



700 Sunset Boulevard North • Sunset Beach, NC 28468

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**Honorable Mayor, 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 a draft of the Proposed Budget Ordinance for the Town of Sunset Beach for the fiscal year beginning July 1, 2024, and ending June 30, 2025.

THE FUNDS OF THE BUDGET

General Fund

The General Fund contains the Town's general governmental services such as Governing Body, Administration, Finance, Public Infrastructure, Police, Fire, Planning & Zoning, Inspections, Streets, Stormwater, Sanitation, and Environmental Protection. The proposed General Fund operating budget for FY 2024-2025 totals \$10,625,741, which represents an increase of \$521,771 from the current fiscal year General Fund amended budget of \$10,103,970.

There is an appropriation of Fund Balance assigned to the Inspections Department included in the budget for FY 2024-2025 for the purpose of buying a truck for the Inspections Department.

Special Revenue Funds

The Town continues to account for restricted monies and those set aside for specific purposes through the use of four Special Revenue Funds. This method of accounting for these monies allows an extra level of accountability and transparency to show that tax or grant dollars are being used for their intended purposes.

The four Special Revenue funds included in the proposed budget 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 that are restricted by statute for uses related to Town-owned streets and sidewalks. A total of \$170,000 is budgeted for this fund. Of this amount, \$170,000 is estimated to be received in current revenues.

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- Sunset at Sunset Festival Fund
This fund accounts for the revenues and the direct expenditures that are generated by this annual Town event. The \$35,000 budget for this fiscal year budget is balanced with proposed festival revenues and an appropriation of their Fund Balance which equals the fund's planned expenditures.
- Accommodations Tax Fund
This fund houses the revenues from the three percent (3%) on gross revenues portion of the Town's Occupancy Tax. The expenditures from this fund offset the Town's cost for the provision of services to its seasonal tourist population. According to the enabling legislation, *S.L. 1997-364.12(a1)*, these funds are to be used for tourism-related expenditures. The act further defines the intended meaning of "tourism-related expenditures" to include "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". A total of \$775,000 is budgeted for this fund.
- Beach Erosion/Protection Fund
This fund accounts for the revenues from the two percent (2%) on gross rental revenues portion of the Town's Occupancy Tax. According to the legislation, these funds may only be used for beach re-nourishment and hurricane protection. This has been further defined by the state to also include the construction and maintenance of beach accesses and engineering expenditures related to beach nourishment or sand management. The total revenues and expenditures anticipated for this fund are \$530,000.

(As a note, the total of the Town of Sunset Beach's two occupancy taxes levied is 5%. The Town also collects an additional 1% on behalf of Brunswick County and those revenues are forwarded to the County monthly.)

Capital Reserve Funds

The Town has allocated a transfer of \$150,000 to the Capital Reserve Fund. This funding is intended to be used toward the purchase of a fire truck.

Capital Project Funds

The Town uses Capital Project Funds to account for projects that may span across fiscal years and result 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. Currently the Town has one Capital Project underway: the Shoreline Management and Pre-Dredge Analysis Project. In accordance with the Town's Fiscal Policy, the Capital Project Ordinance is separate from the Town's annual Operating Budget Ordinance as these Budgets typically span across fiscal years for the life of the Capital Project.

