

CITY OF SANFORD

Popular Annual Financial Report

FOR FISCAL YEAR
ENDED JUNE 30,

2023



SANFORD
NORTH CAROLINA



*Well Centered.
Worldwide Access.*

Providing transparency about the City of Sanford's financial operations.

The Popular Annual Financial Report provides residents and other interested parties with an overview of the City of Sanford's financial results. This report is prepared to increase awareness and provide transparency about the City's financial operations.

The financial information provided here is obtained from the audited financial statements in the City's Annual Comprehensive Financial Report (ACFR) for Fiscal Year 2022-23. The ACFR is audited by Joyce and Company, CPA and has received an unmodified or "clean" opinion.

The Popular Annual Financial Report is not an audited document, and it does not include details by fund or component unit, nor does it include the other disclosures required by generally accepted accounting principles (GAAP).

This report is designed to provide a summary of the City's overall financial condition in a user-friendly format and to serve as a supplement to the ACFR – not as a replacement.

To view the ACFR, visit our website at www.sanfordnc.net/acfr. To access all City of Sanford financial reports, visit www.sanfordnc.net and search "finance."

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See how the City of Sanford invested its ARPA funding in transformative projects that will benefit Sanford for years to come.

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MANAGER'S MESSAGE



Hal Hegwer
City Manager

OUR CITY remains in a period of growth, thanks in large part to Sanford City Council's vision for a modern, progressive city.

The City of Sanford's budget reflects the five main goals Council has prioritized:

- ◆ Economic prosperity for all through partnerships with the Sanford Area Growth Alliance, Central Carolina Community College, and other community stakeholders.
- ◆ Preserving and creating affordable housing by supporting housing initiatives and investing in homebuyer education and counseling.
- ◆ Create and maintain vibrant downtowns with improved mobility, successful businesses, and public infrastructure.

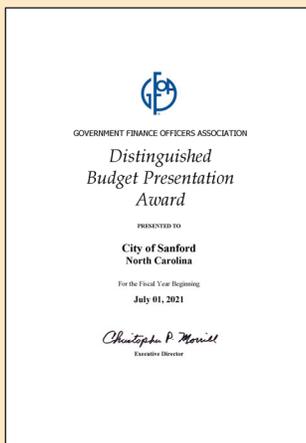
- ◆ Manage the City's growth through planning and infrastructure that meets the changing needs of existing and potential residents.
- ◆ Continue engaging our residents through innovative and creative programming that are accessible and equitable to all people.

Our City continues to move forward while focusing on Council's goals and maintaining fiscal and financial stability.

The City of Sanford takes great pride in what we've accomplished and how these goals have provided a foundation for continued smart growth.

We hope this report gives you a better understanding of how each decision aligned with one overarching goal: to improve the lives of all residents.

BUDGET & FINANCE AWARDS



THE CITY OF SANFORD'S Annual Comprehensive Financial Report (ACFR) has won the Government Finance Officers Association of the United States and Canada (GFOA) award for 42 consecutive years. For the last 37 consecutive years, the City has received the GFOA award for Distinguished Budget Presentation.

To earn these awards, the City must produce an easily readable and efficiently organized budget and ACFR whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and accepted legal requirements.

The Popular Annual Financial Report has received the award for Outstanding Achievement for 8 consecutive years.



The City of Sanford was named a Tree City USA by the Arbor Day Foundation for the 11th consecutive year.

- ◆ **THE CITY OF SANFORD** was awarded more than \$5.8 million in Community Development Block Grant funds by the N.C. Department of Commerce's Rural Economic Development Division to support local revitalization efforts.
- ◆ The Triangle J Council of Governments was awarded a \$250,000 grant from the Bipartisan Infrastructure Law's Safe Streets and Roads for All program to develop a Comprehensive Safety Action Plan for Sanford based on crash analysis and other data.
- ◆ The City of Sanford was awarded \$900,000 by the Rural Transformation Grant Fund to develop the Sanford Agricultural Marketplace in downtown Sanford.
- ◆ Mayor Chet Mann was nominated by Downtown Sanford, Inc. as a Main Street Champion and recognized by the N.C. Department of Commerce.

Principal Employers

(in order of ranking)

Caterpillar
Lee County Schools
Pilgrims Pride
Pentair
Central Carolina Community College
County of Lee
Kelly Services, Inc.
Tyson Mexican Original
Pfizer
Bear Creek Arsenal

Principal Property Taxpayers

(in order of ranking)

Coty Inc.
Frontier Spinning Mills
Simpson & Simpson
Ryder Downs
Audentes Therapeutics Inc.
Bharat Forge
Pentair
Central Carolina Hospital/AMISUB
Tyson
South Park Village

MUNICIPAL TAX

THE CITY OF SANFORD'S tax rate for FY 2022-23 is 62¢ per \$100 assessed valuation.

