



Town of Holden Beach
Budget Message
Fiscal Year 2019-2020

Table of Contents

Part I:

A: Executive Summary

B: Budget Schedule

C: Board of Commissioner's Goals and Objectives

D: Proposed Budget by Fund Fiscal Year 2019-2020

E: Fiscal Year 2019-2020 Proposed Budget Governmental Expenses

Part II:

A: Budget Message

Part III

A: Capital Improvement Plan

Part IV:

A: Attachments

Executive Summary

The Town of Holden Beach's executive summary is a snapshot of the overall town and its budget development.

Holden Beach strives to uphold a "family beach" atmosphere while maintaining our year round resident's needs. In doing so, the Town prides itself on taking initiatives to make "life at the beach" complete by proposing and adopting an annual budget that includes all of those who enjoy the beautiful nine mile stretch of beach.

The following document is meant to serve the public as a way to understand the process and adoption of the Town's annual budget.

Holden Beach has four main governmental funds and three capital reserve funds: General, Water & Sewer, Beach, Parks, Access and Recreation Tourism and Canal Dredging. Each fund is represented in the following pages with detailed revenues and expenditures needed for the upcoming fiscal year. The budget year starts July 1, 2019 and ends June 30, 2020.

The General Fund budget serves to finance daily and long-term operations and infrastructure of the town. This includes administration, police department, building and inspections as well as sanitation and streets.

The Water and Sewer Fund is an enterprise, business type fund that finances the daily administration and operations of the water and sewer department.

The Beach, Parks, Access and Recreation Tourism Fund (BPART) has a purpose to fund and maintain beach preservation and tourism related expenses.

Both Capital Reserve Funds included in the water/sewer department will be used for water/sewer capital projects in the coming years.

The Beach Re-nourishment and Inlet Management fund will serve to provide funding for future year inlet maintenance and beach nourishment projects.

B. Budget Schedule Fiscal Year 2019-2020

- February 5—BOC Workshop Goals/ Capital Programs
- February 15—Canal Dredging Working Group, PRAB, IBPB
- February 22—Department input to Manager
- March 7—Revenue/ Expense Workshop
- March 21—Revenue/ Expense Workshop
- March 28—Revenue/ Expense Workshop
- April 12—Revenue/ Expense Workshop
- April 19—Revenue/Expense Workshop
- May 6-10—Budget Message
- June 18—Regular Board Meeting- Ordinance consideration
- July 1—Budget adopted

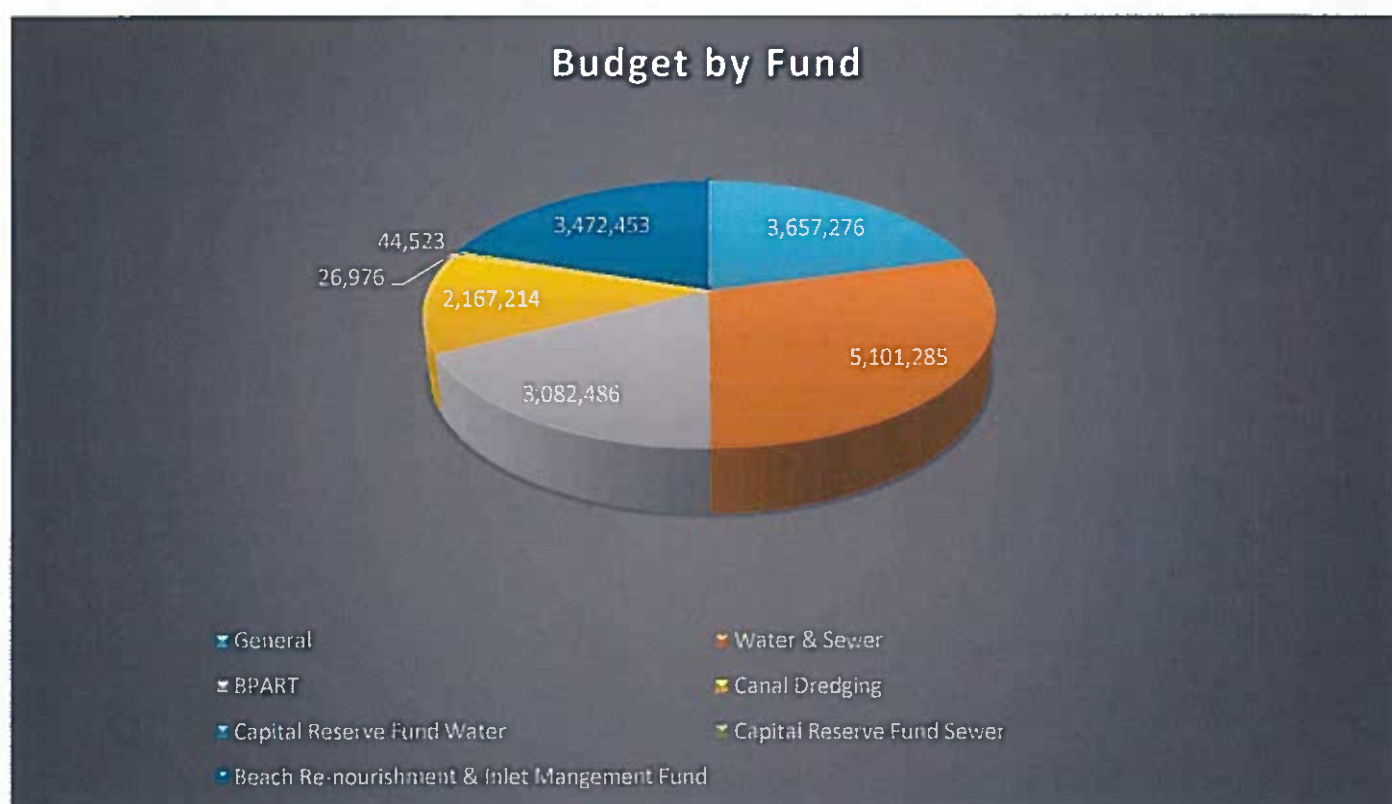
C. Board of Commissioners Goals and Objectives

At the April 19, 2019 budget workshop, the Board of Commissioners narrowed down their goals and objectives to a top ten. Listed below are their top goals for the Fiscal Year 2019-2020.

