



Meeting Date April 6, 2015
BUDGET & FINANCE
Snapshot

BUDGET SEASON IS HERE...

The Town of Sunset Beach budget formulation process is well underway for the July 1, 2015 – June 30, 2016 Fiscal Year and April will be another busy month for the staff and elected officials at Town Hall. The Town's department heads have turned in their budget requests to the Finance Director/Budget Officer and the Town Administrator for their review. In recent meetings, the Town Council adopted a fiscal policy and a Capital Improvement Plan policy and has ranked the Town's strategic priorities. These actions set the initial framework for budget development – and now it's time to move to the detailed budget work.

Staff will present an initial proposed budget to the Town Council on April 21, 2015, at the Town Council's scheduled workshop meeting. In this initial presentation, staff will review the budget message and provide key points regarding the proposed budget, the proposed tax rate and any major changes recommended for user fees and levels of municipal services. The proposed budget document will also be made available for public review that same day in hard copy format at Town Hall and in electronically form on the Town's website at www.sunsetbeachnc.gov.

The Town Council will hold budget workshops to review more detailed budgetary information starting on Tuesday, April 28, 2015, to be continued on Wednesday, April 29, with April 30th also reserved, if needed. These workshops are open to the public. Changes from the budget workshops will be incorporated into a second draft of the proposed budget in early May.

The Town Council's regular May meeting has been moved from the customary first Monday of the month to the second Monday, May 11, 2015, to allow for the budget draft completion. A public hearing has been scheduled to receive public input on the budget that same evening so that residents and taxpayers may have the opportunity to provide feedback on the proposed budget prior to its

planned adoption at the regular June Town Council meeting, slated for June 1, 2015.

STATE LEGISLATIVE UPDATE

The N.C. General Assembly has a number of bills that are currently under consideration in the House and/or Senate that have the potential to impact the Town of Sunset Beach's daily activities and/or its revenue streams. Some of these are listed below. The full text of the proposed legislation is available from the General Assembly's website, www.ncga.state.nc.us.

SB 369 – "Sales Tax Fairness Act" - This legislation would redistribute sales tax revenues statewide on a per capita basis. If adopted in its current form, this would increase revenues in rural areas of the state while reducing sales tax revenues in the major urban and beach areas. Brunswick County is among the counties that would experience a significant sales tax reduction. Thus, if this bill becomes law as it is written, it will reduce the Town of Sunset Beach's annual revenues by almost \$300,000.

HB 255 (SB 324) – "Building Code Regulatory Reform" – This legislation has been introduced as mirrored bills in both chambers of the General Assembly. It redefines certain building inspector acts and increases the dollar threshold for which a permit is required from \$5,000 to \$10,000. It would also restrict the revenues from permit activities to only be spent on Inspections department activities. These dollars in revenue are currently unrestricted in the Town's General Fund.

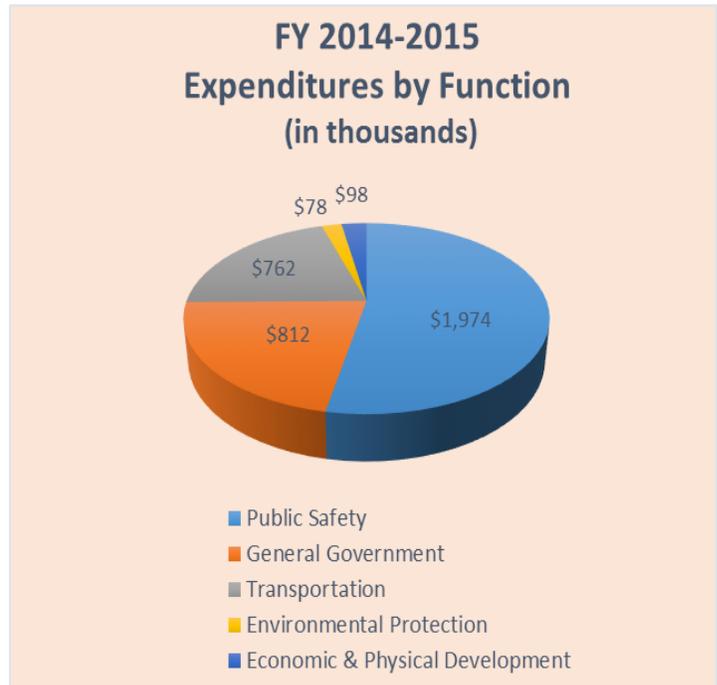
SB 20 – "Update Motor Fuels Changes" – This bill takes steps to help stabilize the revenues from the gas tax, which is scheduled to drop significantly on July 1. Currently, the gas tax is the sole source of revenue for Powell Bill funds, which the Town uses for streets. Gas tax reductions could result in more reliance on the Town's Ad Valorem Taxes for needed street-related expenditures.