Sanford City Council approved an increase in the annual sanitation fee by \$10 per residence. This increase reflects the rising cost of trash collection by contractor GFL Environmental and takes into account the addition of 9,723 new homes.

The City of Sanford also assesses \$30 motor vehicle fee.

OUR CITY



GREEN SPACES

The City of Sanford owns and maintains nine green spaces within the city limits. Of those, there are:

- 8 parks
- 1 greenway

The City held several public input sessions for new greenways and park amenities in FY 2022-23.

INCORPORATED IN 1874, Sanford has seen steady growth. In the late 1950s, the city's population was approximately 10,000. The city's current population is approximately 30,000 residents and growing.

Centered in the heart of North Carolina, Sanford offers residents and visitors a unique blend of small town charm and big city amenities. Our city boasts an active, energized downtown complemented by lush natural resources and a thriving community.

Whether relaxing, playing, or working, Sanford offers a high quality, well centered way of life.



CITY LIMITS
29.1 sq mi



MEDIAN HOME VALUE
\$144,900



MEDIAN AGE
34



POPULATION
30,678



AVG INCOME
\$49,670



UNEMPLOYMENT
4.3%

CIVIC ENGAGEMENT

THE CITY OF SANFORD has invested in increasing resident engagement by redesigning its website to be more user friendly and launching a projects hub.

The new website design features a powerful search tool, a responsive design, and a simplified layout. Residents and other users will see a familiar but enhanced website that improves information availability, maintains transparency, provides current information, and increases responsiveness.

To ensure all residents have equal access to information, the website offers the Google translate widget. The widget offers translation into more than 100 languages – removing language as a barrier to civic participation.

The City's new projects hub is hosted by Zencity, a digital community engagement tool designed to help local governments provide up-to-date information about plans and initiatives. The hub will help the City educate residents as new projects are identified, as

SIGNIFICANT EVENTS

SANFORD CITY COUNCIL approved system development fees for all newly connecting water and wastewater customers, effective September 1, 2022. These one-time charges allow the City to recover a proportional share of capital costs incurred to provide service availability and capacity for new infrastructure users. The fee is charged at the time the user applies for a new connection. The amount of the fee is based on the size of the water meter.



Results of the 2020 decennial census were delayed, causing local elections to be delayed for many North Carolina municipalities, including Sanford. The municipal election that should have taken place in FY 2021-22 occurred in FY 2022-23; however, funds were still needed for the May 2022 primary election.

In 2013, elections for Sanford City Council were changed from nonpartisan to partisan. Therefore, the City must fund a municipal primary if more than one Republican or Democratic candidate is running for the same office. The cost of this primary was \$30,000.



The City of Sanford passed an ordinance that requires all mobile food vendors operating

well as be a central location for housing information as projects develop.

These tools allow the City to continue its goals of increased community engagement and enhanced communication,” says Mayor Rebecca Wyhof Salmon. “Informed and engaged residents lead to a stronger and healthier community that benefits everyone.”

View the redesigned website and access the projects hub at www.sanfordnc.net.

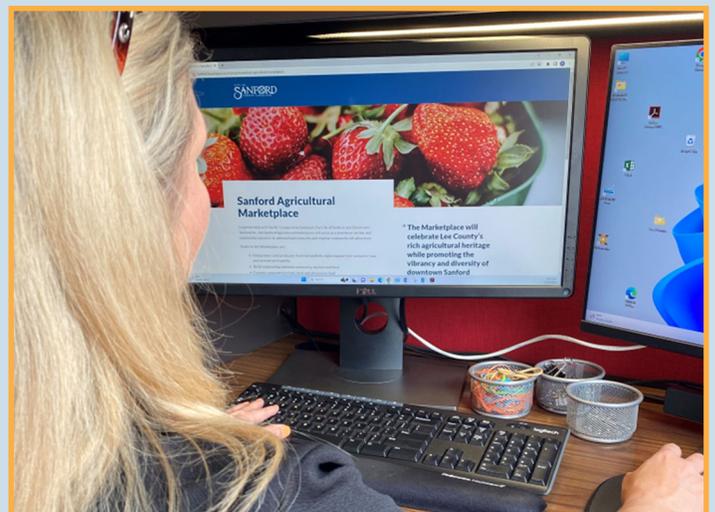


within city limits to obtain a \$50 permit from the Planning Department each year. The ordinance outlines other rules for mobile vendors, such as notification requirements and guidelines for food truck rodeos.



The City of Sanford agreed to finance up to \$11.6 million for the construction and equipping of a new fire station to be located on Colon Road. The station will be the City's fourth but will be called Station #5 due to its proximity to a volunteer fire station called #4.

The Colon Road location was chosen due to the annexation of Central Carolina Enterprise Park and Galvin's Ridge, which expanded city limits to the north.



COMMUNITY SUPPORT

THE CITY OF SANFORD created the “Sanford Cares” Community Assistance & Relief Emergency Support program in FY 2016-17 to allow utility customers to contribute toward an emergency relief fund to help struggling residents pay their water and sewer bills.



