



Proposed Budget

July 1, 2015 - June 30, 2016



Town of Sunset Beach

700 Sunset Blvd., North · Sunset Beach, North Carolina 28468

Phone 910-579-6297 · Fax 910-579-1840

www.sunsetbeachnc.gov

Town of Sunset Beach, N.C.

FY 2015-16 Budget Presentation

BUDGET OVERVIEW SECTION

IN THIS SECTION:

- Budget Message
- Proposed Budget Ordinance
- Proposed Fee Schedule



April 25, 2015

**The Honorable Mayor and Town Council
And the Citizens of the Town of Sunset Beach:**

In accordance with §159-11 of the North Carolina General Statutes, I am pleased to present the *Recommended Budget* for the Town of Sunset Beach for the fiscal year beginning July 1, 2015 and ending June 30, 2016.

The Funds of the Budget

General Fund

The General Fund contains all of the Town's general governmental services such as Police, Fire, Planning & Zoning, Inspections, Streets, Sanitation, Environmental Protection, Human Services, Mosquito Control, Finance, Tax, Attorney, Administration, and the Governing Body.

The proposed General Fund operating budget for FY 2015-2016 totals \$5,834,663, which represents a decrease of \$168,033, or 2.8%, of the current amended budget of \$6,002,696.

No appropriation of General Fund Reserves (Fund Balance) is included in this budget proposal, but rather a Contingency expenditure of \$198,247, which may be used to help build the Town's General Fund year-end Fund Balance position, as long as the funds are not otherwise appropriated during the fiscal year. This contingency amount within the General Fund is intended to hedge against the potential revenue losses that would be experienced by the Town if Sales Tax reform legislation that has been introduced in the N.C. General Assembly is adopted this year.

In addition to property tax revenues and other various taxes and fees, the General Fund Revenues include the anticipated receipt of multiple interfund transfers. These include the following:

- A \$325,000 transfer from Future Street Resurfacing Reserves (Fund 26) to offset the cost of this year's Street Paving Program resurfacing;
- A \$50,000 transfer from the Bike and Walking Path Reserves (Fund 28) to the General Fund for the construction of a new multi-modal path on Sunset Boulevard; and

- A reimbursement of 15% of the Town’s Police and Fire expenditures from the Accommodations Tax Fund (Fund 21) to account for services provided to the tourists that are over and above those normally provided to Town residents in the off-season.

The recommended 2015-2016 Town of Sunset Beach budget includes an Ad Valorem Tax rate of 16.5 cents per \$100 valuation. This increase from the current 10.5 cent rate by 6 cents would represent a monthly increase of approximately \$15, or \$180 annually, for the average resident with a \$300,000 property.

This proposed increase in the Ad Valorem Tax rate is based upon four main components, which are as follows:

- Revenue Neutral – An increase of 2.05 cents is necessary to generate neutral tax revenue following this year’s decreased property revaluation.
- Funding of Beach Erosion/Protection Reserves – An increase of 1.8 cents per \$100 valuation offsets the \$256,000 Contingency in the Beach Erosion Fund this year, which is included to build the reserves within the Town’s Beach Erosion fund. In beach communities, it is prudent to have additional reserve funds available for use when hurricanes and other beach eroding events occur.
- Increased Contingencies – Instead of appropriating Fund Balance to cover revenue shortages in the various funds, this proposed budget makes an effort to employ an alternate and more fiscally-responsible method of fully funding expenditures, while building the Town’s available reserves. This portion equates to approximately 1.9 cents of the proposed tax rate.
- Increased Capital Investment – The FY 2015-2016 proposed operating budget includes additional capital investment of just over \$34,000 as compared to the current fiscal year budget. Part of this increased amount is a result of delaying capital asset replacements in prior years, while another portion of the Capital Investment stems from the staff recommendation to more formally evaluate future capital needs, such as including an engineering study to identify the Town’s Storm water System needs. The proposed operating budget includes what equates to approximately ¼ cent of the tax rate for the increase in proposed capital expenditures.

