

Local Government Finance

Overview

FUND BALANCE

FUNDS

REVENUES

TAX RATES

COMPARISONS



FUND BALANCE

Purposes of having a Strong Fund Balance

- Cash flow
- Avoid short-term borrowing
- Reserve for emergencies, unforeseen events, unexpected opportunities
- Increased investment income
- Helps protect credit rating & obtain lower interest rates
- May help avoid rate increases or service reductions
- Avoids LGC warnings

Fund Balance

- Minimum of 8% in available fund balance for cash flow purposes LGC Fund Balance Policies
- Larger amounts usually needed
- Consider fund balance in relation to expenditures
- Consider individual government's situation



FUNDS

Sunset Beach Funds

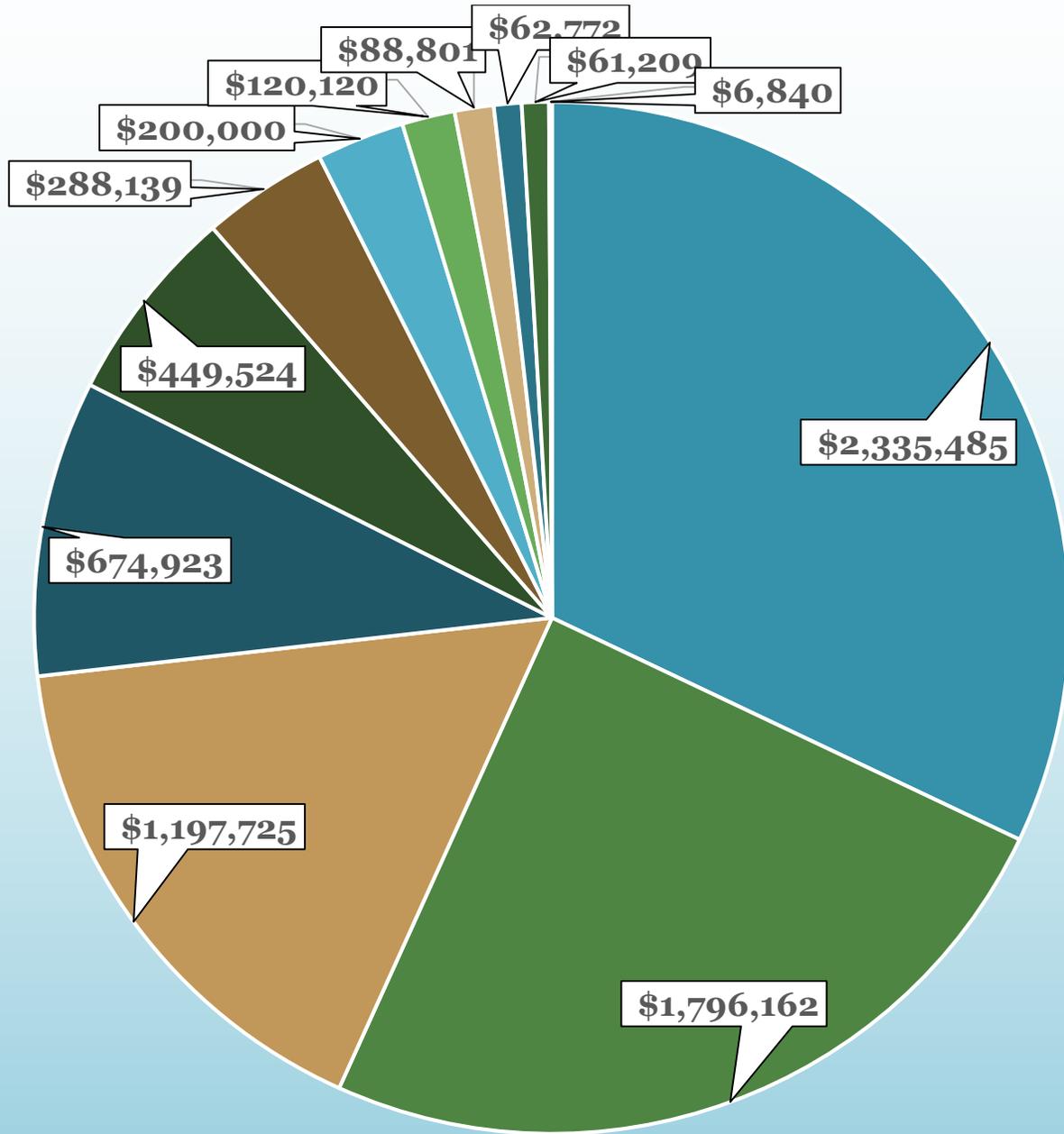
- General Fund
- Powell Bill Fund
- Sunset at Sunset Fund
- Accommodations Tax Fund
- Beach Erosion Fund
- Dredging Fund