From July 1, 2022 through June 30, 2023, Sanford Cares collected \$465.82 in one-time contributions from customers. Additionally, the program collected \$7,788.21 from the customers who have opted to either round up their monthly bill or donate a fixed amount each month. Since inception, the program has raised \$46,762.79 for emergent utility needs.

Sanford Cares is administered by Johnston-Lee-Harnett Community Action, a private nonprofit agency. For FY 2022-23, the agency helped residents with \$4,521.17 in water and sewer bills. The total amount paid out since inception is \$22,042.53. To learn how to contribute or to request help, visit www.sanfordnc.net/sanfordcares.

AFFORDABLE HOUSING

SANFORD CITY COUNCIL has worked diligently to increase the number of affordable housing units available to Sanford residents.

Together with the Sanford Housing Authority, the City finished the Linden Avenue Renovation Project, which was started in 2018. The project yielded five permanent, affordable housing units.

In 2022, City was awarded \$5.8 million in Community Development Block Grant funds for two affordable housing initiatives. The first award is \$4,947,521 for infrastructure improvements to expand the existing subdivision in the Jackson Heights area. The second is \$950,000 for public utilities, curb and gutter, and sidewalks for the new Washington Avenue housing development.

To meet Sanford’s affordable housing needs, Brick Capital CDC is developing a single-family home subdivision in Jackson Heights, which is

the area from 11th Street to 16th Street and includes parts of Charlotte Avenue. The next phase of the subdivision will add 20 new lots on what is currently vacant land.

The \$950,000 granted for the Washington Avenue project will be used to construct the necessary infrastructure for the development of a new subdivision that will include 45 single-family lots and a 16-unit supportive housing multi-family apartment complex.

To support the project, the City of Sanford and Lee County Government have committed \$850,000 each to the Washington Avenue project, with Brick Capital committing \$450,000. The total investment, including the grant funding, is \$3.1 million.

The goal for these projects is to provide accessible and affordable housing for local families at a time when it is most needed.

THE CITY OF SANFORD has been growing at a rate that requires expanding its water treatment facility, which currently treats an average of 7 million gallons per day (mgd) of raw water – nearing the facility’s capacity of 12 mgd.

Many municipalities neighboring Sanford are experiencing similar growth pressures, creating an opportunity for collaboration and cost-sharing on a water treatment facility that would benefit all parties.

During FY 2021-2022, the City contracted Hazen and Sawyer to explore options for working with neighboring communities on a water treatment plant expansion.

Following that process, in FY 2022-2023, the towns of Pittsboro, Fuquay-Varina, and Holly Springs committed to entering into a cost- and capacity-sharing arrangement with Sanford.

The plan: To meet the needs of all partners, the City of Sanford’s treatment facility must be



expanded from 12 mgd to 30 mgd. Hazen and Sawyer’s plan establishes an intermediate milestone that adds 6 mgd of new capacity by 2026. The remaining 12 mgd would be available when the project is complete, which is anticipated for 2027.

Next steps: The partners are expected to sign ownership agreements and the project put out to bid during FY 2023-2024.

MOBILITY

THE CITY OF SANFORD is working with the North Carolina Department of Transportation and local partners to offer innovative mobility options for residents and visitors.

City staff have worked with local partners to explore opportunities to expand the local County of Lee Transportation Service (COLTS) program. Council has also asked staff to pursue options for microtransit services, such as subsidized ridesharing services.

Sanford is also included in a \$3.4 million Rebuilding American Infrastructure with Sustainability and Equity (RAISE) grant from the

Biden Administration to study the feasibility of a mobility hub in Sanford, which would allow the city to become a passenger rail stop along the S-Line rail corridor.

The S-Line is a developing rail corridor that will better connect rural and urban communities, improve and expand freight and passenger services, and significantly reduce rail travel times between Raleigh and Washington D.C.

The goal of the RAISE grant is to increase access to active transportation options for each community — creating improved opportunities for all.

ARPA FUNDING

SANFORD CITY COUNCIL committed to spending \$4,268,444 for four transformative community initiatives, as defined by the American Rescue Plan Act (ARPA).

The City of Sanford received \$9,588,012 in ARPA Coronavirus State and Local Fiscal Recovery Funds. However, the act stipulated that all its funding be obligated by December 31, 2024 and spent by December 31, 2026 – not leaving much time for significant impact.

To allow for more time and get the most benefit, Sanford City Council chose to obligate its ARPA funding for premium payments and revenue replacement for salaries and benefits.

This decision freed up an equal amount of funding to invest in initiatives that may take longer than the 2026 deadline to complete but will have a more significant and lasting impact.

Focus on collaboration & transformation

“Our major goal is to leverage these funds to truly transform our community for generations to come,” said Mayor Rebecca Wyhof Salmon. “We have this rare opportunity to jumpstart the next wave of revitalization,” she says.