Special Revenue Funds

Special Revenue Funds are used to account for general governmental resources that are restricted by law or contract for a specific purpose. The use of Special Revenue Funds can provide an extra level of accountability and transparency to taxpayers in that it is easier to identify when tax or grant dollars are being used for their intended purposes.

This proposed budget includes four Special Revenue Funds, which are: the Powell Bill Fund, the Sunset at Sunset Festival Fund, the Accommodations Tax Fund and the Beach Erosion/Protection Fund.

- *Powell Bill Fund* – This fund accounts for the revenues and the expenditures associated with State-shared revenues generated from a portion of North Carolina’s gas tax. These funds are restricted by statute for uses related to Town-owned streets.
- *Sunset at Sunset Festival Fund* – This fund accounts for the revenues and the expenditures that are generated by this annual Town event. The \$20,000 budget for this event is balanced with proposed festival revenues equal to planned expenditures.
- *Accommodations Tax Fund* – This fund houses the revenues from the 3 percent portion of the Town’s Occupancy Tax. The expenditures from the fund offset the Town’s cost for the provision of services to its seasonal tourist population.
- *Beach Erosion/Protection Fund* – This fund accounts for the revenues from the 2 percent portion of the Town’s Occupancy Tax. This fund’s expenditures may include hurricane protection, beach construction and maintenance of beach accesses and beach nourishment.

Agency Funds

The Town uses one Agency Fund to accommodate for its Law Separation Allowance. This pension is paid to law enforcement personnel who meet the requirements set forth by state statutes. The pension is funded based upon annual required contributions which are reviewed annually through actuarial analysis. While the expenditures from an Agency Fund do not legally have to be included as part of a municipality’s budget ordinance; since the money to fund this contribution is being transferred from the General Fund as an expenditure, the Agency Fund information is being included for transparency purposes.

Capital Reserve Funds

The Town uses multiple Capital Reserve Funds to save money for future Capital expenditures. The Town may establish a resolution to create a Capital Reserve Fund for any purpose for which the law allows a Capital Project to be established.

Currently, the Town maintains Capital Reserve Funds for Future Development, Future Street Pavement and Future Bike/Walkway Paths. Once these funds are reserved for Capital purposes, the Town Council may decide to pass a new resolution to change the purpose of the reserve funds, but it may no longer use the monies for general operating purposes.

Capital Project Funds

The Town uses Capital Project Funds to account for projects that may span across fiscal years and results in the construction or acquisition of a Capital Asset. These funds are budgeted through a Capital Project Ordinance and this is handled outside of the Annual Operating Budget appropriations.

Budget Overview

The staff uses a comprehensive list of sources (i.e. North Carolina League of Municipalities estimates, Bureau of Labor Statistics data, Consumer Price Index, historical trends, etc.) to project revenues and estimate expenditures to fund current programs and services with our existing workforce. In addition, the staff reviews processes and programs to discover any cost efficiencies and any needed resources to continue to effectively carry out the programs while meeting governmental requirements.

Every Town Department Head contributed to the overall goal of creating a recommended budget that incorporates the items discussed at the Annual Planning Session and the ongoing programs and services. Staff worked to trim unnecessary operating expenditures from the budget while also working to identify needed Capital expenditure items.

The Grand Total of all funds' appropriations in the proposed budget is \$7,363,488. Interfund transfers overstate revenues in the receiving fund and overstate expenditures in donor fund, so it is common to review expenditures net of these items. The Town budget includes \$865,945 in interfund transfers. Additionally, since contingencies are not associated with direct expenditures, but instead with savings or reserves, these can also be reduced from the grand total to get to the bottom line of proposed expenditures. The budget's contingencies total \$523,144. This creates a budgeted total for Operating Expenditures, net of transfers and contingencies, of \$5,974,399. This is a reduction of \$28,297 from the current fiscal year's approved Operating Budget.

This recommended budget includes the following noteworthy items:

Revenue Noteworthy Items

- Assessed value of all real property is \$1,492,442,929 (as of 3-23-2015). This property value decreased by \$317,746,485, which equates to approximately 18%, in this year's revaluation.
- Recommended Property Tax Revenue is based on the Ad Valorem Tax Rate 16.5 per \$100 assessed valuation.
- One cent (\$0.01) on the real property tax rate is equivalent to \$145,632, after adjusting for the current year's tax collection rate.
- The *Local Options Sales Taxes (Articles 39, 40 and 42 and City Hold Harmless)* together reflect a 1.5% increase from the previous year's budgeted amounts. However, this

revenue stream is at risk for significant reductions if proposed legislation is adopted by the N.C. General Assembly.

- The \$31,000 increase in the *Permits* and Fees revenue reflects the current year's increased Building Permit revenues.
- \$325,000 Transfer from the Future Street Paving Fund (Fund 26) to General Fund (Fund 10) represents the Town's use of funds for the purposes that they were accumulated, its Street Resurfacing Program.
- \$50,000 Transfer from the Bike/Walking Path Fund allows for the paving of a multi-modal path along Sunset Boulevard near the new roundabout.
- A 7.7% increase in the *Occupancy Taxes* reflects the increased collection trend in the current fiscal year.

Expenditure Noteworthy Items

- \$5000 in *Governing Body* expenses are for the purchase of audio visual equipment to upgrade the Council Chambers with screens and projection equipment.
- \$2,260 in Elections reflects the monies that the Town must reimburse the County Board of Elections for the Town's election year expenditures.
- \$325,000 in Streets budget is for the annual portion of the Town's Street Paving program.
- \$12,000 increase in Environmental Protection reflects funding for Storm Water expenditures.
- Increase of almost \$89,600 in Planning/Zoning reflects increased professional services, (\$50,000 for CAMA Land Use Plan Update and \$50,000 for Unified Development Ordinance update, offset by lowered general expenditures)
- \$75,000 increase in Attorney Fees due to increased Town legal services, pending litigation expenditures and Board of Adjustment representation.

Capital/Asset Replacement Noteworthy Items

The recommended budget includes \$897,000 in Capital expenditures. This is comprised of the following:

- Four (4) replacement vehicles
 - (1 pick-up truck for Fire, 1 pick-up truck for Public Works, and two Police cars.)
- Engineering studies / Planning Services:
 - Storm water Plan, CAMA Land Use Plan Update, UDO Update and Engineering study of Beach/Inlet Waterways (required prior to nourishment and/or dredging)
- Technology improvements

- (New Town Hall phone system, records management system, hardware and software for a GIS/CAD system and Audio Visual equipment upgrades for Council Chambers.
- Street Paving
- New Sidewalk/Bike Path Construction

Personnel Noteworthy Items

The Town recognizes the valuable contribution of its staff. Although it has been customary to provide a Cost of Living Adjustment (COLA) in most years to offset inflation and protect the purchasing power of the employees and their dependents, this recommended budget does not include one. Rather, a 3% merit pool has been included so that the Town can reward employees with merit-based raises between 0-5%, rather than providing across-the-board raises to all staff members.

- Recommended Budget includes a 3 percent merit pool for employee raises.
- No COLA is recommended.
- No additional personnel is included.
- Reclassification of one position in the Inspections Department is proposed.
- Reclassification of staff within the Police Department is proposed.
- A projected 1.25 percent increase is included for the Local Government Employees Retirement employer contribution rate due to the sunset of a three-year exclusion from paying death benefit premiums.

Fee Schedule Changes

A proposed Fee Schedule is included in the packet with suggested changes to various building-related Inspections Department fees. The Finance Director has reviewed the Administrative fees, such as per copy charges and has determined that the existing fees are sufficient to cover the Town's expenditure.

Non-profit Agency Funding

The Town has the option of funding non-profits that extend the work of the municipality, by providing services that the Town would otherwise be authorized to perform. As a part of the Fiscal Policy that was passed earlier this year, the Town Council authorized the inclusion of up to 1% of the annual General Fund budget for this purpose. This amount, based upon the proposed budget herein would allow for funding of up to \$145,866. Because the funding of non-profit agencies is a public policy decision that relates to service levels, staff has refrained from including any funding for this purpose in the proposed budget and defers to the Town

Council for their direction regarding the addition of such services. Any such funding inclusions would reduce contingencies currently listed within the budget.