- No new taxes
- No annual debt and no tax increase
- Increase BPART/ Fund Balance and the General Fund Balance
- Create a short term beach re-nourishment plan
- \$10 million for 10 years - Central Reach
- Look at a communications plan
- Advocacy – sand fund strategy and supporting documents
- Focus on advocacy in general
- The Board has to look at and come up with plan about the long term expenditures for all of the various dredging projects in the Lockwood Folly
- Improve the community rating score

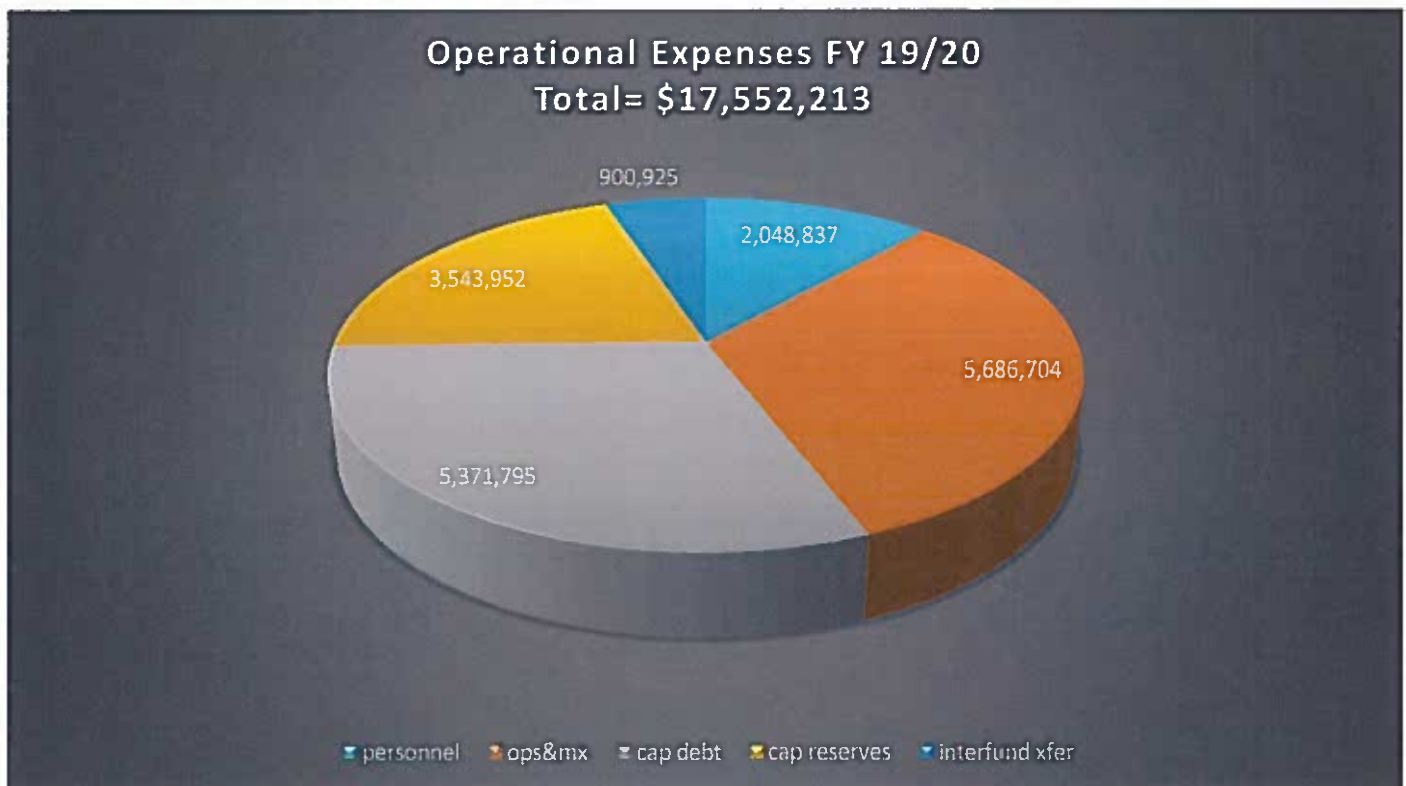
D. Proposed Budget by Fund

General	3,657,276
Water & Sewer	5,101,285
BPART	3,082,486
Canal Dredging	2,167,214
Capital Reserve Fund Water	26,976
Capital Reserve Fund Sewer	44,523
Beach Re-nourishment & Inlet Management Fund	3,472,453
Total	17,552,213



E. Proposed Total Budget Government Wide Expenses

Personnel	2,048,837
Ops & Maintenance	5,686,704
Capital Debt	5,371,795
Capital Reserves	3,543,952
Interfund Transfers	900,925
Total	17,552,213



Interfund transfers are represented as \$576,169 being transferred to the BPART fund from the General fund to offset the Central Reach debt payment. Additionally \$230,576 is transferred from the General Fund to the Beach Re-nourishment fund. An interfund transfer in the amount of \$40,000 will be transferred from the Water/Sewer fund to corresponding water and sewer Capital Reserve Funds. Lastly, \$54,180 will be transferred to the General Fund from the Canal Dredging SRF to cover administrative costs for maintaining the program

Part II:

Proposed Budget Detail

The Town of Holden Beach Budget for the Fiscal Year beginning July 1, 2019 and ending June 30, 2020 is herewith presented in accordance with the North Carolina Local Government Budget and Fiscal Control Act.

Tax Rate

In Fiscal Year 2019-2020, a tax rate of twenty two cents per one hundred dollars of valuation is proposed to be levied at a ninety eight point sixty four percent collection rate on an estimated tax base of one billion three hundred twenty five million three hundred seventy eight thousand two hundred and fifty dollars. The tax rate of ninety eight point sixty four percent is used to calculate the estimated tax revenue as the actual rate during the prior year ending June 30, 2018. The estimated tax base reflects the most recent available property valuations from the Brunswick County Tax Appraiser.

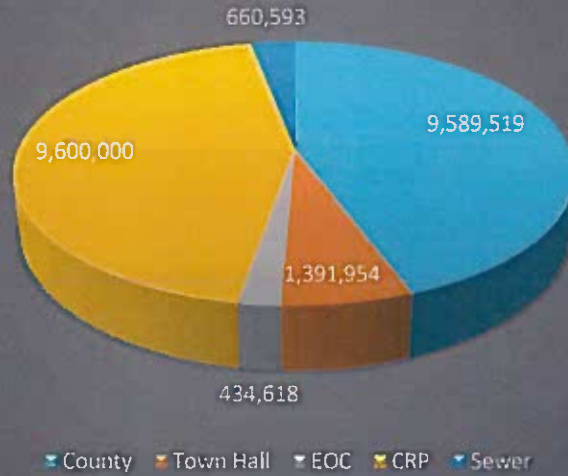
Revenue Neutral

NCGS 159.11 (e) defines the revenue neutral tax rate and requires that it be included in the proposed budget submitted by the budget officer to the governing board “for comparison purposes” in reappraisal years. NCGS 159.11 (e) states, “In each year in which a general reappraisal of real property has been conducted, the budget officer shall include in the budget, for comparison purposes, a statement of the revenue-neutral property tax rate for the budget. The revenue-neutral property tax rate is the rate that is estimated to produce revenue for the next fiscal year equal to the revenue that would have been produced for the next fiscal year by the current tax rate if no reappraisal had occurred. To calculate the revenue-neutral tax rate, the budget officer shall first determine a rate that would produce revenues equal to those produced for the current fiscal year and then increase the rate by a growth factor equal to the average annual percentage increase in the tax base due to improvements since the last general reappraisal. This growth factor represents the expected percentage increase in the value of the tax base due to improvements during the next fiscal year. The budget officer shall further adjust the rate to account for any annexation deannexation, merger, or similar event.” As per NCGS 159.11, the revenue neutral tax rate for the Town of Holden Beach would be twenty cents per one hundred dollars of valuation resulting in a revenue of two million six hundred eighty nine thousand seven hundred and sixty dollars.

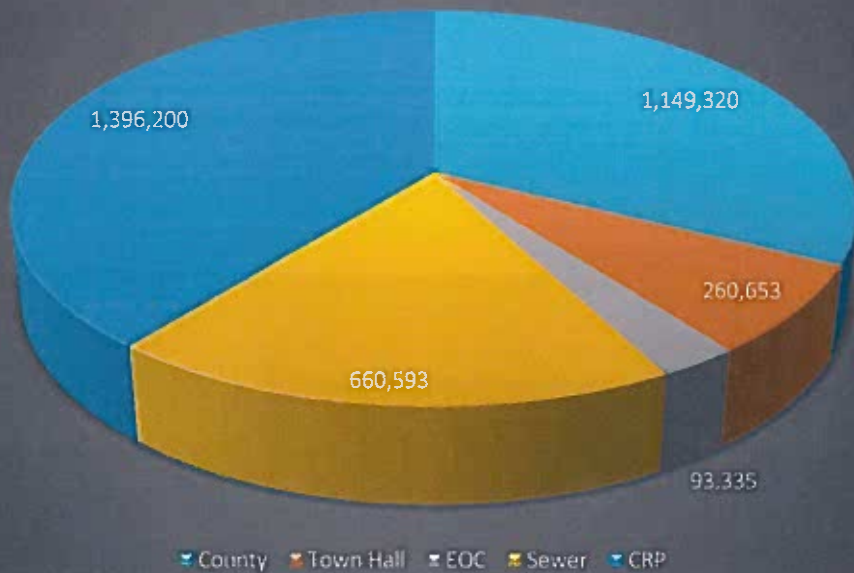
Debt Service

- The outstanding net debt cannot exceed the NC Statutory Limit of 8% of the total assessed value of taxable property with the Town’s official limits.
- The legal debt margin for the Town as of June 30, 2018 was \$106,030,260.
- As of June 30, 2019 the total outstanding debt amount is \$21,676,684.
- The FY19-2020 budget year has debt payment obligations of \$3,560,101.

Debt Obligations as of 30 June 2019 \$21,676,684



FY 2019/2020 Debt Obligations Total = \$3,560,101



Town Hall: The town's debt service payment of two hundred sixty thousand six hundred and fifty three dollars on an installment financing agreement with BB&T for the Town Hall will be made in March of 2020 from the General Fund. Subsequent balance due will be one million three hundred and ninety-one nine hundred and fifty four dollars. The remaining amortization schedule is:

Fiscal Year	Principal	Interest	Total	Balance
2019/2020	200,000	60,653	260,653	1,391,954
2020/2021	200,000	53,033	253,033	1,191,954
2021/2022	200,000	45,413	245,413	991,954
2022/2023	200,000	37,793	237,793	791,954
2023/2024	200,000	30,173	230,173	591,954
2024/2025	200,000	22,553	222,553	391,954
2025/2026	200,000	14,933	214,933	191,954
2026/2027	191,954	7,313	199,267	0

Public Works and Emergency Operations Center: The annual debt service payment for the Town's Public Works and Emergency Operations Center of ninety three thousand three hundred thirty four dollars on an installment financing agreement with BB&T will be made in July 2019 from the Water/Sewer Fund. Subsequent balance due will be four hundred and thirty four thousand six hundred and eighteen. The remaining amortization schedule is:

Fiscal Year	Principal	Interest	Payment	Balance
2019/2020	80,860	12,474	93,334	434,618
2020/2021	82,817	10,517	93,334	351,800
2021/2022	84,821	8,513	93,334	266,979
2022/2023	86,874	6,460	93,334	180,105
2023/2024	88,976	4,358	93,334	91,129
2024/2025	91,129	2,505	93,334	0

Sewer Collection System: The town has two installment financing agreements with BB&T for the construction of its town wide sewer collection system. The annual debt service payment in the amount of four hundred fifty thousand six hundred and ninety one dollars for the Sewer Collection System Agreement One will be made in January 2020 from the Water/Sewer Fund. The remaining amortization schedule is:

Fiscal Year	Principal	Interest	Total	Balance
2019/2020	441,368	9,324	450,691	0

Sewer Collection System Agreement Two; the annual debt service payment in the amount of two hundred and nine thousand nine hundred and one dollars will also be made in January 2020 from the Water/Sewer Fund. The remaining amortization schedule is:

2019/2020	205,558	4,342.43	209,901	0.00
-----------	---------	----------	---------	------

Collectively these two BB&T Sewer Collection System Installment Financing Agreements' debt service payments represent an annual obligation of six hundred sixty thousand five hundred and ninety two dollars. The remaining combined amortization schedule is:

Fiscal Year	Principal	Interest	Total	Balance
2019/2020	646,926	13,666	660,592	0

Sewer Transmission and Treatment Facilities: In Fiscal Year 19/20 a contractual obligation of an estimated one million one hundred forty nine thousand three hundred twenty dollars is owed to Brunswick County for the Town's portion of the West Brunswick Regional Wastewater Facility whose total financed construction cost of twenty five million one hundred ninety four thousand nine hundred forty two dollars was underwritten by Brunswick County and funded by a combination (subsequently restructured and reflected accordingly herein) of a 2004A Series Revenue Bond issue, a 2004 State Revolving Fund Loan and a 2005 State Revolving Loan. Approximately one fourth of this obligation comes due in November of each year with the residual payable in March. This contractual obligation gradually decreases to one million one hundred twenty seven thousand one hundred seven dollars by Fiscal Year 2025/2026 at which time the Town's contractual obligations are programmed to decrease by approximately one half to approximately five hundred forty thousand dollars annually for an additional three fiscal years. Remaining payment schedules are:

Revenue Bonds Series 2004A

Fiscal Year	Principal	Interest	Total
2019/2020	345,029	196,077	541,106
2020/2021	357,576	182,276	539,852
2021/2022	372,631	169,384	542,015
2022/2023	386,433	153,946	540,379
2023/2024	406,507	134,624	541,131
2024/2025	425,327	115,553	540,880
2025/2026	446,656	94,287	540,943
2026/2027	469,240	71,954	541,194
2027/2028	493,078	48,492	541,570
2028/2029	514,407	25,720	540,127

2004 State Rev Fund (05/04/04)

Fiscal Year	Principal	Interest	Total
2018/2019	349,245	66,577	415,822
2019/2020	356,946	58,876	415,822
2020/2021	364,816	51,005	415,821
2021/2022	372,861	42,961	415,822
2022/2023	381,082	34,740	415,822
2023/2024	389,485	26,337	415,822
2024/2025	398,073	17,749	415,822
2025/2026	406,851	8,971	415,822

2005 State Rev Fund (08/03/04)

Fiscal Year	Principal	Interest	Total
2019/2020	166,667	25,725	192,392
2020/2021	166,667	22,050	188,717
2021/2022	166,667	18,375	185,042
2022/2023	166,667	14,700	181,367
2023/2024	166,667	11,025	177,692
2024/2025	166,667	7,350	174,017
2025/2026	166,667	3,675	170,342

Town's Total County Sewer Debt Obligation

Fiscal Year	Principal	Interest	Total
2019/2020	868,642	280,678	1,149,320
2020/2021	889,059	255,331	1,144,390
2021/2022	912,159	230,720	1,142,879
2022/2023	934,182	203,386	1,137,568
2023/2024	962,659	171,986	1,134,645
2024/2025	990,067	140,652	1,130,719
2025/2026	1,020,174	106,933	1,127,107
2026/2027	469,240	71,954	541,194
2027/2028	493,078	48,492	541,570
2028/2029	514,407	25,720	540,127

Central Reach Capital Project

In Fiscal year 16/17 Town underwent the largest sand placement project in the history of Holden Beach. It placed approximately one million three hundred thousand cubic yards of sand along four miles of beach strand from 240 Ocean Boulevard East to 781 Ocean Boulevard West and advanced the shoreline sixty to eight feet seaward. The project was partially debt financed with a Special Obligation Bond issued by PNC in the amount of twelve million dollars, which is secured by the pledge of the Town's state revenue distributions and an escrow account held by Brunswick County in accordance with an underwriting town/county interlocal agreement. The debt service obligation will be made from the BPART fund in the amount of one million three hundred ninety six thousand two hundred dollars. Below is the amortization schedule.

Fiscal Year	Principal	Interest	Payment	Balance
FY 2019/2020	1,200,000.00	196,200.00	1,396,200.00	8,400,000.00
FY 2020/2021	1,200,000.00	170,040.00	1,370,040.00	7,200,000.00
FY 2021/2022	1,200,000.00	143,880.00	1,343,880.00	6,000,000.00
FY 2022/2023	1,200,000.00	117,720.00	1,317,720.00	4,800,000.00
FY 2023/2024	1,200,000.00	91,560.00	1,291,560.00	3,600,000.00
FY 2024/2025	1,200,000.00	65,400.00	1,265,400.00	2,400,000.00
FY 2025/2026	1,200,000.00	39,240.00	1,239,240.00	1,200,000.00
FY 2026/2027	1,200,000.00	13,080.00	1,213,080.00	0.00

General Fund Balance

“Fund Balance Available” is the statutory concept that describes the amount of funds local governments have available at the end of a fiscal year to be appropriated in the next fiscal year. It is constructed as a way to prevent units of government from appropriating funds that they have not yet received in cash form. It is essential that the Town as an ad valorem tax-levying entity maintain an adequate amount of fund balance available to meet its cash flow needs during the months in its revenue cycle when outflows exceed inflows. Property tax revenues are a major source of revenue in the General Fund, and are typically not received until the latter months of the calendar year. Therefore, the Town must maintain reserves on hand in the form of fund balance available for appropriation at June 30th to prevent it from experiencing cash flow difficulties during the first two quarters of the next fiscal year.

The “General Fund Balance Ratio” is a gross measurement comparing General Fund revenues on hand at the end of the current fiscal year with General Fund obligations for the upcoming budget year. While legally available to be appropriated, 100% of fund balance available may not be available to support all of a local government's operations or may have already been committed by the governing board. The required Fund Balance ratio is eight percent as established by the North Carolina Local Government Commission and represents 30 days of General Fund expenses. Using the 8% metric as a target rather than the absolute minimum could have devastating impacts on the Town due to its small size and exposure to coastal storm damages. Across the state, the average fund balance available (47%) is maintained by all municipalities including Holden Beach.

As a benchmark, population group averages can be used to gauge the risk of inadequate cash flow. The average fund balance available as of 30 June 2018 for NC Towns with populations of 500-999 was 132% with a median of 100%. While the population group average is a reasonable target for most units within the same group, the Local Government Commission specifically recognizes local governments on the coast as entities that may wish to consider maintaining a higher percentage than their peer group and furthermore recommends at least maintaining fund balance at or close to the current average level for the relevant population cohort.

It is estimated the Town's General Fund Balance on 30 June 2019 will be one million seven hundred ninety eight thousand and eighty six dollar. The result is an estimated General Fund balance ration of fifty nine percent.

Accordingly, this is significantly lower than other similar sized North Carolina municipalities. The determination of an appropriate fund balance ratio is often aided by calculating a more refined representation of the General Fund's balance capabilities by derivation of the unassigned fund balance or "Working Capital". Working Capital serves to more succinctly articulate the Fund's attributes; in turn providing for better decision making. A short summary of the Working Capital calculation is depicted below:

1,798,086	Estimated Fund Balance 30 June 2018
292,582	8% stabilization by statute
-	Appropriated Fund Balance
34,684	Powell Bill
260,564	General government debt
1,572,019	Working Capital

Working Capital represents forty three percent of the proposed 2019-2020 General Fund expense budget. Site visits by and communications with the Local Government Commission staff suggest that an unassigned fund balance range of 40-70 % is probably an appropriate policy target for the Town of Holden Beach given the particulars of its Enterprise and Special Revenue Funds.

State Distributed Revenues

State distributed revenues are revenue sources that are determined by the state and based on North Carolina's current economic climate. According to NC League of Municipalities, revenue projections for Fiscal Year 2019-2020 reflect a "short-term prognosis for the economy, and, in turn, local revenues affected by the economy, are relatively positive." State revenues included in the Town's budget are Local Sales Tax, Powell Bill, Utility Tax, Franchise Tax, Telecommunications Tax, Solid Waste Disposal, Beer and Wine, and Local Video Programming.

Town Collected Revenues – Selected Town collected revenues of note are briefly discussed as follows:

Building and Inspections Fees.

The Town collects revenue for fees associated with construction on the island. General Building, Electrical, Plumbing, Mechanical (Heating and Air) in addition to Coastal Area Management Act (CAMA) permits generate revenue as a result of site specific building at Holden Beach. All of these revenues are projected to stay constant and in line with last year. There may be a slight increase due to a healthy construction industry.

Recycling.

Based on a request for a recycling service county wide, Waste Industries has been able to offer curbside recycling within the Town's corporate limits. This service is provided via a ninety gallon cart that is picked up every other Tuesday and weekly during the summer months for an annual price of eighty two dollars and forty eight cents. The Town serves as an intercessionaire and collects the fees for Waste Industries.

General Fund:

This year a five hundred seventy six thousand one hundred and sixty nine dollar interfund transfer of ad valorem tax from the General Fund to BPART in order to provide partial funding for the Central Reach Project debt service. Another contribution equaling two hundred thirty thousand five hundred seventy six dollars of ad valorem tax is transferred to the Beach Re-nourishment and Inlet Management capital reserve fund for future sand projects. Additionally a transfer of fifty four thousand one hundred and eighty dollars from the Canal Dredging Fund to the General Fund is made in recognition of program support costs incurred by the General Fund.