TOWN BUDGET *Snapshot* AS OF FEBRUARY 28, 2015

EXPENDITURES

From July of 2014 through February of 2015, the Town of Sunset Beach expended roughly \$3.72 million dollars of its \$6 million dollar operating budget. This equates to approximately 62 percent of the annual budget. The fiscal year-to-date expenditures are shown in thousands, by area of function, in the pie chart to the right.

Additional details regarding expenditures at the departmental level are shown in the table below. In addition to the current year budget, the table provides a year-over-year comparison with the prior fiscal year expenditures. The table detail displays that the Town's operating expenditures have decreased by 11.49% from the same period last fiscal year. While some of this decrease is likely related to changes in accounting treatment, a significant portion of it comes as a result of increased management and financial oversight with regard to personnel vacancies and departmental spending.



Department	FY Budget (As Amended)	Expenditures: Current Fiscal Year	Expenditures: Prior Fiscal Period	Percent Change
Governing Body	\$28,964	\$20,890	\$15,145	37.93%
Administration	\$352,325	\$219,730	\$399,111	-44.95%
Finance	\$161,908	\$117,054	\$118,580	-1.29%
Tax	\$18,600	\$15,359	\$15,336	0.15%
Legal*	\$25,000	\$48,709	\$14,980	225.16%
Public Buildings	\$507,098	\$390,716	\$393,144	-0.62%
Police	\$1,422,069	\$816,048	\$939,030	-13.10%
Fire	\$1,420,369	\$920,308	\$999,093	-7.89%
Inspections	\$413,853	\$237,451	\$295,465	-19.63%
Streets	\$980,991	\$711,557	\$606,729	17.28%
Powell Bill	\$135,509	\$50,690	110,403	-54.09%
Sanitation	\$111,200	\$56,596	\$88,254	-35.87%
Environmental Protection	\$51,000	\$21,516	\$40,748	-47.20%
Planning/Zoning	\$24,603	\$5,384	\$9,493	-43.28%
Economic Development	\$266,068	\$92,902	\$153,284	-39.39%
Town Reserves for SR Funds	\$77,839	\$0	\$0	0.00%
Human Services	\$1,000	\$1,000	\$6,000	-83.33%
Mosquito	\$4,300	\$2,330	\$7,259	-67.90%
TOTAL	\$6,002,696	\$3,728,239	\$4,212,054	-11.49%