To that end, Council committed the following:

- ▶ **\$690,444 to provide and protect affordable housing.** The City of Sanford will contract with Brick Capital Community Development Corporation to provide home buyer education. The City will loan funds to Brick Capital and the Sanford Affordable Housing Development Corporation to help with the cost of maintaining or improving existing affordable housing stock.
- ▶ **\$703,000 to renovate the Depot building.** Recognizing the vital role of Depot Park in downtown Sanford’s success, the City of Sanford will renovate the historic Depot building for modern use. Private donors and the General Assembly have contributed a combined \$600,000 for this effort.
- ▶ **\$2,800,000 to begin the Sanford Central Green transformation.** The City of Sanford will begin transforming the area between downtown and Weatherspoon Street into “Sanford Central Green” by building the Sanford Agricultural Marketplace, which has received funding from Pilgrim’s, the Tobacco Trust Fund, North Carolina Rural Transformation Grant Fund, and Farm Bureau Insurance. Sanford



Sanford City Council committed \$690,444 in ARPA-enabled funds to help Brick Capital Community Development Corporation and the Sanford Affordable Housing Development Corporation with the cost of maintaining and improving existing affordable housing stock.



The Sanford Central Green concept includes options for a mobility hub, facilities available for public use, and a greenway connector that follows Little Buffalo Creek.

Pictured here is the Sanford Agricultural Marketplace in the foreground and a potential mobility hub in the background. The concept shows the creek restored to its natural winding path.

Central Green will be a multi-use community green space anchored by the marketplace that serves as a connector between a future downtown mobility hub and City Hall.

- ▶ **\$75,000 for a downtown strategic plan.** The City will fund a study that develops a strategic plan for infrastructure and other improvements in downtown Sanford. Specifically, the study will focus on the area’s residential and retail needs while also determining the best location for additional parking and other improvements.

Building on Council investments

These initiatives fall in line with the City of Sanford’s ARPA-related funding committed in previous fiscal years, which include:

- ▶ **\$315,000 to the Outreach Mission shelter.** Lee County Government and the City of Sanford allocated \$315,000 each to OMI for program services to address homelessness.
- ▶ **\$250,000 for a home repair program.** Lee County Government and the City of Sanford allocated \$250,000 each to help low-income

residents with urgent home repairs. Funds allocated by the City may only be used for homes located inside the city limits.

- ▶ **\$850,000 to Brick Capital Community Development Corporation** to provide infrastructure for a new affordable housing project off Washington Avenue that will provide a 45 single-family lot land trust model subdivision and a 16-unit apartment complex for supportive housing. This \$850,000 was supplemented by a matching grant from Lee County Government and a \$950,000 Community Development Block Grant.

All of these initiatives align with the City of Sanford’s Strategic Framework, a guideline developed to ensure smart, planned growth.

Specifically, the ARPA-related projects fall under Goal 1: Economic Prosperity for All, Goal 2: Preserving & Creating Affordable Housing, Goal 3: Vibrant Downtown, and Goal 4: Planning & Infrastructure Growth.

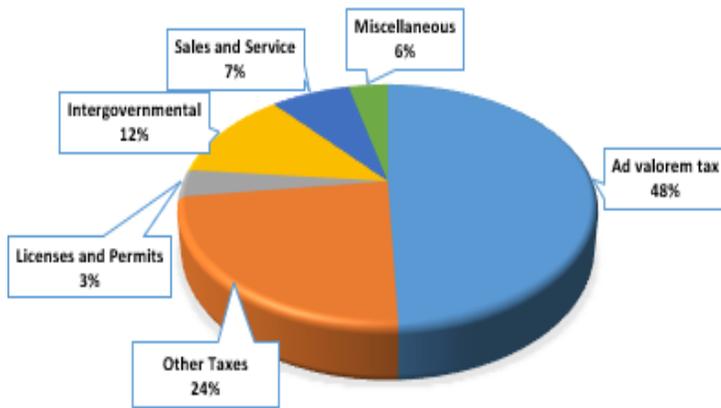
Residents are already seeing progress on these initiatives, with more projects and collaborations to come.

GENERAL FUND

THE GENERAL FUND is the largest fund of the City of Sanford. All revenues, expenditures, and capital additions, except those required to be accounted for in other funds, are accounted for in the General Fund. Most of the governmental services and functions are provided through the General Fund, including general government, public safety, streets, and sanitation. These services and functions are financed primarily by property taxes, other taxes, and intergovernmental revenues.