The following table represents estimates of the projected revenues based on the proposed tax rate, proposed fees and the most recent actual revenues received to date.

GENERAL FUND REVENUES

CREDIT CARD SITE FEE GENERAL	1,000
AD VAL TAXES - CURRENT	2,876,177
AD VAL TAXES - PRIOR	19,000
VEHICLE TAXES	16,000
PNLTY & INT - AD VAL TAX	6,000
VEHICLE STICKERS	2,000
TAX PMTS TO BE REFUNDED	100
MISCELLANEOUS	7,000
SIDEWALK DEPOSIT	500
PLUMBING SCREEN SALES	150
BLUE CAN HOME RECYCLING	29,115
UTILITIES FRANCHISE TAX	155,000
SALES ON TELECOMM-UTIL FR	8,000
SALES TAX ON VIDEO PROGRM	37,000
BEER &/OR WINE TAX	2,600
POWELL BILL	34,000
LOCAL SALES & USE TAX	165,000
CAMA CONTRACT	3,000
COURT COSTS	200
PARKING VIOLATIONS	500
ORDINANCE VIOLATIONS	1,200
Mosquito Contract	1,250
BUILDING PERMITS	150,000
CAMA PERMITS	4,400
ZONING FEES	8,849
ELECTRICAL INSPECTION	22,786
MECHANICAL INSPECTION	26,099
PLUMBING INSPECTIONS	11,780
ADMINISTRATIVE FEE-INSP	840
HOMEOWNERS RECOVERY FUND	350
REINSPECTION FEE	200
SALES TAX REFUND	7,500
DEMOLISH PERMIT	400
SALE OF TOWN FLAGS	100
SALE OF FIXED ASSETS	5,000
Transfers from SRF Canal Dredging	54,180
Total for Revenue	<u>3,657,276</u>

General Fund Expenditures

The following table summarizes general fund departmental expenses.

FY 19-20

GOVERNING BODY	1,265,947
ADMIN	663,825
POLICE	816,459
INSPECTION	337,515
PUBLIC WORKS	411,110
SANITATION	162,421
Total Expense	<u>3,657,276</u>

A brief description of changes to departmental expenses precedes each of the following departmental expense charts.

Governing Body – The governing body expense budget includes live streaming services for BOC meetings, a satellite phone for hurricane emergencies and an increase in the operational contingencies line for hurricane preparedness.

GOVERNING BODY EXPENSES

SALARIES - MAYOR AND COMMISSIONERS	7,800
PROFESSIONAL SERVICES	68,000
GOVERNING BODY - FICA	600
COMMUNICATIONS	27,220
PUBLIC RELATIONS	1,500
COMMUNITY EVENTS	1,500
TRAVEL	2,000
AB-TRAVEL & TRAINING	2,000
HURRICANE PREPARATION	4,518
DECORATIONS	500
ADVERTISING	750
AB-ADVERTISING MEETINGS	500
HOLDEN BEACH FLAG	500
AB-SUPPLIES & MATERIALS	1,500
OPERATIONAL CONTINGENCIES	10,000
NEW TOWN HALL DEBT SERVICE	260,564
New Town Hall Ops, Maint and Repair	55,000
CONTRIBUTIONS	14,750
TRANSFER TO BPART FUND	576,169
TRANSFER TO BEACH RE-NOURISHMENT FUND	230,576

Total **1,265,947**

Administration Department – In the upcoming fiscal year, there continue to be no new operating expenses again for Fiscal Year 19-20.

ADMINISTRATION EXPENSES

SALARIES	334,785
SALARIES - OVERTIME	3,859
FICA	27,628
GROUP INSURANCE	73,391
RETIREMENT	30,309
401K EMPLOYERS MATCH	14,353
COMMUNICATIONS	50,000
PRINTING	6,000
TRAVEL & TRAINING	8,000
M & R - EQUIPMENT	3,500
ADVERTISING	1,000
DEPT SUPPLIES & MATERIALS	5,500
UNIFORMS	1,000
REWARDS AND WELLNESS PRGR	2,000
SAFETY PROGRAMS ALL DEPTS	1,500
CONTRACTED SERVICES	18,000
DUES & SUBSCRIPTIONS	4,000
INSURANCE & BONDS	59,000
EQUIPMENT	20,000
Total	<u>663,825</u>

Police Department –new expenses shown are new uniforms and equipment for nine police officers, two new vehicles and a computer voice stress analyzer.

POLICE EXPENSES

SALARIES	377,801
SALARIES - OVERTIME	30,000
FICA	28,953
GROUP INSURANCE	102,748
RETIREMENT	39,557
PD EMPLOYER'S 401K CONTRIBUTION	19,500
COMMUNICATIONS	27,500
TRAVEL & TRAINING	7,000
COMMUNITY WATCH	500
M & R - EQUIPMENT	2,500
M & R - VEHICLES	11,900
GAS, OIL & TIRES	22,000
DEPT SUPPLIES & MATERIALS	5,000
UNIFORMS	27,000
POLICE INOCULATIONS	500
EQUIPMENT	5,000
CAP OUTLAY-VEHICLES&EQUIP	107,000
PD CARS-ACCIDENT REPAIRS	2,000
Total	816,459

Planning and Inspections – A new Inspections vehicle is requested and an increase in training is due to continuing education and more training. The Beach Ranger program is expanding and is supervised by the Inspections Director. Funds for this program continued to be expensed out of the BPART fund.

INSPECTIONS EXPENSES

SALARIES	145,057
SALARIES OVERTIME	1,500
FICA	10,406
GROUP INSURANCE	44,035
RETIREMENT	13,117
401K EMPLOYERS MATCH	6,200
COMMUNICATIONS	8,000
PRINTING	2,000
TRAVEL & TRAINING	7,000
M & R - VEHICLES	7,500
ADVERTISING	3,500
GAS, OIL & TIRES	4,000
DEPT SUPPLIES & MATERIALS	4,500
BUILDING INSP - UNIFORMS	1,500
CONTRACTED SERVICES	30,000
DUES & SUBSCRIPTIONS	1,000
HOMEOWNERS' RECOVERY FUND	700
EQUIPMENT PURCHASE	7,500
CAPITAL EQUIPMENT PURCHASE	40,000
Total	<u>337,515</u>

Streets Department –In accordance with the most recent Streets Condition Survey, proposed funding is for half of Brunswick Avenue West (from Highpoint to 252 BAW). A new vehicle is proposed as well as new safety gear for Streets employees.