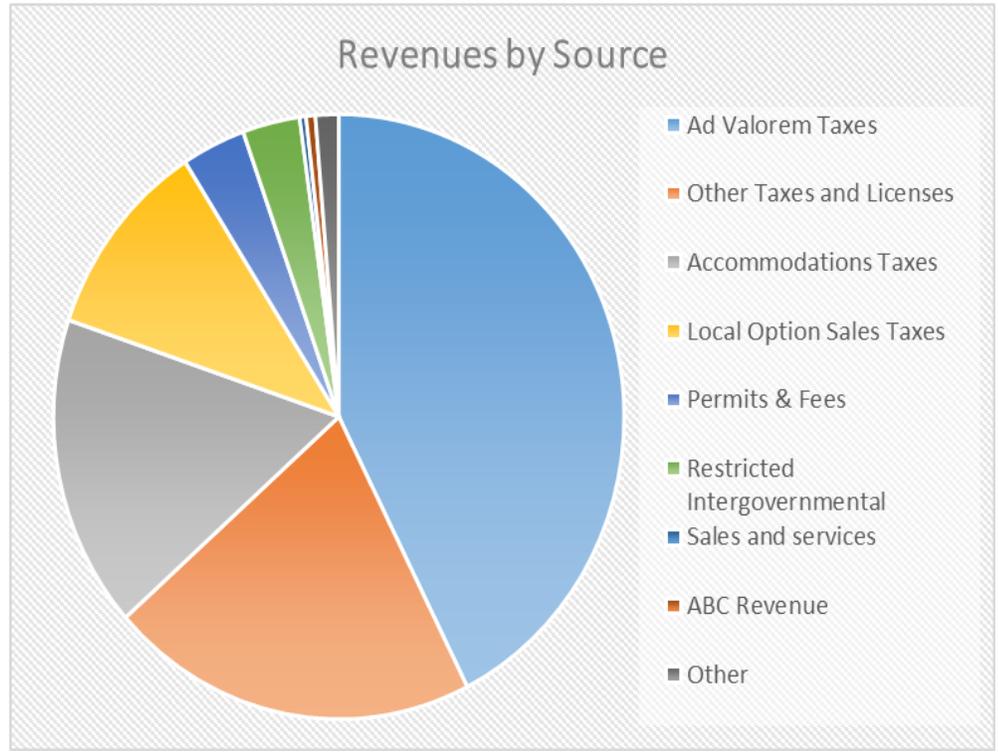
*Although the Town's Legal expenditures are in excess of the departmental budget this Fiscal Year, the Town's Budget Ordinance appropriates monies by overall function. Currently, the General Governmental expenditures appropriation is sufficient to cover these additional expenditures, but the staff will continue to track this and will request the Town Council consideration of a Budget Ordinance Amendment if it becomes necessary.

TOWN BUDGET *Snapshot* AS OF FEBRUARY 28, 2015

REVENUES

The anticipated revenues for the fiscal year and the actual year-to-date revenues for the period from June of 2014 through February of 2015 are shown in the table at the bottom of this page. The pie chart to the right shows the proportion of revenues received this year from the major sources of revenue.

As is indicated below, the Town of Sunset Beach has recognized just over \$4.3 million (roughly 72%) of its \$6 million annual budget during the reporting period. The four largest revenue sources for the Town in the current fiscal year have been ad valorem taxes, accommodations taxes, fire district fees and local option sales taxes.



Revenue Sources	FY Budget	Fiscal Year to date
Ad Valorem Taxes	\$1,905,225	\$1,891,930
Local Option Sales Taxes	\$864,998	\$478,389
Accommodations Taxes	\$877,000	\$743,757
Other Taxes and Licenses	\$1,383,364	\$928,109
Restricted Intergovernmental	\$136,209	\$144,314
Sales and services	\$45,000	\$15,902
Permits & Fees	\$194,000	\$160,422
Public Safety	\$32,000	\$14,950
Investment Earnings	\$1,000	\$1,283
ABC Revenue	\$50,000	\$23,307
Miscellaneous**	\$512,200	\$42,327
SUBTOTAL	\$6,002,696	\$4,444,691
Adjustments from prior period*	-0-	(119,330)
TOTAL	\$6,002,696	\$4,325,360

NEED ADDITIONAL INFORMATION?

For more information about the Town's budget or finances, contact Bonnie Schwerd by phone at 910-579-6297 or by email at bschwerd@atmc.net

*The recognized revenues for the period include interfund transfer entry corrections to FY 14 entries of (\$119,330). This is the amount included in the table above as an adjustment. **The budgeted Miscellaneous revenue includes a planned \$500,000 interfund transfer, but this transfer will not be made until the fiscal year end.