



TOWN OF
ST. JAMES
North Carolina

May 5, 2020

To Mayor Toner, members of the St. James Town Council and citizens of the Town of St. James, attached please find the proposed tentative budget for the Town for the fiscal year beginning July 1, 2020.

The North Carolina General Statutes require that the Budget Officer submit a balanced budget along with a budget message. This document, combined with the attached budget is intended to comply with those statutes.

The statutes also require that the budget message convey to the Council and the public a concise explanation of the goals of the budget, important activities anticipated in the budget and explanations of any changes in the proposed budget from the preceding year. This message will summarize the financial condition of the Town, proposed revenues and expenditures and items of specific interest within each section.

FINANCIAL CONDITIONS: The Town of St. James remains very healthy financially. We are still waiting for the Auditors to give us the unassigned fund balance (funds available that can be spent without restriction) from end of Fiscal Year 2019 (June 30, 2019). The proposed budget for the next fiscal year does not require the use of fund balance to fully fund the budget. The budget is fully supported by projected revenues and is 14.8% less than the FY2019-20 budget.

PROPOSED REVENUE SUMMARY: The revenue stream for the Town of St. James consists largely of shared tax revenues from the State, and local property taxes. The combination of these two categories comprises 95.8% of the total revenues for the Town. The shared tax revenues from the State is dominated by the local sales tax, which alone represents 40.9% of the total. The other shared taxes include utility franchise tax and video programming taxes. Property tax, which includes real estate and personal property (motor vehicle tax), provides 41.43% of the total revenues. Continued consistent housing construction has resulted in annual increases of property taxes to help avoid an increase in the tax rate. Brunswick County completed a countywide revaluation that also resulted in an overall increase of the total taxable value in St. James. The stable and large mix of revenues usually (COVID-19 will effect sales tax revenue for FY2020-21) bodes well for the Town if the State does not make major changes in the revenue sharing formulas. As St. James continues to grow at a proportionately high rate, our share of local sales tax will continue to see growth (during a normal year).

PROPOSED EXPENDITURE SUMMARY: The expenditures for the Town for the proposed budget reflects some changes resulting from previous year decisions. It also includes a contribution to the disaster response fund and increases in street lighting, recycling, and

engineering consulting. Some one-time items include the SJFD request for gutter replacement at station #1 and EMS and fire equipment.

CAPITAL RESERVE FUNDS SUMMARY: The disaster recovery/relief fund is in this category for ease of tracking. The proposed budget will result in an appropriation of \$192,944 into this fund. The goal is to reach between \$1.5 and \$2m. At end of FY 2020-21 (June 30, 2021) there is estimated to be \$372,944 in this fund. This amount depends on funds needed for disaster recovery/relief and if any reimbursement from State or Federal sources.

REVENUE DETAILS:

Real property tax revenue estimate: We have received a preliminary estimate of real property tax payments from the County tax assessor. North Carolina General Statutes stipulates that we are to use the previous year's collection rate applied to the estimate to arrive at the budget amount. The collection rate for fiscal year 2019 was 99.76%. This rate applied to the County estimate results, is a tax estimate of \$1,157,662. The proposed budget reflects \$1,157,662.

Sales Tax Estimate: Until this mid-February sales tax experienced steady growth for the past three years; however, COVID-19 has had a major impact on our #1 source of revenue. The State Legislature is expecting sales tax to be at least 20% lower than we have seen for the months of the "stay at home" order. We anticipate that it will rebound sometime in the fall. The proposed budget anticipates that the current year will end with sales tax collections of \$1,200,000. This is roughly 12% less than what was budgeted for last FY2019-20 (\$1,362,037) and 20% less than what we projected to actually receive end of this FY (\$1,500,000). Sales tax revenues are based on the funds received from the months of September through August. The budget is developed using year to date figures, combined with current trends and historical data to project sales tax revenues beyond the time when the budget is adopted.

Other shared revenues: Similar to the sales tax, the other shared revenues from the State have also seen consistent growth each year. The proposed budget reflects the modest increases anticipated in these revenues.