Revenues	2023	2022	2021	2020	2019
Ad valorem tax	\$19,740,543	\$18,769,491	\$17,635,742	\$17,089,953	\$16,253,181
Other Taxes	9,723,278	8,966,725	7,906,193	6,800,515	6,254,472
Licenses and Permits	1,044,283	1,399,181	1,005,314	1,256,186	598,721
Intergovernmental	4,793,779	4,686,274	4,950,866	4,972,577	4,943,754
Sales and Service	2,977,493	2,829,948	2,793,856	2,390,734	1,994,985
Miscellaneous	2,745,367	1,391,977	1,082,797	1,144,717	1,343,618
Total Revenues	\$41,024,743	\$38,043,596	\$35,374,768	\$33,654,682	\$31,388,731

Where The Money Comes From



Taxes comprise the vast majority of the General Fund revenues at 72% of the total.

Property taxes are the largest funding source at 48% of total City revenues. Other taxes are second at 24% of total City revenues.

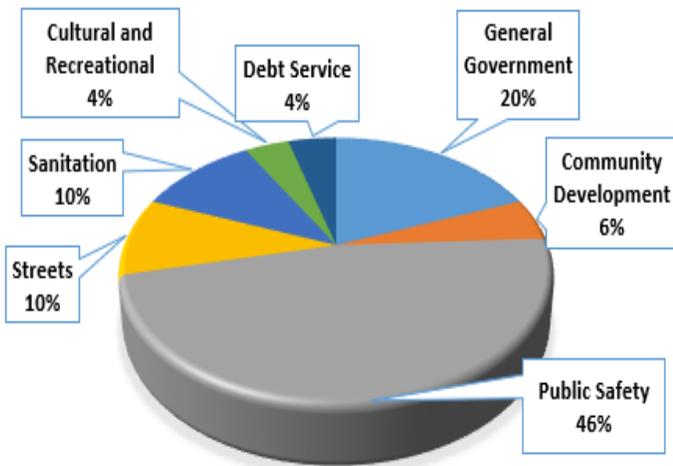
Intergovernmental funding source consists of items such as utility franchise tax, Powell Bill, 9-1-1 surcharge reimbursement, and revenue from other local governments, and reflects 12% of total City revenues.

Revenue Trend Variances

- ◆ **Licenses and permits** revenue decreased by 25% compared to prior year due to large commercial projects included in prior year.
- ◆ **Other taxes** revenue reflects a 8.4% increase in locally levied retail sales tax, which is collected and distributed by the state and varies from year to year.
- ◆ **Ad valorem tax** revenue reflects a 5.2% increase compared to prior year due to growth in tax base.
- ◆ **Miscellaneous** revenue increased by 97.2% compared to prior year mainly due to an increase in investment income.
- ◆ **Sales and service** revenue increased by 5.2% compared to prior year due to an increase in the annual sanitation fee.

Expenditures	2023	2022	2021	2020	2019
General Government	\$7,502,549	\$6,334,408	\$5,404,318	\$5,234,528	\$4,950,487
Community Development	2,318,475	1,709,143	1,751,777	1,655,620	1,642,834
Public Safety	17,301,104	15,739,236	15,416,684	14,821,699	15,025,201
Streets	3,580,910	3,175,057	2,247,317	3,223,065	2,112,906
Sanitation	3,573,110	3,572,696	3,196,592	2,784,800	2,770,664
Cultural and Recreational	1,568,737	1,321,477	1,554,949	1,091,394	751,910
Debt Service	1,486,507	1,449,112	1,377,951	1,446,491	1,383,178
Total Expenditures	\$37,331,392	\$33,301,129	\$30,949,588	\$30,257,957	\$28,637,180

Where The Money Goes



Public Safety accounts for 46% of General Fund expenditures and consists of Police, Fire, and Building Inspections.

At 20%, the General Government function includes Governing Body, Administration, Human Resources, Finance, Information Technology, Legal, Public Buildings, Fleet Maintenance, and Horticulture.

Streets includes Street Maintenance and Street Capital Improvements. Community Development includes Code Enforcement and Downtown/ Historic Preservation.



The City issued \$9,210,000 in Limited Obligation Bonds for construction and equipment for Sanford's fourth municipal fire station.

Expenditure Trend Variances

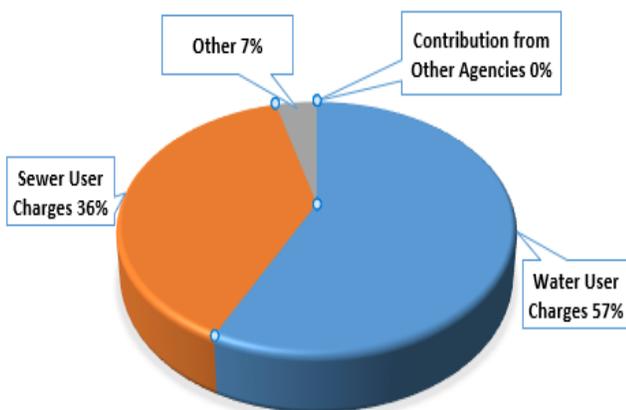
- ◆ **Streets** increased by 12.8% compared to prior year. This increase is due to timing of projects such as street resurfacing.
- ◆ **General Government** increased by 18.4% compared to prior year. The increase is due to capital increases in contractual services and general fund contributions including community support and economic development.
- ◆ **Public Safety** increased by 9.9% compared to prior year. This increase is primarily due to increase in salaries and benefits in police to make wages more comparable to market.