PUBLIC WORKS, STREETS, BUILDINGS AND GROUNDS EXPENSES

SALARIES	61,749
SALARIES OVERTIME	3,000
PROFESSIONAL SERVICES	2,000
FICA	4,597
GROUP INSURANCE	18,348
RETIREMENT	5,527
401K EMPLOYERS MATCH	2,000
UTILITY - STREET LIGHTS	50,000
BUILDINGS UTILITY PAYMENT	1,250
TRAVEL	500
BLDINGS&GROUNDS MAINT/SUP	20,000
M & R EQUIPMENT	16,000
M & R VEHICLES	5,000
MAINT & REP STREETS	9,000
MAINT & REPAIR BULKHEADS	23,100
EQUIPMENT PURCHASE STREETS	32,543
STREET DRAINAGE PROJECTS	5,000
STREET SIGN REPLACEMENT	3,500
ADVERTISING	150
GAS, OIL & TIRES	12,000
DEPT SUPPLIES & MATERIALS	5,000
UNIFORMS	1,249
STREET PAVING PROJECTS	127,597
SIDEWALK MAINTENANCE	2,000
Total	<u>411,110</u>

Sanitation – Expense increases this fiscal year are new safety gear for Sanitation workers and additional monies for contracted services.

SANITATION EXPENSES

SALARIES FULL TIME	37,657
SALARIES OVERTIME	4,500
FICA	2,993
GROUP INSURANCE	18,348
RETIREMENT	3,773
401K EMPLOYERS MATCH	1,800
TRAVEL & TRAINING	400
MAINT & REPAIRS EQUIPMENT	300
DEPT SUPPLIES & MATERIALS	11,500
SANITATION UNIFORMS	1,250
CONTRACTED SERVICES	59,400
BLUE CAN HOME RECYCLING	20,000
SOLID WASTE TIPPING FEES	500
Total	<u>162,421</u>

Water/Sewer Fund

In terms of finances, capital facilities and operational complexity, the Water and Sewer Enterprise Fund represents the Town's largest operation.

Water and Sewer Enterprise Fund Revenues.

Concerns over the viability of the sewer lift stations have been addressed by the Sewer Vulnerability Committee and an independent engineer. It is recommended to fund the rehabilitation of sewer lift stations 4, 3, and 2 over the course of three years. This year represents year two of those capital projects; this budget includes engineering costs associated with lift station 3 and a rollover appropriation for mitigation for lift station 2 in the amount of one million five hundred and forty six and fifty dollars. Revenue collected in water capacity charge and sewer capacity charge are directly related to HB436 and will be transferred to their corresponding Capital Reserve Funds.

The following table represents estimates of the projected revenues based on the existing water and sewer retail rates, fees and the most recent actual revenues received to date.

WATER AND SEWER FUND REVENUES

CREDIT CARD SITE FEE WATER	1,000
INTEREST ON INVESTMENTS	1,500
RENTS & CONCESSIONS	106,151
ADMINISTRATIVE FEES WATER	300
CAPITAL CHARGES CTY-SEWER	950,000
INTEREST ON CAPITAL CHRGS	15,000
CAPITAL CHARGES TOWN-SEWR	617,616
SEWER CAPACITY CHARGE	25,000
SALES TAX REFUND WATER	20,000
WATER USE CHARGES	870,000
WATER CAPACITY CHARGE	15,000
SPECIAL CHARGES FOR UTIL	2,750
IRRIGATION METER INSPECTION FEES	14,760
SEWER USE CHARGES	800,000
AVAILABILITY FEE SEWER	700
TAP & CONNECTION FEES	70,000
TAP & CONNECT FEES-SEWER	20,000
RECONNECTION FEES	750
PNLTY & INTRST - BILLINGS	12,500
FUND BALANCE APPROPRIATED	1,538,258
Total for Revenue	<u>5,081,285</u>

Water and Sewer Enterprise Fund Expenditures

The following table summarizes the Water and Sewer Enterprise Fund departmental expenses.

Administration	137,625
Operations	4,963,660
 Total Water and Sewer Expenses	 <u>5,101,285</u>

As outlined above one million five hundred and forty six and fifty dollars is expensed from Capital Outlay Major Equipment Sewer for lift station 3. Additionally monies will be expensed for engineering services toward lift station 2. Operational expenses include a new vehicle, gps locating equipment and new safety gear for employees. An additional twenty thousand dollars was appropriated in professional services for a study on the needs of constructing a second water tower.

WATER AND SEWER FUND EXPENSES

ADMIN EXPENSES

SALARIES	38,435
SALARIES-OVERTIME	600
FICA	2,771
GROUP INSURANCE	14,679
RETIREMENT	3,494
401K EMPLOYERS MATCH	500
COMMUNICATIONS	45,896
PRINTING	2,500
EPA CC REPORT-ADMIN PREP	750
TRAVEL & TRAINING	3,000
M & R - EQUIPMENT	5,000
DEPT SUPPLIES & MATERIALS	3,000
CONTRACTED SERVICES	11,000
DUES & SUBSCRIPTIONS	6,000
 TOTAL	 <u>137,625</u>

OPERATIONS EXPENSES

SALARIES	166,002
SALARIES-OVERTIME	8,000
PROFESSIONAL SERVICES	15,000
Professional Services Irrigation Inspect	14,551
FICA	12,354
GROUP INSURANCE	36,697
RETIREMENT	15,573
401K EMPLOYERS MATCH	4,000
COMMUNICATIONS	3,000
UTILITIES	2,500
UTILITIES-PUMPING STATION	60,000
TRAVEL	1,500
M & R WATER TANK	66,305
M & R EQUIPMENT	6,500
OPERATION & MAINT VAC SYS	26,000
M & R VEHICLES	7,000
M & R WATER SYSTEM	39,000
CTY CAPITAL COSTS SEWER	1,149,320
GAS, OIL & TIRES	11,500
DEPT SUPPLIES & MATERIALS	4,500
O&M VACUUM STATIONS	90,000
METERS (NEW CONSTRUCTION)	41,000
UNIFORMS	4,625
CONTRACTED SERVICES	20,000
PURCHASES FOR RESALE	430,000
COUNTY O&M CHARGE SEWER	217,564
EQUIPMENT PURCHASE -WATER	46,191
PS II-IV VINYL FENCE	10,000
CAPITAL OUTLAY-VALVE PITS	40,000
CAP OUTLAY MAJ EQUIP SEWR	1,546,050
DEBT SERVICE SEWER	660,592
NEW EOC OPS, MAIN AND REPAIR	55,000
NEW EOC DEBT SERVICE	93,336
CONTRIBUTION TO CRF SEWER	25,000
CONTRIBUTION TO CRF WATER	15,000
Ops TOTAL	<u>4,943,660</u>

Beach, Parks, Access and Recreation Tourism Fund (BPART)

REVENUES

The Beach, Parks, Access and Recreation Tourism Fund is a Special Revenue Fund authorized by act of the General Assembly which allows the Town to collect six cents of an Accommodations Tax for the purposes of funding beach preservation and tourism related expenses. Based on an upward trend of increased rentals over the last few years, occupancy tax revenue projections increase to two million fifty nine thousand three hundred and ninety seven dollars.