REVENUES

Types of Revenue

- Ad Valorem Tax – Property Tax
- County Fire Fees
- Motor Vehicle Tax
- Sales & Use Tax
- Other Governmental Revenue from County & State
- Permits and Fees
- Service Charges
- Grants, Special Assessments, and other miscellaneous Revenues
- Occupancy Tax



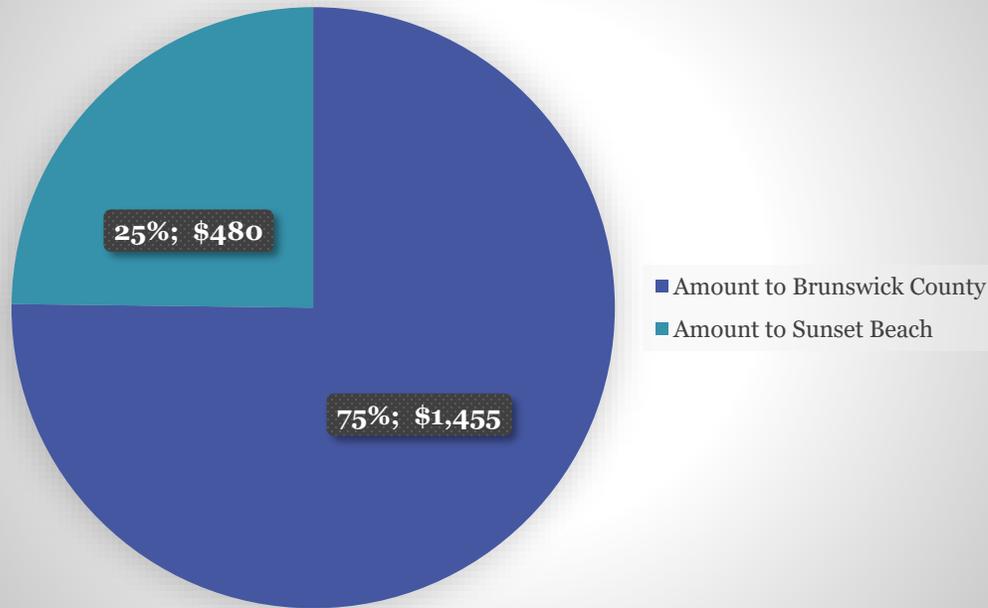
- Property Taxes 32.1%
- County Fire Fees 24.7%
- Sales & Use Tax 16.4%
- Non-Recurring Revenues 9.3%
- Utility Sales Tax 6.2%
- Building Inspections Fees 4.0%
- Transfer from Other Funds 2.7%
- Interest Earnings 1.6%
- Motor Vehicle Taxes 1.2%
- Recycling Fees 0.9%
- Miscellaneous Revenues 0.8%
- Zoning Fees 0.1%

Ad Valorem – Property Tax

- Ad Valorem Tax is the revenue we have control over.
- Ad Valorem tax makes up 32% of our Budget.
- In towns similar to Sunset Beach, Ad Valorem makes up approximately 42% of their Budgets.
- Local Government classes I have attended suggest Property Tax make up between 40-50% of Budgeted Revenues.

Ad Valorem – Property Tax

Tax Bill Allocation



Tax Rates		Residential Tax Bill	
Brunswick County Tax	0.485	Home Value	\$ 300,000
Sunset Beach Tax	0.16	Total Annual Tax Bill	\$ 1,905
		Amount to Brunswick County	\$ 1,455
		Amount to Sunset Beach	\$ 480

County Fire Fees

- Fire Fees Revenue can only be used for the Fire Department.
- The Fire Department is fully funded by Fire Fees.
- Fire Fee revenue increase over the years is not only due to rate increase, but also due to increase in homes.
- The increase in homes is due to being able to include homes farther than 6 miles from fire stations and new development.
- Brunswick County states that this change reflects the fact that fire departments will respond to a fire whether it is in their district or not, as well as the increasing response by fire departments to vehicular accidents and EMS calls.
- Brunswick County also states that fire departments have changed, including a reduction in the number of volunteers and an increase in the number of paid staff needed.