Fees: The fees that are collected will show an increase of \$9,500 in zoning and \$5,000 in interest but a decrease of ~\$2,000 in community center rentals. POA rental will remain the same.

Appropriation from Fund Balance: The fund balance represents the accumulation of excess funds over time that are available to be spent. The proposed budget does not utilize any of the fund balance.

EXPENDITURE DETAILS

Governing Body: This Department has a proposed decrease of ~\$372,770 from the FY2019-20 which included the purchase of the land (\$400,000). There is a \$35,000 increase under consultant from the previous budget to prepare a site plan for the land that was purchased.

Administration: This budget is experiencing an increase that is largely driven by staffing changes and other increases (mainly salaries, insurance, retirement, and 401k). The increase is \$14,290.

Debt Service: The total of interest and principal payments is fixed for the remainder of the term of the debt for annual payments of \$362,820. Each year the principal payment will increase and the interest will decrease by the same amount.

Facility Maintenance and Repair: This Department budget has a decrease of ~\$6,000 due to actuals being less than what was currently budgeted.

Town Hall Operations: This budget is up \$38,000 due to the janitorial services now budgeted in this budget. Remember we renegotiated janitorial services and will save roughly \$20,000. The previous year this budget included \$27,000 for janitorial services and community center included \$55,000 now the total (\$60,000) for janitorial services is being budgeted in Town Hall.

Community Center: The overall budget for this Department is reduced by ~\$68,535 due mainly to \$53,750 from janitorial services being moved to the Town Hall Operations, temporary help being reduced \$6,000, special event cleaning being reduced \$7,000, and community assistant being reduced \$5,000 (some of this is included in the janitorial costs).

Public Safety: This Department shows a \$15,000 increase due to increases to come mid-year for Brunswick Electric. This will be more significant FY2021-22 as the increases are roughly \$3,146 per month.

Fire Department: Fire department shows an increase of \$58,900 in operating costs and a one-time cost of \$88,000 to help fund capital equipment.

Street Maintenance: This budget shows a decrease of ~\$700.

Environmental Protection: The budget shows an increase of \$36,000 for the Recycling Contract. The Yard Debris contract is remaining flat for FY2020-21.

Capital Transfers: The proposed budget treats the appropriation for a disaster recovery as a Capital Transfer. The budgeted amount for this account is \$100,000

Respectfully submitted,



Edward Dickie
Town Manager/Acting Budget Officer

FY2020-2021 Budget Summary:

**REVENUES
GENERAL FUND**

<u>Account</u>	
Ad Valorem Tax Rate	
Property Tax	\$1,157,662
Personal Property Tax	\$55,000
Prior Year Property Tax	\$1,500
Tax Penalty and Interest	\$500
Sub-total	\$1,214,662

Other Taxes	
Local Option Sales Tax	\$1,200,000
Utility Franchise Tax	\$230,000
Telecommunications Tax	\$32,000
Solid Waste Dis. Tax	\$3,000
Video Programming Tax	\$110,000
Beer and wine Tax	\$20,000
Sub-total	\$1,595,000

Fees	
Zoning Permits	\$16,000
POA Rental/Cleaning	\$28,000
Com. Cen. Fees	\$48,338
Investment Earnings	\$30,000
Sub-total	\$122,338

Transfer from Fund Balance	\$0
TOTAL REVENUE	\$2,932,000

**EXPENDITURES
GENERAL FUND**

<u>Account</u>	
General Government	\$165,330
Administration	\$446,700
Debt Service	\$362,820
Facility Maintenance and Repair	\$125,250
Town Hall Operations	\$71,700
Community Center Operations	\$185,700
Public Safety	\$396,000
Fire Department	\$629,000
Street Maintenance	\$19,000
Environmental Protection	\$430,500
Disaster Recovery/Relief	\$100,000
Contingency – Transfer Fund Balance	\$0
Total	\$2,932,000

Estimated Disaster Recovery/Relief Fund: \$372,944
End of FY2020-21 (June 30, 2021)

Proposed FY2020-21 Budget Expenditures:

