

# Local Government Finance Overview

**FISCAL YEAR 2024/2025 BUDGET**

# Overview

FUND BALANCE

REVENUES

TAX RATE



# 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 on borrowings
- 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

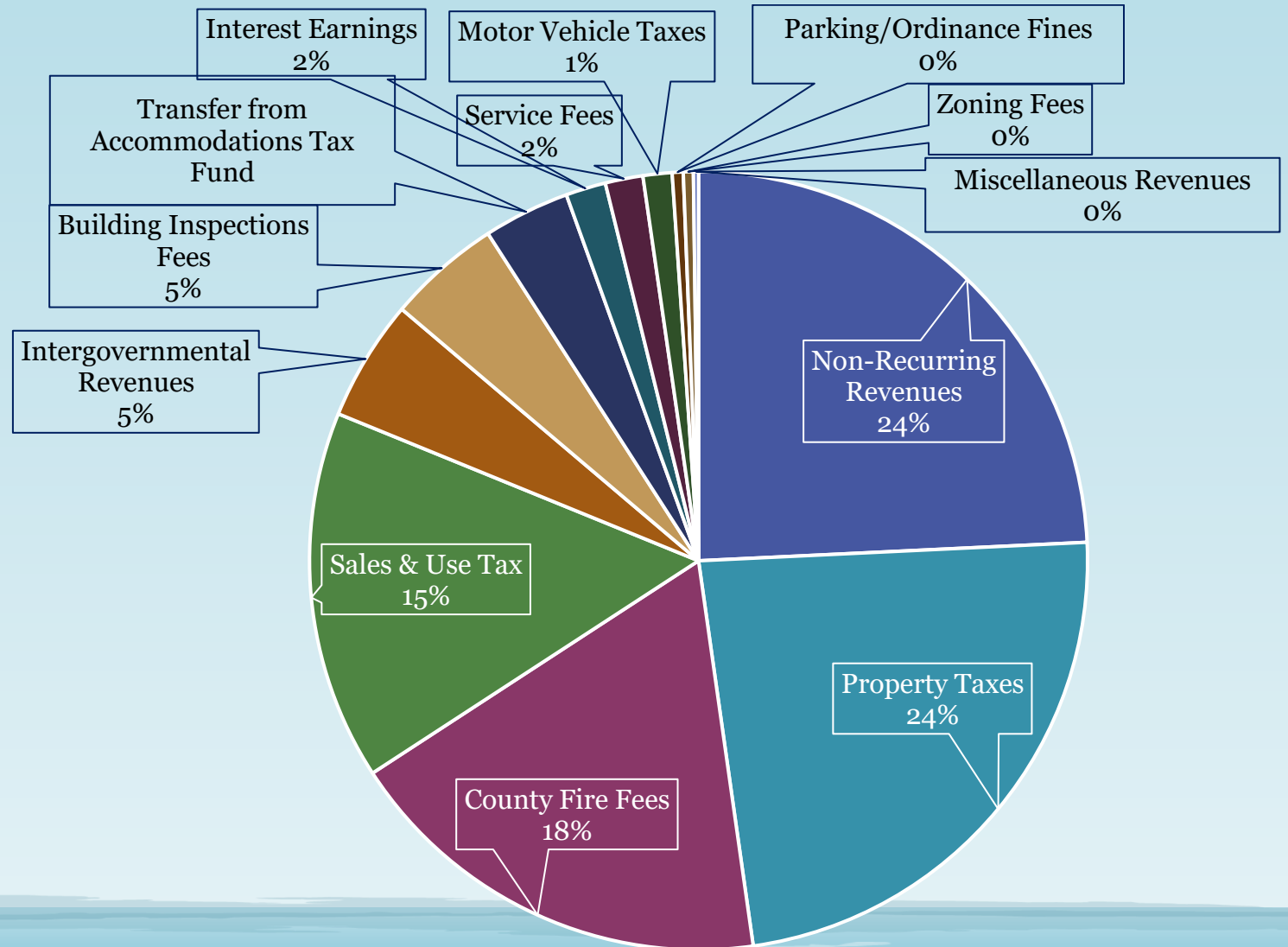


# Types of Revenue

- 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

# Fiscal Year 22/23 Actuals

Non-Recurring Revenues	\$2,914,452
Property Taxes	\$2,826,376
County Fire Fees	\$2,171,375
Sales & Use Tax	\$1,845,461
Intergovernmental Revenues	\$604,419
Building Inspections Fees	\$565,706
Transfer from Accommodations Tax Fund	\$431,021
Interest Earnings	\$199,937
Service Fees	\$188,426
Motor Vehicle Taxes	\$144,710
Parking/Ordinance Fines	\$54,764
Zoning Fees	\$50,177
Miscellaneous Revenues	\$25,274