Fund Balance

The excess of the Town's revenues minus all expenditures results in the amount that is added (or taken away from) the Town's Fund balance, or reserves, at the end of the fiscal year. In all but one of the past five years, the Town has finished the year with overall expenditures exceeding revenues, thus reducing the Fund Balance position. This proposed budget includes a projected net increase of \$148,144 in the Town's year-end Fund Balance position.

Summary

There are always competing demands for the limited municipal resources. Staff does not take lightly this recommendation of an increased tax rate, but instead recognizes that this is a challenging budget situation. The Town has healthy reserve resources, but needs to adopt a pattern of maintaining those resources to preserve its long-term fiscal health.

Staff will continue to look for opportunities to optimize our existing workforce, will continue to improve efficiencies and will work closely with residents, business leaders and community partners to strategically invest in efforts to strengthen the financial health of our community.

I would like to thank Department Heads and staff who worked and reworked their budget submittals and assisted in putting together the data to provide the Town's *Recommended Budget*.

We look forward to working with you, the Town Council, as you consider this recommended budget.

Respectfully submitted this 21st day of April, 2015



Bonnie M. Schwerd
Finance Director / Budget Officer



Susan Parker
Town Administrator



Fiscal Year 2015-2016 Budget Ordinance

BE IT HEREBY ORDAINED BY THE GOVERNING BOARD OF THE TOWN OF SUNSET BEACH, NORTH CAROLINA hereby assembled at its regular monthly Town Council meeting on June 2, 2015, has appropriated the following amounts as approved expenditures by function, and anticipated revenues by major revenue source, as indicated, for the operation of the Town Government departments and activities for the fiscal year beginning July 1, 2015, and ending June 30, 2016.

Section 1. GENERAL FUND

A. AUTHORIZED EXPENDITURES

General Government	\$
Public Safety	
Transportation	
Inspections, Planning & Zoning	
Special Projects	
Environmental Protection	
Economic & Physical Development	
Human Services	
Total	<u>\$ 5,834,663</u>

B. ANTICIPATED REVENUES

Ad Valorem Taxes	\$ 2,402,938
Local Option Sales Taxes	905,000
Fire District Fees	901,000
Other Taxes & Licenses	483,805
Permits & Fees	225,000
Sales and Services	53,000
ABC Revenue	23,500
Public Safety Revenue	15,000
Miscellaneous	10,500
Restricted Intergovernmental Revenue	1,800
Investment Earnings	1,500
Transfer from Street Paving Fund	325,000
Transfer from Bike/Walkway Path Fund	50,000
Public Safety Reimbursement from Acc. Tax Fund	<u>437,120</u>
Total	<u>\$ 5,834,663</u>

Section 2. POWELL BILL FUND

A. AUTHORIZED EXPENDITURES

Powell Bill Expenditures	\$ 105,500
Contingency	<u>\$ 29,500</u>
Total	\$ 135,000

B. ANTICIPATED REVENUES

Powell Bill Revenues	\$ 135,000
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Section 3. SUNSET AT SUNSET FUND

A. AUTHORIZED EXPENDITURES

Festival Expenditures	\$ 20,000
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B. ANTICIPATED REVENUES

Festival Revenues	\$ 20,000
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Section 4. ACCOMMODATIONS TAX FUND

A. AUTHORIZED EXPENDITURES

Tourism-Related Expenditures	\$ 527,603
Contingency	<u>39,397</u>
Total	\$ 567,000

B. ANTICIPATED REVENUES

3% Accommodations Tax Revenues	\$ 567,000
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Section 5. BEACH EROSION/PROTECTION FUND

A. AUTHORIZED EXPENDITURES

Beach Nourishment & Protection Expenditures	\$ 122,000
Contingency	<u>256,000</u>
Total	\$ 378,000