County Fire Fees

	Fire District Outside Town Limits		Fire District Inside Town Limits	
	Number of Units	Current Fee	Number of Units	Current Fee
Single Family Dwelling				
Mobile Home	397	\$ 90.63	275	\$ 90.63
1000 Square feet or Less	218	\$ 90.63	269	\$ 90.63
1001-1999 Square Feet	983	\$ 181.25	3240	\$ 181.25
2000-2999 Square Feet	304	\$ 362.50	1171	\$ 362.50
3000-3999 Square Feet	112	\$ 543.75	173	\$ 543.75
4000-4999 Square Feet	24	\$ 725.00	39	\$ 725.00
5000-5999 Square Feet	6	\$ 906.25	12	\$ 906.25
6000-6999 Square Feet	2	\$ 1,087.50	1	\$ 1,087.50
7000-7999 Square Feet	0	\$ 1,225.00	1	\$ 1,225.00
Greater that 8000 Square Feet	1	\$ 1,400.00	0	\$ 1,400.00

Motor Vehicle Tax

- Collection rate close to 100%
- This tax has become more reliable due to the changes in collection
- Motor vehicle tax only makes up about 1% or \$88,000 in Revenues

Sales & Use Tax

- County levies sales tax.
- Brunswick County sales tax rate is 2%.
- Businesses remit sales tax to NCDOR.
- NCDOR allocates the sale tax to the county of origin.
- Annually the County Commissioners choose the method of allocation to the municipalities.
- Brunswick County currently uses the per capita method.
- If Brunswick County Commissioners decide to change the method to the Ad Valorem based allocation, we would lose roughly 30% of our Sales and Use Tax Revenue.
- Brunswick County would gain approximately 12% in revenue from sales tax.

County or Municipality	Population **	% Share of Distribution	Ad Valorem Levies **	% Share of Distribution
BRUNSWICK (PER CAPITA)	137,103	67.12511%	\$ 128,840,089.00	76.58263%
BALD HEAD ISLAND	182	0.08911%	\$ 8,127,806.00	4.83117%
BELVILLE	2,274	1.11334%	\$ 183,834.00	0.10927%
BOILING SPRING LAKES	6,928	3.39192%	\$ 1,053,478.00	0.62619%
BOLIVIA	163	0.07980%	\$ 6,405.00	0.00381%
CALABASH	2,031	0.99437%	\$ 247,791.00	0.14729%
CAROLINA SHORES	3,826	1.87319%	\$ 483,184.00	0.28720%
CASWELL BEACH	462	0.22619%	\$ 683,464.00	0.40625%
HOLDEN BEACH	651	0.31873%	\$ 2,743,064.00	1.63048%
LELAND	20,297	9.93733%	\$ 5,701,685.00	3.38908%
NAVASSA	2,001	0.97968%	\$ 220,936.00	0.13132%
NORTHWEST	857	0.41958%	\$ 126,308.00	0.07508%
OAK ISLAND	7,836	3.83647%	\$ 8,394,570.00	4.98974%
OCEAN ISLE BEACH	661	0.32362%	\$ 3,242,676.00	1.92745%
ST JAMES	5,353	2.62081%	\$ 867,674.00	0.51575%
SANDY CREEK	304	0.14884%	\$ 39,911.00	0.02372%
SHALLOTTE	4,827	2.36328%	\$ 2,363,174.00	1.40467%
SOUTHPORT	3,515	1.72093%	\$ 2,491,742.00	1.48109%
SUNSET BEACH	4,323	2.11652%	\$ 2,396,486.00	1.42447%
VARNAMTOWN	656	0.32118%	\$ 22,439.00	0.01334%
TOTAL	204,250	100.00000%	\$ 168,236,716.00	100.00000%