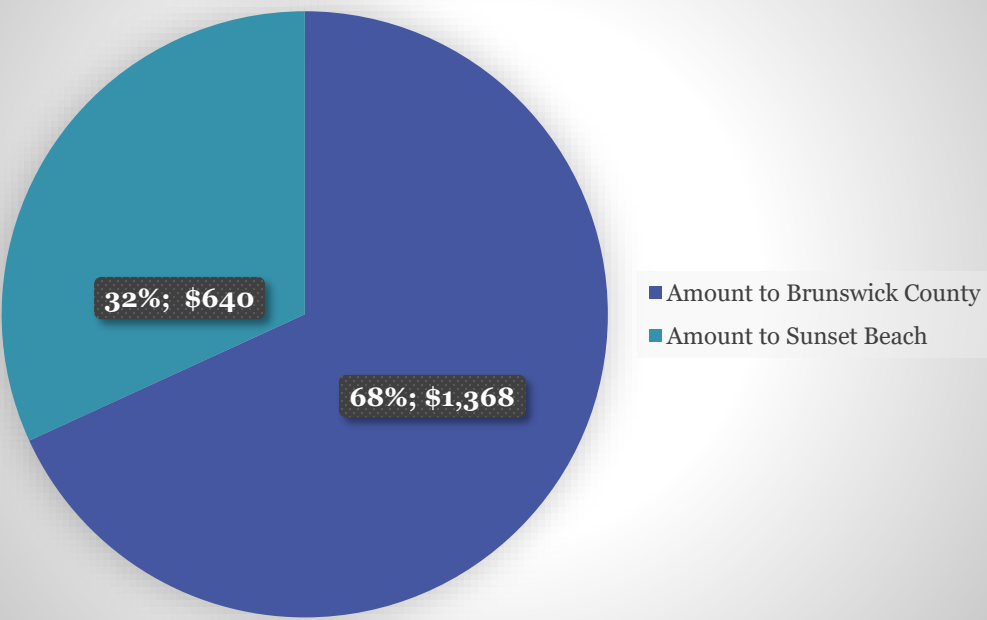


# Ad Valorem – Property Tax

- Ad Valorem Tax is the revenue we have control over.
- Ad Valorem tax makes up 44% of our Budget for FY 23/24.
- In our Budget vs Actual for FY 22/23, Ad Valorem was only 24% of our total Revenues.
- 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	0.3420	Home Value	\$ 400,000
Sunset Beach Tax	0.16	Total Annual Tax Bill	\$ 2,008
		Amount to Brunswick County	\$ 1,368
		Amount to Sunset Beach	\$ 640

# County Fire Fees

- Fire Fees Revenue can only be used for the Fire Department.
- The Fire Department operating costs are covered by Fire Fees.
- Fire Fee revenue increase over the years is not due to rate increase, but due to an increase in homes.
- The increase in homes is due to being able to include homes farther than 6 miles from fire station and new development.
- 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.

# 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 1.2% or \$116,000 in Revenues

# Sales & Use Tax

- County levies sales tax.
- Businesses remit sales tax to NCDOR.
- NCDOR allocates the sales 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 could lose approximately 28% of our Sales and Use Tax Revenue.
- Brunswick County would gain revenue from sales tax if they changed methods.
- This would be a loss of approximately \$520,000 from our budget. This would be approximately 1.94 cents in property taxes.