Fund balance appropriated consists of one hundred seventy thousand dollars for a new sand search for use in the Hurricane Florence/ Michael remediation. There is a partial funding of construction and rebuilding of a walkway, and additional professional service monies that include a consultant to assist with federal funding strategies, a financial planner, and collaboration with UNCW for dune vegetation. Additional revenue includes an interfund transfer from the General Fund of five hundred seventy six thousand one hundred and sixty nine dollars and is expensed to Central Reach Debt Service.

BPART REVENUES

ACCOM TAX	2,059,397
BRUNSWICK COUNTY CRP REFUND	39,240
ACCOMMODATION TAX PENALTY	200
INTEREST ON INVESTMENTS	50,000
MISCELLANEOUS BPART	10,000
RECREATION PROGRAMS	15,000
SALES TAX REFUND	1,500
TRANSFER FROM GENERAL FUND	576,169
FUND BALANCE APPROPRIATED	316,559
DCM WALKWAY GRANT	16,336
Total for Revenue	<u>3,084,401</u>

EXPENSES

Personnel expenses equal two and three quarters full time positions are included in the upcoming year specifically in recognition of direct tourism related expenses.

An expense of one million three hundred ninety six thousand and two hundred dollars is this year's Central Reach debt service. As noted above, fund balance appropriation consists of new expenses for this fiscal year to include a consultant, financial planner, collaboration with UNCW, walkways and a Fire station upgrade to include two new heaters and building repairs in the amount of approximately twenty five thousand dollars. The Access and Recreation line includes additional efforts at beach development with new stay off the dune signs and the purchase of beach mats. Although the Inspections department oversees the Beach Ranger Program, funds are appropriated through the BPART fund.

BPART EXPENSES

DEBT SERVICE CENTRAL REACH	1,396,200
TRANSFER COUNTY ACCOM TAX	324,500
SALARIES - RECREATION	53,236
FICA - RECREATION	3,780
Group Insurance	14,679
RETIREMENT REC	4,765
401K EMPLOYERS CONTRIBUTION	1,300
INTERNSHIP	4,060
PROFESSIONAL SERVICES	182,296
ATM - CONTRACT FEES	27,000
PROFESSIONAL SRV-MAINLAND	3,000
PROFESSIONAL SERVICES- BEACH	185,000
Recreation Programs	12,000
Beautification Club	12,230
Jordan Blvd Ops, Mx and Repair	36,000
Starfish Fire Substation Upgrade	25,500
Starfish Fire Substation Ops, Mx, Rpr	8,000
Park and Rec Utilities	5,000
Dog Park	500
COMMUNICATIONS	8,000
Gas Oil and Tires	5,000
TRAVEL & TRAINING	26,000
PUBLIC REST ROOMS	20,000
BEACH EQUIPMENT MAINTENAN	4,000
BEACH VEGETATION	70,000
SHORELINE MONITORING	30,000

DEBRIS REMOVAL	3,000
FESTIVAL & SECURITY	7,000
CONCERTS	31,000
HOLDEN BEACH PROMOTION	35,000
CHAMBER OF COMMERCE	3,000
Contributions BPART (Donations)	4,500
ACCESS & RECREATION	75,445
WASTE IND 2ND PICK-UP	85,000
SAND FENCE PROJECT	12,500
POCKET PARK 628OBW	1,000
HALSTEAD PARK	1,000
Rothschild Davis Park	30,000
LOCKWOOD FOLLY DREDGING	33,000
SALARIES BEACH PROJECT	61,527
OVERTIME - BEACH PROJECT	3,500
FICA BEACH PROJECT	4,617
RETIREMENT BEACH PROJECT	5,820
401K EMPLOYERS BEACH PRJT	2,300
Group Insurance Beach Project	14,679
CONTRACT SERVICES SANITATION	85,000
BEACH RANGER SALARIES	32,000
BEACH RANGER SUPPLIES, EQUIPMENT, AND MAINT	5,500
BEACH RANGER GAS OIL AND TIRES	1,600
FICA	1,000
Salaries Police	48,948
Overtime Police	8,000
FICA Police	4,043
Insurance Police	14,679
Retirement Police	5,097
POLICE 401K EMPLOYERS CONTRIBUTION	2,600

Total	3,084,401
--------------	------------------

Canal Dredging Special Revenue Funds

The Town manages three autonomous and distinct canal dredging districts in accordance with the North Carolina General Assembly's enabling legislation. A working group with representatives from each of the canal dredging districts and facilitated by the Town serves to scope planning and programming of canal district dredging requirements. Administration of these districts is accomplished via separate special revenue funds in accordance with the General Accounting Standards Board guidance as supplemented by North Carolina Local Government Commission memorandum 2010-23 (revised). Proposed Canal Dredging Special Revenue Funds are:

Harbor Acres Canal Dredging Special Revenue Fund

Harbor Acres entrance canals were dredged the winter of Fiscal Year 2018-2019. Therefore the Harbor Acres Subdivision Property Owner's Association has requested an assessment of \$260 per lot (as established in the FY 2008-2009 assessment district) for Fiscal Year 19-20 be made in order to escrow adequate funds for future maintenance. Grant monies shown in miscellaneous revenue will stay allocated and roll over to this budget year until the current year dredge project is completely closed out.

Harbor Acres Special Revenue Fund

REVENUE

BALANCE FORWARD	920,000
SRF HA INTEREST	300
SRF HA ASSESSMENTS	75,324
SRF HA PRIOR ASSESSMENTS	300
HA MISC REVENUE	62,944
Total	1,058,868

EXPENSE

SRF Administration - HA	10,589
SRF Legal Fees - HA	10,589
SRF Construction - HA	794,151
SRF Surveying - HA	52,943
SRF Permitting CAMA - HA	26,472
SRF Permitting ACE & Other Agencies - HA	26,472
SRF Designs - HA	31,766
SRF Contract Docs, Plans, Specs - HA	52,943
SRF Construction Management, Insp, Closeout - HA	26,472
SRF Transfer to General Fund- HA	26,472
Total	1,058,868

Holden Beach Harbor Canal Dredging Special Revenue Fund

Holden Beach Harbor had a full dredge in the winter of FY18-19. Holden Beach Harbor Canal Subdivision representatives have requested an annual assessment of \$400 per lot (as established in the Fiscal Year 2008-2009 assessment district) to fund dredging needs as well as reoccurring expenses related to the full dredge. Grant monies shown in miscellaneous revenue will stay allocated and roll over to this budget year until the current year dredge project is completely closed out.