				December 2019			December 2019
County or Municipality		Population	% Share of Distribution	Revenue Current Allocation	Ad Valorem Levies	% Share of Distribution	Revenue if Allocation Method Changed
BRUNSWICK	(PER CAPITA)	137,103	67.12511%	\$ 2,469,879.11	\$ 128,840,089.00	76.58263%	\$ 2,817,870.06
	BALD HEAD ISLAND	182	0.08911%	\$ 3,278.82	\$ 8,127,806.00	4.83117%	\$ 177,763.67
	BELVILLE	2,274	1.11334%	\$ 40,965.52	\$ 183,834.00	0.10927%	\$ 4,020.61
	BOILING SPRING LAKES	6,928	3.39192%	\$ 124,806.24	\$ 1,053,478.00	0.62619%	\$ 23,040.76
	BOLIVIA	163	0.07980%	\$ 2,936.25	\$ 6,405.00	0.00381%	\$ 140.19
	CALABASH	2,031	0.99437%	\$ 36,588.00	\$ 247,791.00	0.14729%	\$ 5,419.56
	CAROLINA SHORES	3,826	1.87319%	\$ 68,924.32	\$ 483,184.00	0.28720%	\$ 10,567.57
	CASWELL BEACH	462	0.22619%	\$ 8,322.70	\$ 683,464.00	0.40625%	\$ 14,948.03
	HOLDEN BEACH	651	0.31873%	\$ 11,727.72	\$ 2,743,064.00	1.63048%	\$ 59,993.77
	LELAND	20,297	9.93733%	\$ 365,645.64	\$ 5,701,685.00	3.38908%	\$ 124,701.74
	NAVASSA	2,001	0.97968%	\$ 36,047.48	\$ 220,936.00	0.13132%	\$ 4,831.94
	NORTHWEST	857	0.41958%	\$ 15,438.51	\$ 126,308.00	0.07508%	\$ 2,762.58
	OAK ISLAND	7,836	3.83647%	\$ 141,163.52	\$ 8,394,570.00	4.98974%	\$ 183,598.28
	OCEAN ISLE BEACH	661	0.32362%	\$ 11,907.65	\$ 3,242,676.00	1.92745%	\$ 70,920.83
	ST JAMES	5,353	2.62081%	\$ 96,433.12	\$ 867,674.00	0.51575%	\$ 18,977.10
	SANDY CREEK	304	0.14884%	\$ 5,476.59	\$ 39,911.00	0.02372%	\$ 872.78
	SHALLOTTE	4,827	2.36328%	\$ 86,957.26	\$ 2,363,174.00	1.40467%	\$ 51,685.06
	SOUTHPORT	3,515	1.72093%	\$ 63,321.89	\$ 2,491,742.00	1.48109%	\$ 54,496.94
	SUNSET BEACH	4,323	2.11652%	\$ 77,877.69	\$ 2,396,486.00	1.42447%	\$ 52,413.60
	VARNAMTOWN	656	0.32118%	\$ 11,817.87	\$ 22,439.00	0.01334%	\$ 490.85
	TOTAL	204,250	100.00000%	\$ 3,679,515.92	\$ 168,236,716.00	100.00000%	\$ 3,679,515.92

What the previous chart is showing is that if every month was exactly the same as December 2019 then...

- The current allocation method would produce \$934,524 in revenues for the Fiscal Year.
- If the allocation method changes then the revenues produced would be \$628,963 for the Fiscal Year.
- This would be a loss in revenues of \$305,561 for Sunset Beach.
- The other side of this is that Brunswick County would gain approximately \$4,000,000 in revenues per fiscal year if they changed their allocation method.

Other Governmental Revenues from County and State

- Includes Revenues Such As:
 - Utility Sales
 - Beer & Wine
 - Solid Waste Disposal
 - ABC Local
 - ABC Law Enforcement
- As a municipality we have no control over these revenues and must project them conservatively in conjunction with projections from NC League of Municipalities.
- These revenues can also be changed. One example is the ABC Local Revenue. There have been two Bills presented to the House and the Senate to modify this tax and remove it from municipalities.

Permits and Fees

- Includes Fees Such As:
 - Building Inspections
 - Zoning Fees
- Variable
- Sensitive to Economic Changes

Service Charges

- Specific to programs
 - Recycling
 - Beach Wheelchair Rentals
 - Special Events
- Also Includes Violations and Fines
 - Contingent on Compliance