UTILITY FUND

THE CITY OF SANFORD uses the Utility Fund to account for the City’s water and sewer system operations. This fund operates in a manner similar to private business enterprises. The costs (including depreciation) of providing water and sewer services to its customers on a continuing basis are financed primarily through user charges.

Revenues	2023	2022	2021	2020	2019
Water User Charges	\$15,208,736	\$13,613,641	\$12,053,113	\$11,379,475	\$11,037,854
Sewer User Charges	9,661,100	9,250,717	8,648,769	8,375,887	9,251,851
Other	1,974,096	953,344	1,341,526	778,745	722,649
Contribution from Other Agencies	0	0	20,268	316,022	338,932
Total Revenues	\$26,843,932	\$23,817,702	\$22,063,676	\$20,850,129	\$21,351,286

Where The Money Comes From



User charges comprise the vast majority of Utility Fund revenues at 93%.

Other funding sources are items such as monitoring fees, connection and tap fees, investment income, and charges to other funds.

Contribution from other agencies in prior years includes Federal Emergency Management Agency and Coronavirus Aid, Relief, and Economic Security Act funds in prior year.

Revenue Trend Variances

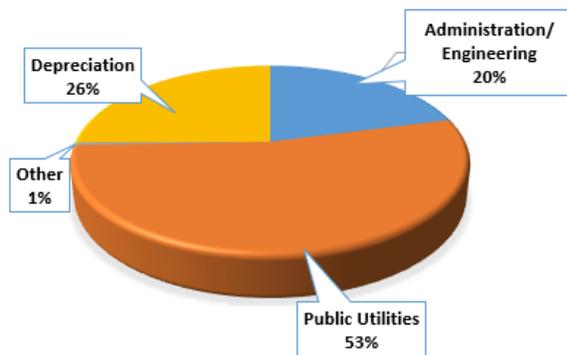
- ◆ **Water and sewer user charges** increased by a combined 8.8% compared to the prior year. This increase is due to a 6% rate increase for water customers and a 3% rate increase for sewer customers.
- ◆ **Other** revenue reflects a 107% increase compared to prior year and is the result of system development fees, being implemented in fiscal year 2023.



The City allocated \$97,856 in FY 2022-23 to purchase an IBAK Sewer Camera Trailer System for sewer rehab and inspection work.

Expenses	2023	2022	2021	2020	2019
Administration/Engineering	\$5,157,322	\$4,757,133	\$4,961,528	\$ 4,288,998	\$ 3,779,901
Public Utilities	14,006,456	12,321,372	12,670,235	12,461,284	11,623,356
Other	162,651	141,765	118,595	120,418	137,864
Depreciation	6,881,434	6,450,977	5,942,707	5,497,921	5,582,302
Total Expenses	\$26,207,863	\$23,671,247	\$23,693,065	\$22,368,621	\$21,123,423

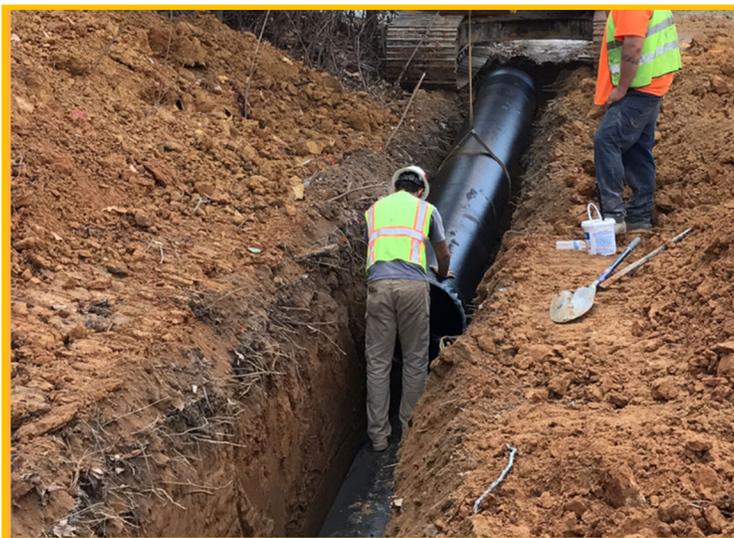
Where The Money Goes



Public utilities represent 53% of the total Utility Fund expenses.

This money is used to maintain the water and sewer lines, as well as operate the water filtration and water reclamation facilities.

Depreciation accounts for 26% of Utility Fund expenses.



The City spent \$807,000 in FY 2022-23 on water and sewer line rehabilitation.

