

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



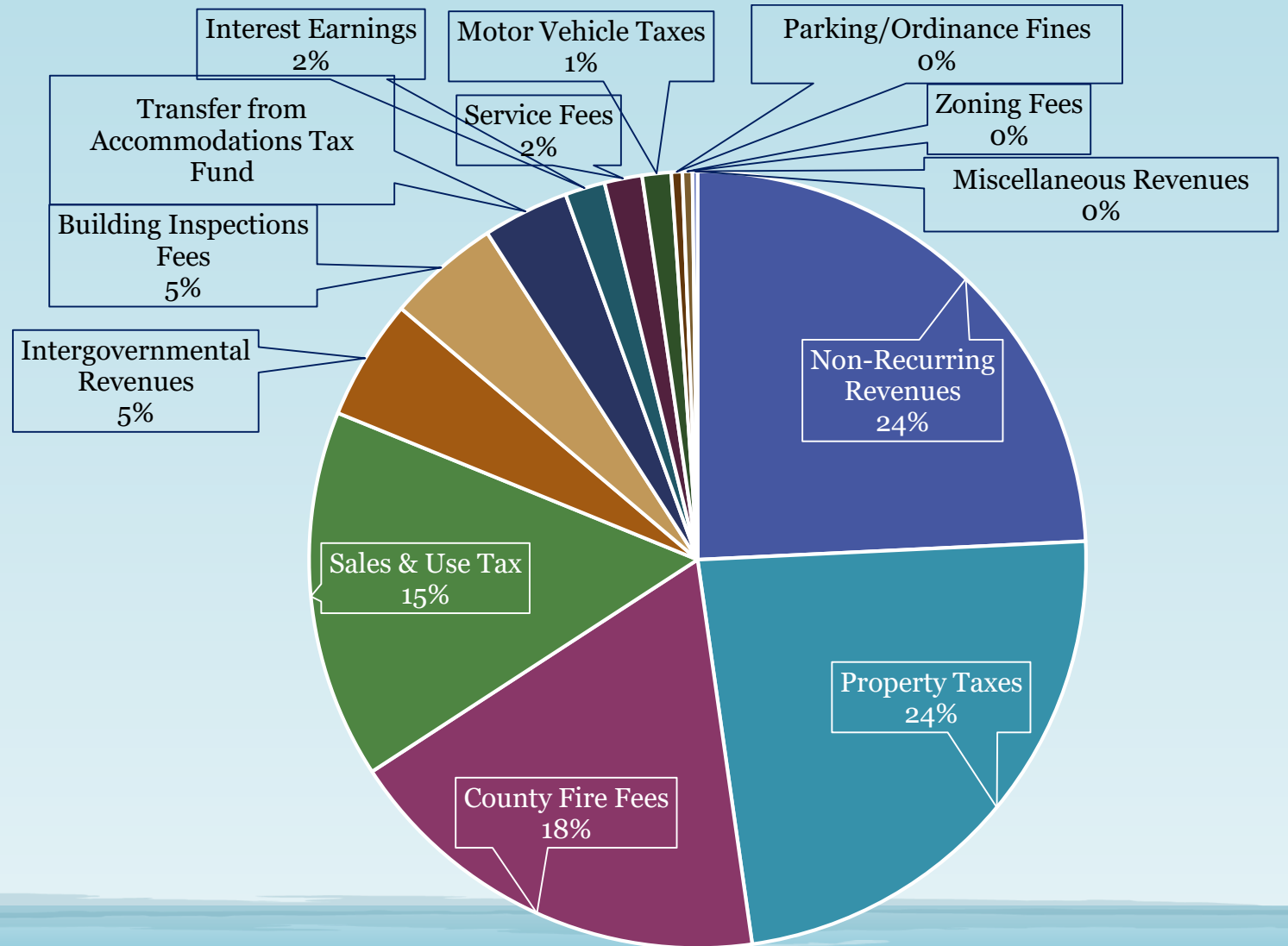
REVENUES

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 |

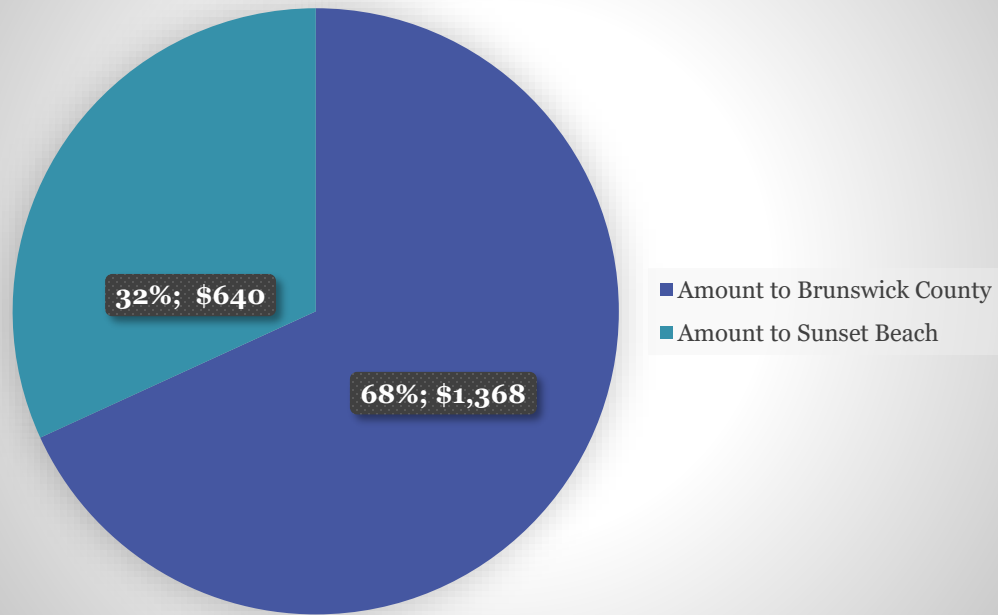


Ad Valorem – Property Tax

- 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.

| | | | | | |
|------------------|----------------------|----------------|-------------------|--------------------------|-------------------|
| BRUNSWICK | (PER CAPITA) | 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% |
| | TOTAL | 233,456 | 100.00000% | \$ 214,976,234.00 | 100.00000% |

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 | |
| Shallotte | 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!!!