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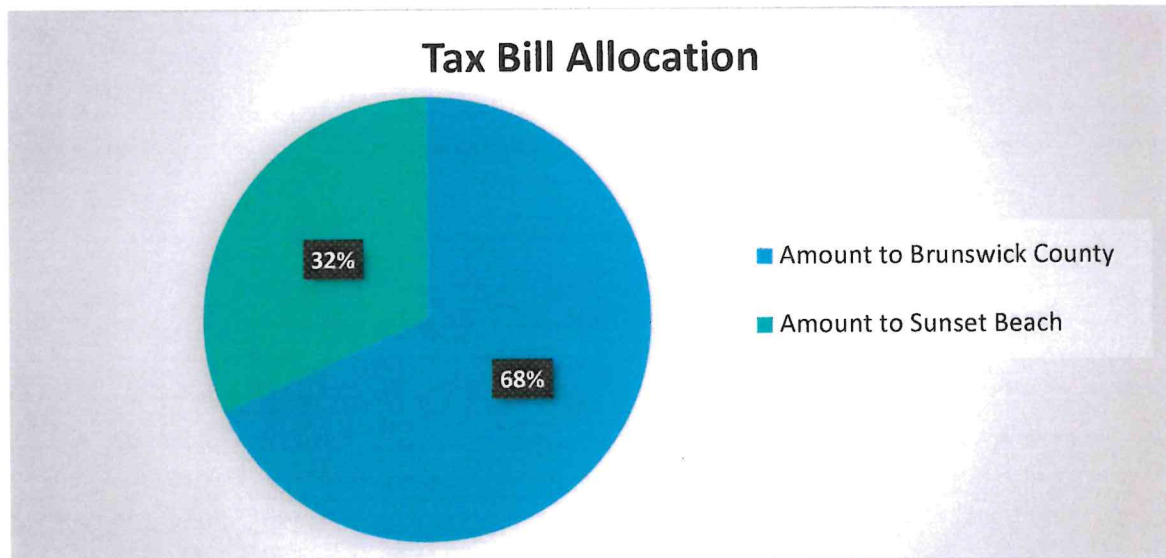
BUDGET OVERVIEW

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, staff review processes and programs to discover any cost efficiencies and any needed resources to continue to effectively carry out the programs while meeting governmental requirements.

The Tax Rate

North Carolina General Statutes require each county to conduct a Reappraisal at least once every eight years. Brunswick County conducts a Reappraisal every four years. The last Reappraisal was effective January 1, 2023. This proposed Fiscal Year 2024-2025 Town of Sunset Beach budget includes an Ad Valorem Tax rate of 16 cents per \$100 valuation. As of April 16, 2024, the estimated property valuation of \$2,852,243,468 creates revenues of approximately \$279,350 for each penny on the tax rate when applying the collection rate of 98%. Thus, a tax rate of 16 cents per \$100 valuation produces estimated ad valorem tax revenues of \$4,470,000.

The chart and information shown below is an illustration of how an individual's tax bill is allocated between Brunswick County and the Town of Sunset Beach.



Tax Rates

Brunswick County	0.342
Sunset Beach	0.160

Residential Tax Bill Breakdown

Example Home Value	\$300,000
Total Annual Tax Bill	\$1506
Amount to Brunswick County	\$1026
Amount to Sunset Beach	\$480

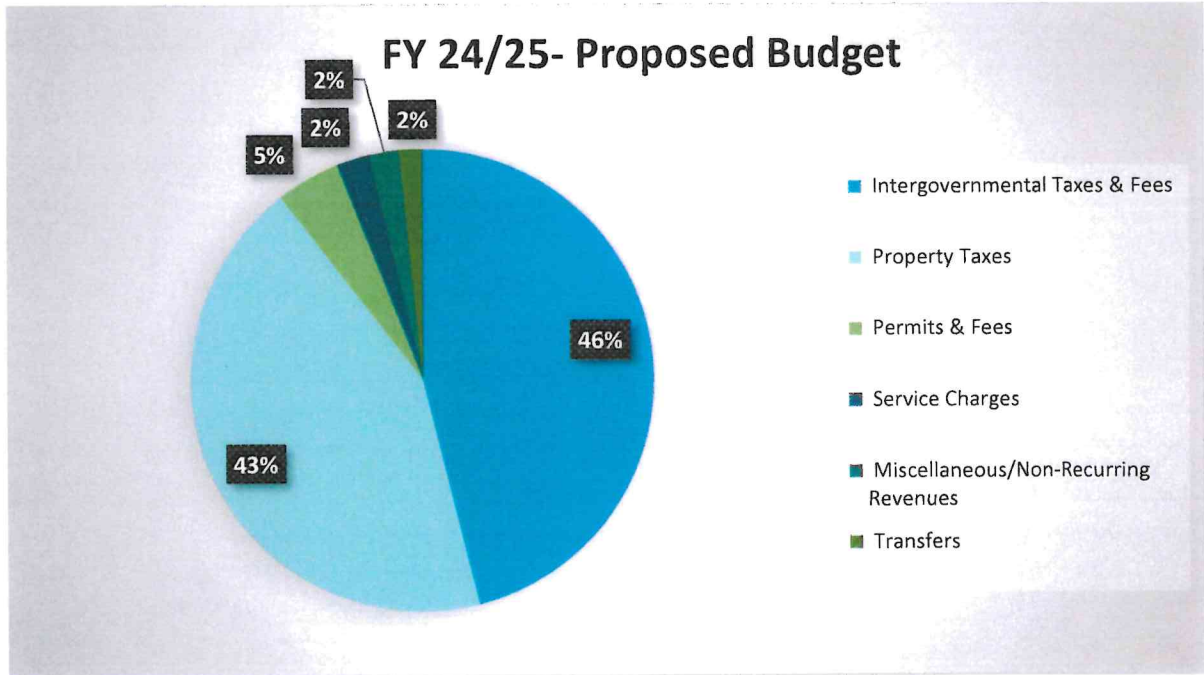
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In addition to property tax revenues and other various taxes and fees, the Town budget includes \$168,600 in interfund transfers. This includes a transfer for the reimbursement of expenditures from the Accommodations Tax Fund (Fund 21) to the General Fund for \$168,600 Public Safety expenditures (Police and Fire) and Public Works labor costs in the General Fund Streets budget associated with the seasonal Beach Trash pick-up.