Expense Trend Variances

- ◆ **Administration/Engineering** increased by 8.4% mainly due to increases in capital and other post employment benefits.
- ◆ **Public Utilities** reflect a 7% increase from prior year. This increase is mainly due to major infrastructure repairs throughout our water and sewer system.
- ◆ **Other expenses** show a 14.7% increase due to purchases for inventory.



FUND BALANCE

FUND BALANCE is similar to a savings plan in that it represents monies which remain unspent after all budgeted expenditures have been made.

The City of Sanford strives to only use fund balance to cover capital items and other one-time use items. The City works to keep at least 30% of the closing fiscal year's General Fund operating budget as reserves.

The General Fund is the City's chief operating fund. At the end of the current fiscal year, the fund balance available in the General Fund was \$24,687,022.

The City currently has an available fund balance of 66.1% of General Fund expenditures, while total fund balance represents 87.5% of the same amount.

This available fund balance increase is temporary as it includes just over \$8 million in American Rescue Plan Act-enabled funds that will be expended for multiple community projects over the next few fiscal years.

The City maintains an AA bond rating from Fitch and an AA bond rating from Moody's for its general obligation bonds, which include Streetscape, Sidewalk, and Parks & Recreation bonds.

The City maintains an Aa3 bond rating from Moody's and an AA- from Fitch for its revenue bonds for water and sewer infrastructure improvements.

Maintaining a good bond rating typically yields a lower interest rate.

General Fund	2023	2022	2021	2020	2019
Beginning General Fund Balance	\$28,705,996	\$24,179,172	\$18,414,444	\$17,290,537	\$14,406,606
Adjustment to Beginning Fund Balance	0	0	0	0	0
Revenues	41,024,743	38,043,596	35,374,768	33,654,682	31,388,731
Expenditures	(37,331,392)	(33,301,129)	(30,949,588)	(30,257,597)	(28,637,180)
Issuance of Debt	0	0	1,165,909	0	0
Subscription & Lease Liabilities issued	619,400	0	0	0	0
Insurance Recovery	210,985	112,427	47,117	52,651	89,637
Sale of Property	187,752	246,360	218,891	32,761	165,017
Transfers In	11,224,986	356,139	171,821	0	2,096,000
Transfers out	(6,385,445)	(930,569)	(264,190)	(2,358,590)	(2,218,274)
Net Change in Fund Balance	9,551,029	4,526,824	5,764,728	1,123,907	2,883,931
Ending General Fund Balance	\$38,257,025	\$28,705,996	\$24,179,172	\$18,414,444	\$17,290,537



The FY 2022-23 budget included the Public Arts Program, which added two new murals to Sanford's mural trail.

The first honors local racing legend J.D. McDuffie and the second pays tribute to the Piedmont Blues and local blues musician Floyd Council. Council helped inspire the name of legendary rock band Pink Floyd.



NORTH CAROLINA GENERAL STATUTES allow cities to go into debt for large capital projects, such as streetscape improvements, infrastructure updates, and heavy equipment purchases.

However, the statutes limit how much debt a city can incur. The limit is 8% of the total assessed value of taxable property located within that government’s boundaries. This is called a legal debt margin.

As of June 30, 2023, the City of Sanford had total bonded debt of \$49,500,000 which is only 22% of our legal debt margin.

Of our total debt, \$33,790,000 is backed by revenue from water and sewer user charges. \$6,500,000 is in general obligation bonds that were approved through voter referendum and are supported by annual property taxes. \$9,210,000 is in limited obligation bonds, which are paid by any City funds and are required to be budgeted annually. Remaining debt includes revolving state fund loans and installment purchase agreements.

The legal debt margin for the City of Sanford is \$221,707,085.

BUDGET PROCESS

THE CITY OF SANFORD operates under an annual budget ordinance adopted in accordance with the provisions of the Local Government Budget and Fiscal Control Act.

The budget ordinance is the legal basis of the budgetary accounting system and the standard by which proposed expenditures are measured. The balanced budget ordinance must be adopted prior to the beginning of the fiscal year.

The ordinance is subject to public inspection and a public hearing prior to adoption. The budget is considered balanced when estimated net revenue equals appropriations.

Sanford City Council has the authority to amend the annual operating budget through legislative action. All budget amendments must be reported in a public Council meeting and made a matter of record.

The proposed budget ordinance is posted on our website at www.sanfordnc.net/budget. The document is updated with the final ordinance upon its adoption.

379

EMPLOYEES

11

DEPARTMENTS

\$64.2M

EXPENDITURES

1

BUDGET

GOVERNING BODY

THE CITY OF SANFORD'S policy-making and legislative authority are vested in a council-manager form of government. The Governing Body consists of the mayor and Sanford City Council.

There are seven council members. Five are elected from individual wards and two are elected at-large. The mayor is elected for a four-year term of office and the council members are elected for staggered terms of four years. There are no term limits for council members or the mayor.

The council is responsible for establishing general policies for the City; appointing the

City Manager, City Clerk, and members of various boards and commissions; enacting ordinances, resolutions and orders; reviewing the annual budget; and authorizing contracts on the City's behalf.