B. ANTICIPATED REVENUES

2% Accommodations Tax Revenues	\$ 378,000
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Section 6. FUTURE DEVELOPMENT FUND

A. AUTHORIZED EXPENDITURES

Transfer to \$ -0-

B. ANTICIPATED REVENUES

Transfer from \$ -0-

Section 7. FUTURE STREET PAVING FUND

A. AUTHORIZED EXPENDITURES

Transfer to the General Fund \$ 325,000

B. ANTICIPATED REVENUES

Appropriated Fund Balance \$325,000

Section 8. BIKE/WALKWAY PATH FUND

A. AUTHORIZED EXPENDITURES

Transfer to the General Fund \$ 50,000

B. ANTICIPATED REVENUES

Appropriated Fund Balance \$ 50,000

Section 9. LAW SEPARATION FUND

A. AUTHORIZED EXPENDITURES

Retiree Pension Expenditure \$ 53,825

B. ANTICIPATED REVENUES

Transfer from the General Fund \$ 53,825

Section 10. AD VALOREM TAX RATE

There is hereby levied a tax at the rate of sixteen and one-half (.165) cents per one hundred dollars valuation of property as listed for taxes as of January 1, 2015, for the purpose of raising the revenue listed as Ad Valorem Property Tax in the General Fund in Section 1 of this Ordinance.

This rate is based on a total valuation of property for the purposes of taxation of 1,492,442,929, and an estimated rate of collection of 97.58%. The estimated rate of collection is based on the most recent fiscal year (FY 2014-2015) collection rate of 97.58%.

Section 11. AUTHORIZATIONS AND INSTRUCTIONS

A. TRANSFER OF FUNDS

The Budget Officer is hereby authorized to transfer appropriations as contained herein under the following conditions:

The Budget Officer may transfer amounts between line item expenditures within a department without limitation, as long as the department is not over spent and without a report being required. These changes should not result in recurring obligations such as salaries.

The Budget Officer may transfer amounts up to \$1,000 between departments, including contingency appropriations, within the same fund. The Budget Officer must make an official report on such transfers at the next regular meeting of the Governing Board.

The Budget Officer may not transfer any amounts between funds except as approved by the Governing Board in the Budget Ordinance as amended.

B. INTERFUND CASH ADVANCES

The Budget Officer may make cash advances between funds for periods not to exceed 60 days without reporting to the Governing Board. Any advances that extend beyond 60 days must be approved by the Board. All advances that will be outstanding at the end of the fiscal year must be approved by the Board.

C. ADMINISTRATIVE INSTRUCTIONS

Copies of this Budget Ordinance shall be furnished to the Town Clerk, to the Governing Board and Town Administrator to be kept on file by them. Copies are to remain on file by the Budget Officer / Finance Director for the direction in disbursement of funds.

Adopted this 2nd day of June, 2015.

TOWN OF SUNSET BEACH

TOWN OF SUNSET BEACH

Bonnie M. Schwerd
Finance Director/Budget Officer

Ron Watts
Mayor

ATTEST:

