are hereby appropriated in the Fire Department Fund 19 for the Fiscal Year beginning July 1, 2012 and ending June 30, 2013.

Operating Expense	\$191,584
Building Debt	\$207,015
Debt – Other	\$46,450
Contingency	\$7,000
<u>Capital</u>	<u>\$10,000</u>
Total Expenses	\$462,049

Section 10. It is estimated that the following revenues will be available in the Fire Department Fund 19 for the Fiscal Year beginning July 1, 2012 and ending June 30, 2013.

Sylva Contribution	\$124,200
Dillsboro Contribution	\$13,550
Webster Contribution	\$16,800
Jackson County Contribution	\$91,000
Building Loan	\$207,015
<u>Miscellaneous Revenue</u>	<u>\$9,484</u>
Total Revenues	\$462,049

Section 11. The following amounts are hereby appropriated in the Capital Reserve Fund 21 for the Fiscal Year beginning July 1, 2012 and ending June 30, 2013.

<u>Transfer to General Fund</u>	<u>\$65,000</u>
Total Expenses	\$65,000

Section 12. It is estimated that the following revenues will be available in the Capital Reserve Fund 21 for the Fiscal Year beginning July 1, 2012 and ending June 30, 2013.

<u>Transfer from Reserve</u>	<u>\$65,000</u>
Total Revenues	\$65,000

Section 13. The following amounts are hereby appropriated in the Fisher Creek Department Fund 24 for the Fiscal Year beginning July 1, 2012 and ending June 30, 2013.

<u>Maintenance and Improvements</u>	<u>\$9,000</u>
Total Expenses	\$9,000

Section 14. It is estimated that the following revenues will be available in Fisher Creek Fund 24 for the Fiscal Year beginning July 1, 2012 and ending June 30, 2013.

Fisher Creek Interest	\$5,000
<u>Fund Balance Appropriation</u>	<u>\$4,000</u>
Total Revenues	\$9,000

Section 15. The following amounts are hereby appropriated in the Retirement Department Fund 25 for the Fiscal Year beginning July 1, 2012 and ending June 30, 2013.

Retiree Insurance	\$37,000
<u>Fund Balance Contribution</u>	<u>\$35,000</u>
Total Revenues	\$72,000

Section 16. It is estimated that the following revenues will be available in Retirement Department Fund 25 for the Fiscal Year beginning July 1, 2012 and ending June 30, 2013.

<u>Revenue from General Fund</u>	<u>\$72,000</u>
Total Revenues	\$72,000

Section 17. There is hereby levied a tax at the rate of **thirty cents (.30)** per one hundred dollars (\$100) valuation of property as listed for taxes as of January 1, 2012 for the purpose of raising the revenue listed as "Current Year's Property Taxes" in the General Fund in Section 2 of this Ordinance. This is based on a total estimated valuation of property for the purposes of taxation of \$ **406,836,021** and an estimated rate of collection of **96.60%**. Also for the purpose of raising the revenue listed as "Current Year's Motor Vehicle Taxes" in the General Fund in Section 2 of this Ordinance total estimated valuation of property for the purpose of taxation of **\$13,000,000** and an estimated rate of collection of **82.08%**.

Section 18. The capitalization threshold for 2012-2013 is **\$5,000** for all capital asset classes.

Section 19. The Town Manager is hereby authorized to transfer appropriations within a fund as contained herein under the following conditions:

- a. Amounts between objects of expenditures within a department may be transferred without limitations and without report being given.
- b. Amounts up to **\$2,000** dollars may be transferred between departments with an official report on such transfers on the next consent agenda.

Section 20. The Town Manager is hereby directed to invest all idle funds only in the North Carolina Capital Management Trust and fully insured FDIC demand deposit accounts in the bank of record for the Town of Sylva. Obligations of the U.S. Government, such as Treasury Bill, Bonds, and Notes, time deposits with any financially sound bank or savings institution whose principal office is in North Carolina; A-1, P-1, domestic commercial paper may be utilized only with approval of the Town Board.

ADOPTED THIS THE 21th DAY OF JUNE 2012.

Maurice Moody, Mayor

ATTEST:

Brandi King, Clerk