Working hand in hand with the city manager, the council plays a key role in the budget process and the financial well being of the City of Sanford.

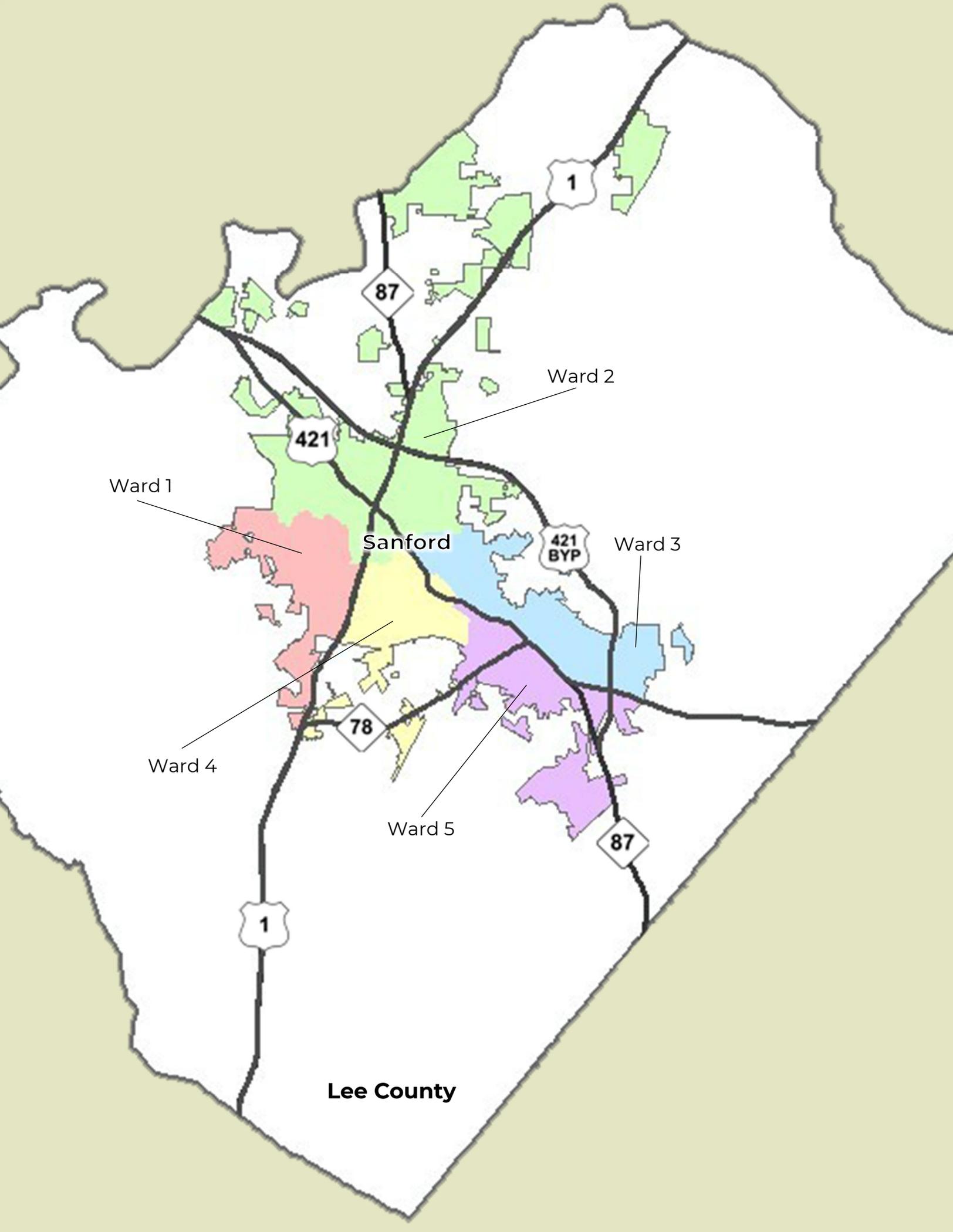
The City Council holds regular meetings on the first and third Tuesday of each month. They hold workshops on the second Tuesday or as needed. Meetings are open to the public.



Back row left to right: Byron Buckels, Council Member; Jimmy Haire, Council Member; Charles Taylor, Council Member and Mayor Pro Tem; and James Williams, Council Member. Front row left to right: Linda Rhodes, Council Member; Rebecca Wyhof Salmon, Council Member; and Jean Dabbs, Council Member.

If you have any questions about this report, or need additional financial information, please contact the Finance Department of the City of Sanford by email at carol.chapman@sanfordnc.net, by phone at 919-777-1141, or by mail at City of Sanford, Finance Department, PO Box 3729, Sanford, NC 27331-3729.





Ward 1

Ward 2

Sanford

Ward 3

Ward 4

Ward 5

Lee County



www.sanfordnc.net/budget