Revenue Items

- Recommended Property Tax Revenue is based on the Ad Valorem Tax Rate of 16 cents per \$100 assessed valuation. There is no change from the prior year tax rate of 16 cents per \$100 assessed valuation.
- Each cent (\$0.01) on the real property tax rate is equivalent to approximately \$279,350, after adjusting for the tax collection rate.
- Sales and Use Taxes of \$1,890,000 are budgeted with an anticipated increase of \$40,000 from the current year’s budgeted revenues. The rate of increase in Sales & Use Tax has slowed significantly. This projection is based on the previous year and NC League of Municipalities reporting.
- Fire fees of \$2,500,000 reflect this year’s collection estimate from Brunswick County. The current year’s revenues include a 5% increase in the Fire Fee.
- Revenues in the Accommodations Tax Fund and the Beach Tax Fund are budgeted with no change, which reflects the current year’s trend.

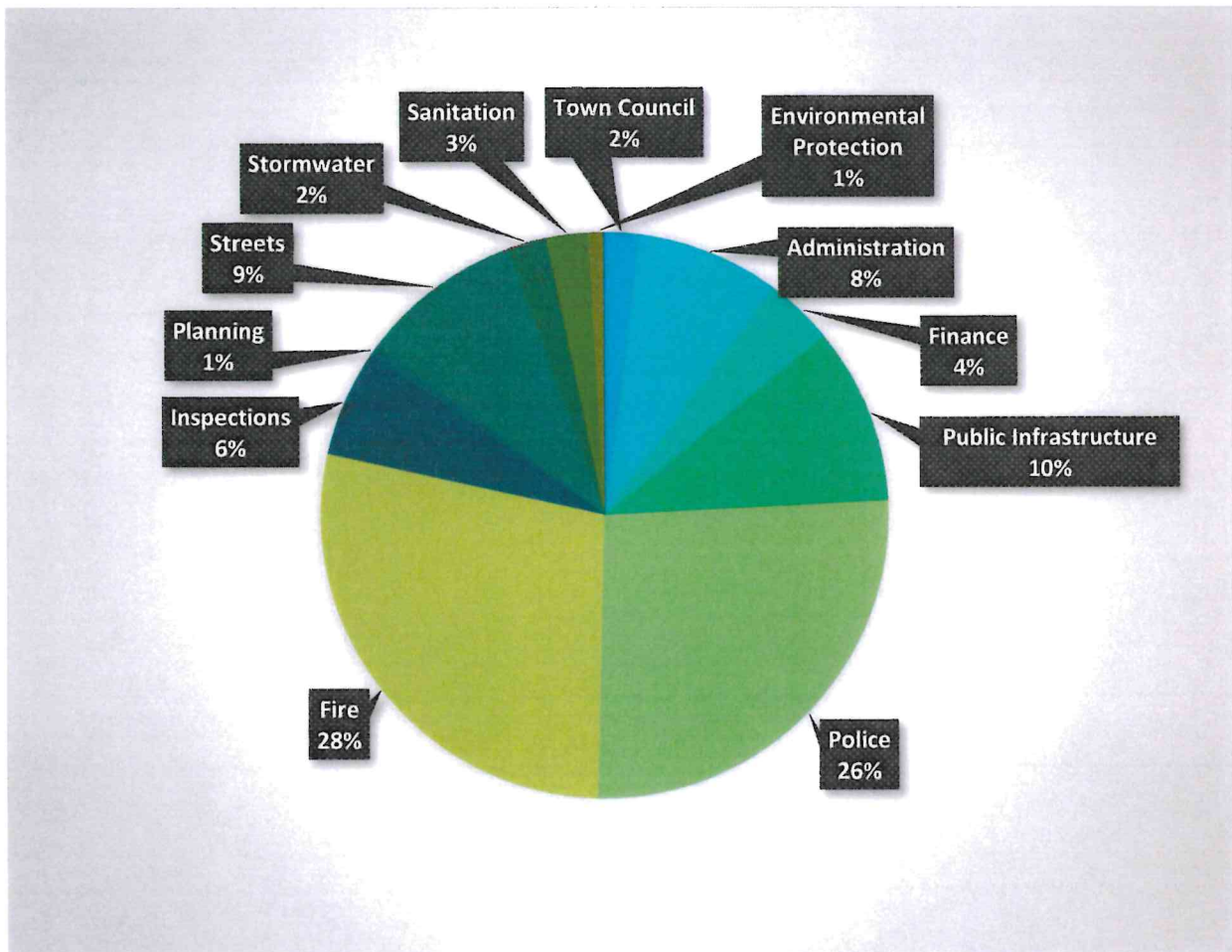


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Expenditure Items

- The Governing Board shows the removal of funds due to not being a municipal election year. This expense is related to the actual costs that the Town will reimburse to the County Board of Elections. There is also an allocation set aside for a transfer to a Capital Reserve Fund in this Department.
- The Public Infrastructure budget has a decreased budget, however there is still a budgeted amount for engineering and design for the following projects: Majestic Oak Park, Public Works, Town Hall improvements, etc....
- The Police Department budget includes capital expenditures and two new positions.
- The Fire Department budget includes capital expenditures and three additional positions.
- The Inspections Department budget includes the purchase of a truck.
- The Streets Department shows personnel being transferred to Public Works.
- The Stormwater Department will continue to follow the 10-year plan with the anticipation of early completion.
- The Planning Department includes the removal of full-time personnel and adds contracting with Cape Fear Council of Government.



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Capital/Asset Replacement Noteworthy Items

The recommended budget includes \$604,000 in Capital expenditures. This is comprised of the following:

- Public Infrastructure includes funding for Engineering and Design for potential upcoming projects.
