



Meeting Date March 2, 2015

BUDGET & FINANCE

Snapshot

PLANNING SESSION

Prioritizing the needs of the Town

The Town of Sunset Beach holds a planning session each year as a part of the budget formulation process to take a look at the overall priority issues for the Town. This year, the meeting was held on February 17th at Sea Trail. In preparation for the meeting, staff grouped the list of outstanding Council directives into strategic categories, so that overall Town goals could be identified. Using the planning session document as a base tool, the staff will work to identify departmental level goals and objectives that help to meet the overall Town goals. The five priority areas that were identified are: 1 – Planning, 2 – Public Safety, 3 – Infrastructure, 4 – Effective & Efficient Governance, and 5 – Quality of Life. The meeting packet and Power Point presentations are available from the Town's website at www.sunsetbeachnc.gov.

Understanding the Demographics of Our Community

U.S. Census data reports indicate that more than 80% of the residents are age 45 or higher in the Town of Sunset Beach. Additionally, there are very few young adults and young families in the community. This concentration of middle-aged and older adults in Town is significantly higher than that of the county, the state or the national population. Much like the age distribution differences seen when comparing the Town's population to state and national numbers, there are significant differences in the financial positions as well. The disproportionate income trends can be seen in the comparison of the income among the working population versus the average household income from both work and non-work sources. The workers bring home less than average income while the average household incomes in the Town are significantly higher than state and national levels. The small population of

young people in the Town of Sunset Beach display very low household incomes, while the over 45 households' incomes are much higher than state and national averages. The higher than average wealth for the Town's age 45+ crowd is derived predominantly from retirement income, social security income and investment income (such as interest, dividends and net rental income.) This information is important to consider during budgetary deliberations because a good understanding of the population helps government leaders to be able to identify needs that may be specific to the Town and not occurring on a global level.

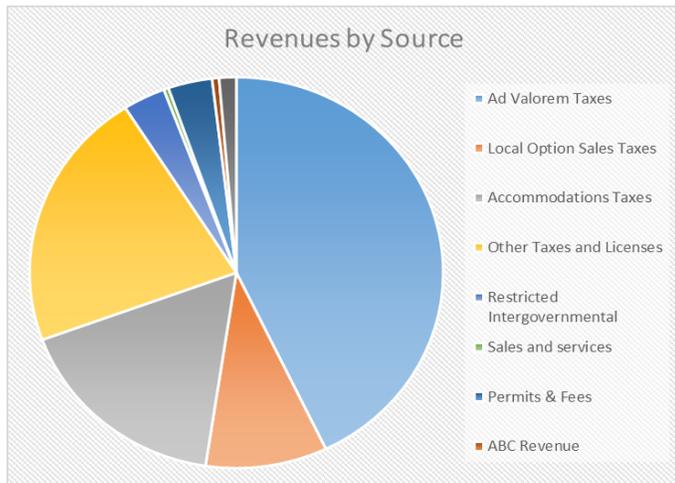
REVENUE TRENDS

Over the past five fiscal years, the Town's top five (5) revenue sources have generated between 85-90% of the Town's total annual operating revenues. These five sources are: Ad Valorem Taxes, Fire Fees; Local Option Sales Taxes; Accommodations taxes and the Utilities Franchise Tax. The Ad Valorem Property Tax is the largest source of revenues for the Town. The amount levied is based upon the Town's total real property valuation and the tax rate, as set annually by the governing body. Brunswick County performs a revaluation every four years and the preliminary results of the new valuation displays a much lower total with property value within the Town down approximately 18%. This means that the Town Council would have to increase the Town's 10.5 cent tax rate in order to remain revenue-neutral after the revaluation results are applied. That doesn't even begin to consider any increased maintenance services costs added as a result of recent capital projects, any deferred capital maintenance or any other additions to the level of services being provided. Decisions regarding the tax rate, level of services offered and the staffing needs to perform those services will be topics of discussion as the Council works its way through the Town's budget formulation process.