Grants, Special Assessments, and other Miscellaneous Revenues

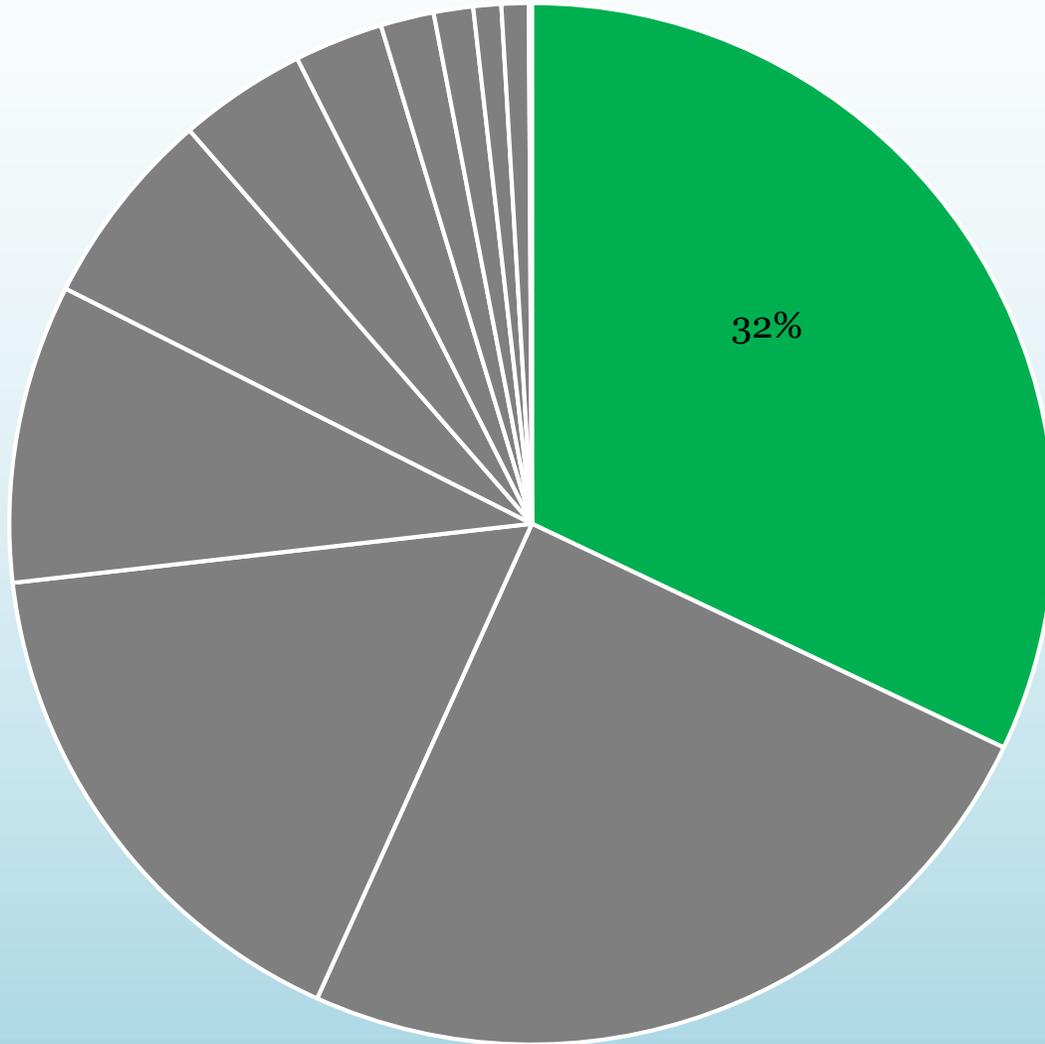
- Keep in mind that these are NON-RECURRING.
- Non – Recurring Revenues accounted for 9.3% of our Revenues for Fiscal Year 2018-2019.
- The dollar amount was \$674,923.
- This would equal approximately 4.22 cents in property tax.

Occupancy tax

- A Local Act gives us the authority to collect Occupancy tax
- Sunset Beach is authorized to levy a 6% tax on short-term rentals
- 1% is remitted to Brunswick County
- 2% is allocated to the Beach Erosion Fund
- 3% is allocated to the Accommodations Tax Fund
 - Per our Local Act the 3% revenue is for tourism-related expenditures. As used in this act, the term 'tourism-related expenditures' includes the following types of expenditures: criminal justice system, fire protection, public facilities and utilities, health facilities, solid waste and sewage treatment, and the control and repair of water front erosion.

Accommodations Tax

- Accommodations Tax is one of the hardest to forecast because it is directly affected by factors beyond our control such as:
 - The Economy
 - People are less likely to travel with poor economy
 - The Weather
 - Hurricanes
 - Flooding



- Property Taxes 32.1%
- County Fire Fees 24.7%
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- Transfer from Other Funds 2.7%
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- Zoning Fees 0.1%



Tax Rates and Other Comparisons

If we lost Federal, State and County Revenues and needed to rely solely on Property Tax from Sunset Beach Taxpayers, our Property Tax would be approximately