- The addition of a fingerprint scanner at town hall, body cameras, and 3 replacement vehicles in the Police Department.
- The Fire Department has the funding for replacement of the boat, UTV replacement, and outfitting of a truck.
- The Inspections Department includes the purchase of a truck.

The Capital Improvements associated with the Town's Street Resurfacing Program is budgeted at \$340,000 by including \$160,000 in the General Fund Streets budget and another \$170,000 in the Powell Bill Fund budget. This would allow the costs of the street resurfacing program to be shared between Powell Bill's current revenues that are restricted for street purposes and the Town's Street Department.

The Capital Improvements associated with the Beach Tax Fund are budgeted in the amount of \$530,000. The Town of Sunset Beach contracted with an engineer to develop a planned beach access walkway maintenance and improvements schedule. The source of funds for these expenditures are the anticipated current revenues produced from the 2% occupancy tax, which are recorded in the Beach Tax Fund.

Staffing

The Town employs 63 full-time employees. The proposed budget does include additional full-time employees as well as the removal of a Full-Time position. The Administration Department is adding a Human Resource Position, the Police Department is adding 2 Full-Time positions, the Fire Department is adding three Full-Time positions, the Planning Department has removed a Full-Time position.

COLA/Merit/Bonuses

The Town recognizes the valuable contribution of its staff. Thus, a Cost-of-Living Adjustment has been included in this year's proposed budget of 4% with no merit. The proposed COLA results in an estimated salary increase of \$157,067. The Town has also included an annual bonus for full-time employees in an amount totaling \$29,500.

Benefits

The Town provides health, life, dental and vision benefits for its employees and it provides a 50% match to the employee for the cost of dependent health and dental insurances. The Town portion of these expenditures in the proposed budget totals \$614,630. No changes in employee benefits have been included in this proposed budget.

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Fee Schedule Changes

The Town's department heads have reviewed the Town's Fee Schedule to review existing fees and there are no suggestions for change at this time.