<b>BRUNSWICK</b>	<b>(PER CAPITA)</b>	152,515	65.32923%	\$ 163,283,215.00	75.95409%
	BALD HEAD ISLAND	292	0.12508%	\$ 9,055,510.00	4.21233%
	BELVILLE	2,522	1.08029%	\$ 284,659.00	0.13241%
	BOILING SPRING LAKES	6,424	2.75170%	\$ 1,688,343.00	0.78536%
	BOLIVIA	175	0.07496%	\$ 7,312.00	0.00340%
	CALABASH	2,208	0.94579%	\$ 315,892.00	0.14694%
	CAROLINA SHORES	5,197	2.22612%	\$ 667,535.00	0.31052%
	CASWELL BEACH	409	0.17519%	\$ 920,619.00	0.42824%
	HOLDEN BEACH	1,014	0.43434%	\$ 2,836,634.00	1.31951%
	LELAND	28,126	12.04767%	\$ 9,996,741.00	4.65016%
	NAVASSA	1,559	0.66779%	\$ 402,232.00	0.18711%
	NORTHWEST	833	0.35681%	\$ 212,627.00	0.09891%
	OAK ISLAND	9,346	4.00332%	\$ 10,276,299.00	4.78020%
	OCEAN ISLE BEACH	978	0.41892%	\$ 3,417,603.00	1.58976%
	ST JAMES	7,541	3.23016%	\$ 48,152.00	0.02240%
	SANDY CREEK	276	0.11822%	\$ 2,665,237.00	1.23978%
	SHALLOTTE	4,528	1.93955%	\$ 4,529,959.00	2.10719%
	SOUTHPORT	4,510	1.93184%	\$ 1,387,131.00	0.64525%
	SUNSET BEACH	4,465	1.91257%	\$ 2,952,211.00	1.37327%
	VARNAMTOWN	538	0.23045%	\$ 28,323.00	0.01317%
<b>TOTAL</b>		<b>233,456</b>	<b>100.00000%</b>	<b>\$ 214,976,234.00</b>	<b>100.00000%</b>



# 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.
- As we have seen in the past, there have been attempts to remove some of these revenues from Municipalities. The most recent attempt failed but was the attempt to remove the ABC Revenues.

# Permits and Fees

- Includes Fees Such As:
  - Building Inspections – These fees are restricted to be used only for the Inspections Department Expenditures.
  - 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 24% of our Revenues for Fiscal Year 2022-2023.
- The dollar amount was \$2,914,452, which includes Grant Funds, Loan Proceeds, Sale of Surplus, Donations, the transfer from ARP, etc.... We can't budget for these items as they are not guaranteed each year.
- This would equal approximately 10.8 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 waterfront 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

An area of caution for budgeting in Accommodations Tax is the shift from secondary homes to primary residences.

This typically generates approximately \$350,000 - \$400,000 transfer into General Fund.



## 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

**37 cents per \$100 valuation**



# Tax Rate Comparison – Brunswick County

Municipality or Entity	2016	2017	2018	2019	2020	2021	2022	2023	
Brunswick Count	0.485	0.485	0.485	0.485	0.485	0.485	0.485	0.342	Brunswick Count
Smithville Township	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	Towns with limited Services and no Police Department
Bolivia	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	
Varnamtown	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	
Calabash	0.0875	0.0875	0.0875	0.0875	0.0875	0.0875	0.0875	0.058	
St. James	0.05	0.05	0.05	0.06	0.06	0.06	0.06	0.06	
Carolina Shores	0.1016	0.1016	0.1016	0.1016	0.1016	0.1016	0.1016	0.1	
Belville	0.09	0.09	0.09	0.09	0.09	0.09	0.12	0.11	
Ocean Isle Beach	0.1875	0.1875	0.1875	0.1639	0.1639	0.1639	0.1639	0.1089	
Holden Beach	0.22	0.22	0.22	0.2	0.2	0.2	0.2	0.14	
Oak Island	0.29	0.31	0.31	0.28	0.28	0.28	0.28	0.16	
Sunset Beach	0.16	0.16	0.15	0.16	0.16	0.16	0.16	0.16	
Caswell Beach	0.22	0.24	0.24	0.24	0.24	0.27	0.28	0.17	
Boiling Spring Lakes	0.21	0.21	0.23	0.23	0.23	0.282	0.282	0.19	
Leland	0.1833	0.21	0.21	0.21	0.21	0.25	0.25	0.23	
Navassa	0.2	0.2	0.2	0.2	0.23	0.23	0.23	0.23	
Sandy Creek	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	
Northwest	0.24	0.24	0.24	0.24	0.24	0.24	0.27	0.27	
Southport	0.2456	0.2956	0.2956	0.2956	0.2956	0.2956	0.3956	0.275	
Shalotte	0.35	0.35	0.345	0.3525	0.3525	0.3525	0.3525	0.2876	
Bald Head Island	0.6663	0.6663	0.6863	0.6863	0.6863	0.6863	0.7213	0.5779	Bald Head Island with Zones
BHI MSD Zone A	0.7471	0.7471	0.7771	0.7771	0.7771	0.7771	0.8121	0.0668	
BHI MSD Zone B	0.7169	0.7169	0.7419	0.7419	0.7419	0.7419	0.7769	0.0383	

*Any Questions?*



**Thank You!!!**