44 cents per \$100 valuation

TAX RATE COMPARISON

Brunswick County Towns	2018 Tax Rates	2019 Tax Rates		Coastal NC Towns	2018 Tax Rates	2019 Tax Rates	Ocean Front
Bald Head Island-Zone A	0.7771	0.7771		Wilmington	0.4984	0.4984	
Bald Head Island-Zone B	0.7419	0.7419		Beaufort	0.4135	0.4600	
Bald Head Island	0.6863	0.6863		Surf City	0.4100	0.4100	
Shalotte	0.3450	0.3525		North Topsail Beach	0.3435	0.4100	
Southport	0.2956	0.2956		Kure Beach	0.3300	0.3400	
Oak Island	0.3100	0.2800		Kitty Hawk	0.3400	0.3400	
Sandy Creek	0.2500	0.2500		Topsail Beach	0.3125	0.2900	
Caswell Beach	0.2400	0.2400		Indian Beach	0.1950	0.2650	0.2850
Northwest	0.2400	0.2400		Carolina Beach	0.2250	0.2450	
Boiling Spring Lakes	0.2300	0.2300		Southern Shores	0.2200	0.2200	
Leland	0.2100	0.2100		Pine Knoll Shores	0.1970	0.2130	0.2570
Holden Beach	0.2200	0.2000		Cape Carteret	0.1975	0.2125	
Navassa	0.2000	0.2000		Atlantic Beach	0.1650	0.1800	
Ocean Isle Beach	0.1875	0.1639		Sunset Beach	0.1500	0.1600	
Sunset Beach	0.1500	0.1600		Emerald Isle	0.1550	0.1550	0.1950
Carolina Shores	0.1016	0.1016		Wrightsville Beach	0.1275	0.1275	
Belville	0.0900	0.0900					
Calabash	0.0875	0.0875					
St. James	0.0500	0.0600	Towns with limited services and No Police Department				
Bolivia	0.0500	0.0500					
Varnamtown	0.0500	0.0500					

NET ASSESSED VALUE AND REVENUES COMPARISON

Brunswick County Towns	2019 Net Assessed	2019 Tax Rates	Revenue for FY19/20	Coastal NC Towns	2019 Net Assessed	2019 Tax Rates	Ocean Front-Additional Tax	Revenue for FY 19/20
Oak Island	3,215,337,256	0.2800	9,002,944	Wilmington	15,510,930,000	0.4984		77,306,475
Leland	2,845,021,603	0.2100	5,974,545	Emerald Isle	2,838,571,613	0.1550	0.1950	4,399,786
Ocean Isle Beach	1,941,289,597	0.1639	3,181,774	Wrightsville Beach	2,588,235,294	0.1275		3,300,000
St. James	1,828,689,543	0.0600	1,097,214	Carolina Beach	1,924,640,000	0.2450		4,715,368
Sunset Beach	1,666,544,351	0.1600	2,666,471	Sunset Beach	1,666,544,351	0.1600		2,666,471
Holden Beach	1,334,667,341	0.2000	2,669,335	Surf City	1,590,272,768	0.4100		6,520,118
Bald Head Island	1,133,602,571	0.6863	7,779,914	Atlantic Beach	1,568,274,480	0.1800		2,822,894
Southport	909,702,181	0.2956	2,689,080	Southern Shores	1,339,305,752	0.2200		2,946,473
Shalotte	629,186,970	0.3525	2,217,884	Kitty Hawk	1,139,291,333	0.3400		3,873,591
Carolina Shores	502,535,426	0.1016	510,576	North Topsail Beach	985,250,393	0.4100		4,039,527
Boiling Spring Lakes	478,742,029	0.2300	1,101,107	Kure Beach	903,449,700	0.3400		3,071,729
Caswell Beach	300,048,934	0.2400	720,117	Pine Knoll Shores	898,669,543	0.2130	0.2570	1,914,166
Calabash	287,188,510	0.0875	251,290	Beaufort	834,049,552	0.4600		3,836,628
Belville	207,118,860	0.0900	186,407	Topsail Beach	732,303,970	0.2900		2,123,682
Navassa	100,839,218	0.2000	201,678	Cape Carteret	381,597,148	0.2125		810,894
Northwest	46,839,199	0.2400	112,414	Indian Beach	Budget Not Available	0.2650	0.2850	
Varnamtown	46,178,285	0.0500	23,089	Towns with higher Ad Valorem Revenues than Sunset Beach				
Sandy Creek	14,214,001	0.2500	35,535					
Bolivia	11,313,798	0.0500	5,657					
Towns with limited services and NO Police Department								



Thank You!!!