Lisa Anglin, Town Clerk



The Town of Sunset Beach

700 Sunset Boulevard North ♦ Sunset Beach ♦ NC ♦ 28468

Phone: (910) 579-6297 or (910) 579-0068 • Fax: (910) 579-1840

FY 2015-16 PROPOSED FEE SCHEDULE

Building: Commercial & Residential	Fee	
Project Cost as determined by the five factors listed below:	.009 x the total project cost or \$75.00 minimum	
Site Built/ Modular Homes (per sq. ft.)	\$75.00 (all heated area)	
Manufactured Homes (per sq. ft.)	\$30.00 (all heated area)	
Covered Unheated Area	\$25.00 per sq. ft.	
Porch, Deck (uncovered)	\$20.00 per sq. ft.	
Concrete Slabs, walk, driveways	\$1.00 per sq. ft.	
Electrical Inspection	Residential Fee	Commercial Fee
T-Pole	\$75.00	\$125.00
Rough In	\$75.00 *	
Final	\$75.00 *	
Temporary Power	\$75.00	\$125.00
Electrical Under Slab	\$75.00	\$125.00
Mechanical Inspection	Residential Fee	Commercial Fee
Rough In	\$75.00 *	\$125.00 *
Final	\$75.00 *	\$125.00 *
Plumbing Inspection	Residential Fee	Commercial Fee
Plumbing Under Slab	\$75.00	\$125.00
Rough In	\$75.00	\$125.00
Final	\$75.00	\$125.00
Water and Sewer Lines	\$75.00 (per both lines)	\$125.00 (per both lines)
Additional Fees, as Applicable	Residential Fee	Commercial Fee
All Bulkheads (new, repair, replace) Requires a minimum of 2 inspections regardless of project cost.	\$75.00/ Inspection	\$125.00/ Inspection
Certificate of Occupancy	\$75.00	
Homeowners Recovery Fund	\$10.00	N/A
Re-Inspection Fee	\$75.00 for initial re-inspection; \$150.00 for each additional re-inspection on same item.	
Additional Trip Charge	\$75.00/ Trip	\$125.00/ Trip
After Hours Inspections	\$75.00	\$125.00
<u>Work Started/Performed without a Permit</u>	Double Permit Fees	
Flood Plain Maintenance & Repair (Addition/Fill)	\$75.00	
Flood Plain New Construction	\$125.00	
Other Permits not listed but required by the state of NC	\$75.00	\$125.00

* Fees are calculated per HVAC System.

Additional Fees Related to Fire and Building Inspections	Building Inspections Fee	Fire Fee
Fire Sprinkler Fee	\$75.00	\$100.00 (for commercial Building)
Change of Use/Occupancy	\$75.00	\$100.00
Tent Set Up	N/A	\$100.00
ABC Inspection – (applies to app. for beer/wine sales)	\$75.00	\$100.00
Annual Fire Inspection Fee	N/A	\$100.00
Fire Re-inspection Fee	N/A	\$50.00

Proposed Fee Schedule – April 21, 2015, to be effective July 1, 2015.

Planning & Zoning Fees	Residential Fee	Commercial Fee
Zoning Permit (<u>includes</u> fences, sheds, <u>driveways, etc.</u>)		\$30.00
Variance Request		\$300.00
Text Amendment		\$300.00
<u>Zoning Compliance Letter</u>		<u>\$50.00</u>
<u>Signs Removed From Right Of Way</u>	<u>\$15/sign if returned to owner; sign return or disposal will be processed per UDO requirements.</u>	
Special Use Permit		\$300.00
Appeal of Decision		\$300.00
Sign Permit		\$100.00
Technical Review Committee		\$300.00
Rezoning Request:	≤ (less than) 3 Acres = \$300.00; ≥ > (greater than) 3 Acres = \$300.00 -\$500.00	<u>≤ (less than or equal to) 3 Acres = \$500.00; > (greater than) 3 Acres = \$800.00</u>
Subdivision Request:	Preliminary Plat Review = \$150.00 Final Plat Review = \$200.00 plus \$10.00 per lot	
General Fees	Fee	
Yard Sale Permit	\$5.00	
<u>Returned Check Fee</u>	<u>\$25.00</u>	
<u>Beach Wheelchair Use Fee</u> <u>(Covers up to 3 day rental, delivery & pick-up of chair)</u>	<u>\$20.00</u>	
General Public Records	Fee	
Copies (Per Page):		
8 ½ x 11 Black and White	.07¢	
8 ½ x 11 Color Copy	.23¢	
8 ½ x 14 Black and White	.07¢	
8 ½ x 14 Color Copy	.23¢	
11 x 17 Black and White	.09¢	
11 x 17 Color Copy	.25¢	
<u>Map or other reproductions of larger dimensions</u>	<u>Reimbursement of Town Cost as determined by actual invoice or estimate.</u>	

Adopted by the Town Council of the Town of Sunset Beach, on _____ for all fees beginning July 1, 2015.

BY:
TOWN OF SUNSET BEACH

Ron Watts, Mayor

ATTEST:

Lisa H. Anglin, Town Clerk