



Office of the City Manager

June 1, 2016

The Honorable Becky Steelman Smith, Mayor and City of Bessemer 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, 2016 to June 30, 2017. This budget was 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.”

The budget document contains the recommended tax rate, revenue estimations and fund expenditures, fee schedules, staffing recommendations, and a capital improvement program for the Council’s consideration. The goal of this budget is to continue with the City’s tradition of providing quality and efficient services to Bessemer City’s 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 Gaston County’s Tax Administrators, property values in the City fell by 6% due to property value loss over the last two fiscal years.

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 45.0 cents per hundred dollar valuation. The budget includes a proposed tax increase of two cents from .43 to .45. In addition, fee increases to water and sewer are included in this budget to meet growing capital needs in infrastructure.

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 Bessemer City.

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

132 WEST VIRGINIA AVENUE • BESSEMER CITY, NC 28016

(704) 629-5542 • WWW.BESSEMERCITY.COM



current economic conditions and forecasts. State collected revenues were estimated using the NCLM recommendations. A conservative approach was taken to their recommendations. In Bessemer City each one cent on the tax rate generates about \$30,000 in revenues.

Earned interests on investments are projected to be considerably less again this year due to the lowered interest rates. Investment professionals were consulted and recommended estimating the investment income at .10% annual yields, to be on the safe side. This results in a continued reduction in revenues from the 2008-2009 budget year, but is comparable to the 2015-2016 budget year.

Expenditures for General Fund

Personnel wages and benefits comprise over one half of most municipal budgets and Bessemer City is no exception. Listed below are the major issues across all funds of the 2016-2017 budgets.

- No Merit Increases (for the 3rd year in a row)
- Replacement vests for Police
- New Soccer Goals for Park
- New Lighting for City Gym
- Seal Parking lot at City Pool
- 3 % cost of living adjustment for personnel beginning the first pay period of FY 2015-2016.
- Addition of one full-time employee to assist in City Hall.
- Purchase of new Fire Pumper Apparatus

Capital Improvement Program

The recommended Capital Improvement Program for FY 2016-2017 includes:

- ⇒ Miscellaneous resurfacing and additional pothole repair and maintenance in the City
- ⇒ Continue water and sewer replacement and repairs.

Management is dedicated to a balanced, solvent fund balance with a forecast of limited or nonexistent economic growth for the upcoming budget year. The loss of revenue in property taxes and the loss of privilege license revenue from the actions of the General Assembly have eroded the general fund revenue stream for the City. I am extremely proud of the hard working, dedicated staff at the City of Bessemer City and the job that they do under difficult circumstances. Our employees are second to none in their work ethic and dedication to this community and I feel most fortunate to work alongside 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 our Department Heads who have worked long hours to complete this budget and to Finance Director Diane Jenkins and City Clerk Josh Ross, who were 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 Bessemer City a wonderful place to live, work, and play.

Respectfully,

 ICMA-CM

City Manager