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 provide. This Budget Includes \$17,900 for non-profit funding.

Fund Balance

The difference from the Town's yearly revenues minus all annual expenditures results in the amount that is added to (or taken away from) the Town's Fund balance, or reserves, at the end of each fiscal year.

The Town has operated with Council direction to maintain a minimum available fund balance of 75% of General Fund expenditures. The Town continues to operate in a manner that seeks to ensure that fiscal resources are available to meet the Town's current and projected needs.

I would like to take this opportunity to thank Department Heads and staff who worked on and reworked their budget submittals and assisted in putting together the data to provide the Town's Proposed Budget. We look forward to working with you, the Town Council, as you consider this draft budget.

Respectfully submitted the 6th day of May 2024.



Tara L. Nichols
Finance Director/ Budget Officer

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Fiscal Year 2024-2025 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 3, 2024, 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, 2024, and ending June 30, 2025.

Section 1. GENERAL FUND

A. AUTHORIZED EXPENDITURES

General Government	\$2,574,663
Public Safety	\$6,481,432
Transportation	\$987,146
Environmental Protection	\$582,500
Total	\$10,625,741

B. ANTICIPATED REVENUES

Ad Valorem and Other Property Taxes	\$4,616,100
Local Option Sales Taxes	\$1,890,000
Fire District Fees	\$2,500,000
Other Intergovernmental Taxes & Fees	\$507,700
Permits & Fees	\$474,000
Service Charges	\$239,900
Grants & Donations	\$1,500
Assessments	\$0
Investment Interest	\$165,341
Miscellaneous	\$12,000
Transfers To/From Other Funds	\$168,600
Appropriation From Fund Balance	\$0
Appropriation From Fund Balance- Inspections	\$50,600
Total	\$10,625,741

Fiscal Year 2024-2025 Budget Ordinance

Section 2. POWELL BILL FUND

A. AUTHORIZED EXPENDITURES

Powell Bill Expenditures \$ 170,000

B. ANTICIPATED REVENUES

Powell Bill Revenues \$ 170,000
Investment Interest \$ 0
Appropriation of Powell Bill Fund Balance \$ 0
Total \$ 170,000

Section 3. SUNSET AT SUNSET FUND

A. AUTHORIZED EXPENDITURES

Festival Expenditures \$ 35,000

B. ANTICIPATED REVENUES

Festival Revenues \$ 25,000
Appropriation of Sunset at Sunset Fund Balance \$ 10,000
Total \$ 35,000

Section 4. ACCOMMODATIONS TAX FUND

A. AUTHORIZED EXPENDITURES

Tourism-Related Expenditures \$ 775,000

B. ANTICIPATED REVENUES

3% Occupancy Tax Revenues \$ 775,000

Section 5. BEACH EROSION/PROTECTION FUND

A. AUTHORIZED EXPENDITURES

Beach Nourishment & Protection Expenditures \$ 530,000
Reserve for Future Expenditures \$ 0
Total \$ 530,000

B. ANTICIPATED REVENUES

2% Occupancy Tax Revenues \$ 530,000
Investment Interest \$ 0
Total \$ 530,000

Section 6. AD VALOREM TAX RATE

There is hereby levied a tax at the rate of sixteen cents (\$0.16) per one hundred dollars valuation of property as listed for taxes as of January 1, 2024, 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 \$2,852,243,468, and an estimated rate of collection of 98%.

Section 7. AUTHORIZATIONS AND INSTRUCTIONS

A. TRANSFER OF FUNDS

The Finance Director is hereby authorized to transfer appropriations as contained herein under the following conditions:

The Finance Director may transfer amounts between line-item expenditures within a department without limitation, as long as the department is not overspent and without a report being required.

The Finance Director may transfer amounts up to \$10,000 between departments, including contingency appropriations, within the same fund. These changes should not result in recurring obligations such as salaries. The Finance Director must make an official report on such transfers at the next regular meeting of the Governing Board.

The Finance Director 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 Finance Director 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 reported to 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 Finance Director for the direction in disbursement of funds.

Adopted this 3rd day of June 2024.

TOWN OF SUNSET BEACH

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Tara Nichols, Finance Director

Shannon Phillips, Mayor

ATTEST:

Lisa Anglin, Town Clerk