TOWN BUDGET *Snapshot* AS OF JANUARY 31, 2015

REVENUES

The annual budgeted and actual fiscal year-to-date revenues for the period from July of 2014 through January of 2015 are shown in the table and graph below. The Town recognized \$4.18* million (almost 70%) of its \$6 million annual budget as of the reporting period. The FY 2015 operating revenues are very close to the same performance for the prior fiscal year numbers at the same point of the year.

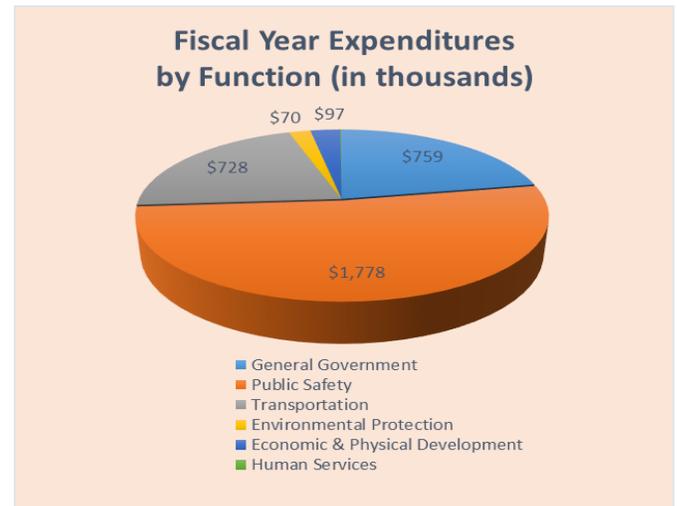


Revenue Sources	FY Budget	Fiscal Year to date
Ad Valorem Taxes	\$1,905,225	\$1,844,485
Local Option Sales Taxes	\$864,998	\$409,030
Accommodations Taxes	\$877,000	\$732,339
Other Taxes and Licenses*	\$1,383,364	\$926,712
Restricted Intergovernmental	\$136,209	\$143,112
Sales and services	\$45,000	\$15,902
Permits & Fees	\$194,000	\$148,527
Public Safety*	\$32,000	\$14,700
Investment Earnings	\$1,000	\$1,136
ABC Revenue	\$50,000	\$23,307
Miscellaneous	\$512,200	\$41,843
SUBTOTAL		\$4,301,092
Adjustments from prior period*		(119,330)
TOTAL	\$6,000,996	\$4,181,761

*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. Revenues from Fire fees of \$715,878 are included in the Other Taxes and Licenses year-to-date category, instead of in Public Safety since it was originally budgeted that way this fiscal year.

EXPENDITURES

In the period from July of 2014 through January 2015, the Town expended roughly \$3.4 million dollars. This equates to approximately 57 percent of the annual operating budget. The fiscal year-to-date expenditures are shown by area of function in the pie chart that follows. Additional details, including the annual budgeted amounts and the year-to-date expenditures by department, are shown in the chart at the bottom of this column.



Department	FY Budget	Fiscal Year to Date
Governing Body	\$28,964	\$19,117
Administration	\$352,325	\$197,145
Finance	\$161,908	\$105,014
Tax	\$18,600	\$14,829
Legal	\$25,000	\$34,428
Public Buildings	\$507,098	\$388,438
Police	\$1,422,069	\$735,518
Fire	\$1,420,369	\$832,067
Inspections	\$413,853	\$210,191
Streets	\$979,291	\$681,718
Powell Bill	\$135,509	\$46,673
Sanitation	\$111,200	\$56,327
Environmental Protection	\$51,000	\$13,568
Planning/Zoning	\$24,603	\$4,838
Economic Development	\$266,068	\$91,807
Town Reserves for SR Funds	\$77,839	\$0
Human Services	\$1,000	\$1,000
Mosquito	\$4,300	\$2,330
TOTAL	\$6,000,996	\$3,435,009