Holden Beach Harbor Special Revenue Fund

REVENUE

BALANCE FORWARD	403,765
SRF HBH INTEREST	250
SRF HBH ASSESSMENTS	139,138
SRF HBH PRIOR ASSESSMENTS	900
HBH MISC REVENUE	47,264
Total	591,317

EXPENSE

SRF Administration - HBH	5,913
SRF Legal Fees - HBH	5,913
SRF Construction - HBH	443,488
SRF Surveying - HBH	29,566
SRF Permitting CAMA - HBH	14,783
SRF Permitting ACE & Other Agencies	14,783
SRF Designs - HBH	17,740
SRF Construct Docs, Plans, Specs - HBH	29,566
SRF Construction Management, Insp, Closeout - HBH	14,783
SRF Transfer to General Fund- HBH	14,783
Total	591,317

Heritage Harbor Canal Dredging Special Revenue Fund

In years past the Heritage Harbor Property Owners' Association had expressed a desire to fund the bulk of their canal dredging activities via a lump sum mechanism instead of annual contributions. Accordingly, it has requested an assessment of \$400 per lot (as established in the Fiscal Year 2008/2009 assessment district resolution). This assessment will provide the canals with monies to fund any expenses accrued during the full dredge in winter of 2018-2019. Grant monies shown in miscellaneous revenue will stay allocated and roll over to this budget year until the current year dredge project is completely closed out.

Heritage Harbor Special Revenue Fund

REVENUE

BALANCE FORWARD	355,000
SRF HH INTEREST	250
SRF HH ASSESSMENTS	136,000
SRFHH PRIOR YEAR ASSESSMENTS	1,000
HH MISC REVENUE	24,779
Total	517,029

EXPENSE

SRF Administration - HH	5,170
SRF Legal Fees - HH	5,170
SRF Construction - HH	387,772
SRF Surveying - HH	25,851
SRF Permitting ACE & Other Agencies HH	12,926
SRF Permitting CAMA - HH	12,926
SRF Designs - HH	15,511
SRF Contract Docs, Plans, Specs - HH	25,851
SRF Construction Management, Insp, Closeout - HH	12,926
SRF Transfer to General Fund- HH	12,926
Total	517,029

Donations

Based on past precedent and receipt of donation requests the following agencies are proposed to be funded accordingly:

<u>Organization</u>	<u>\$</u>	<u>Source</u>
Brunswick County Literacy Council	750	General Fund
Brunswick Community College Foundation	1,000	General Fund
Brunswick Novant Medical Center Foundation	2,500	General Fund
Coastline Rescue Squad	9,000	½ General/ ½ BPART
Communities in Schools	1,000	General Fund
Hospice	2,500	General Fund
Chamber of Commerce	3,000	BPART
Brunswick Family Assistance	2,500	General Fund
Women's Club	1,000	General Fund
Total	<u>22,250</u>	

Budget Summary by Fund:

General	3,657,276
Water & Sewer	5,101,285
BPART	3,082,486
Canal Dredging	2,167,214
Capital Reserve Fund Water	26,976
Capital Reserve Fund Sewer	44,523
Beach Re-nourishment & Inlet Management Fund	3,472,453
Total	<u>17,552,213</u>

Part III

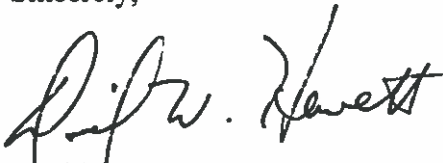
Capital Improvement Plan (CIP)

This year's budget message contains a proposed Capital Improvement Plan as attachment A. The proposed plan is an attempt to summarily memorialize and program longer term large scale projects, activities and equipment procurement that require a multiyear perspective. It spans a ten year planning horizon with the first year's revenues and expenses included in the proposed budget beginning 1 July 2019. The total CIP represents fifteen point five million dollars of community investment and quantifies both estimated funding sources and expense elements by fund. Based on staff, governing body and community input this year's proposed CIP attempts to specifically outline chronological strategies for streets maintenance, water and sewer equipment acquisition, shoreline stabilization, sewer lift stations improvements, and water supply improvements.

Balanced Budget

As required by the Local Government Fiscal Control Act the proposed budget and capital improvement plan presented herein is balanced with revenues equaling expenses and has been prepared with particular attention to the collective guidance provided by the Board of Commissioners. Please feel free to contact me as needed to discuss any questions you may have. As a reminder the budget ordinance must be adopted not later than 1 July.

Sincerely,



David W. Hewett
Town Manager

Attachment A- Capital Improvement Plan

Attachment B- Fund Balance Policy

Attachment A

Capital Improvement Plan

CIP REVENUES BY SOURCE	FY	FY	FY	FY	FY	FY	FY	FY	FY	Total	% of CIP
	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	Revenues	Revenues
General Fund - Operating Revenues	307,142	452,597	210,451	166,685	160,418	157,719	182,676	110,000	55,000	1,802,688	11.6%
Water Sewer Fund - Operating Revenue	82,339	176,148	96,000	96,000	98,000	98,000	98,000	38,000	38,000	820,487	5.3%
Water Sewer Fund Reserves	1,666,200	1,378,900	0	0	0	0	0	0	0	3,045,100	19.6%
USDA Grant/Loan Proceeds	0	0	1,350,000	0	0	0	0	0	0	1,350,000	8.7%
Water Capital Reserve Funds	0	0	400,000	0	0	0	0	0	0	400,000	2.6%
Canal Dredging Special Revenue Fund	2,167,732	0	0	0	1,173,520	0	0	4,766,370	0	8,107,622	52.1%
BPART	31,000	0	0	0	0	0	0	0	0	31,000	0.2%
TOTAL	4,254,413	2,007,645	2,056,451	262,685	1,431,938	255,719	280,676	4,914,370	38,000	15,556,897	100.0%

CIP EXPENSES BY FUND	FY	FY	FY	FY	FY	FY	FY	FY	FY	Total	% of CIP
	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	Expenses	Expenses
General Fund	127,597	0	0	0	0	0	0	0	0	127,597	0.8%
Streets Resurfacing:											
Brunn Av W (Highpoint to 252)	127,597	0	0	0	0	0	0	0	0	127,597	0.8%
Brunn Av W (second part)	0	127,597	0	0	0	0	0	0	0	127,597	0.8%
Point West, Tide Ridge, Ranger	0	0	100,451	0	0	0	0	0	0	100,451	0.6%
High Point	0	0	0	111,685	0	0	0	0	0	111,685	0.7%
Heron, Lois, Lumberton	0	0	0	0	105,418	0	0	0	0	105,418	0.7%
Swordfish, Charlotte	0	0	0	0	0	102,719	0	0	0	102,719	0.7%
Burlington, Heron Land Wynd	0	0	0	0	0	0	127,676	0	0	127,676	0.8%
Inspection Vehicle	40,000	0	0	0	0	0	0	0	0	40,000	0.3%
Police Vehicle	107,000	110,000	110,000	55,000	55,000	55,000	55,000	110,000	55,000	712,000	4.6%
Generator re-location	0	135,000	0	0	0	0	0	0	0	135,000	0.9%
Streets Truck	32,545	0	0	0	0	0	0	0	0	32,545	0.2%
Streets Dump Truck	0	80,000	0	0	0	0	0	0	0	80,000	0.5%
General Fund Total	307,142	452,597	210,451	166,685	160,418	157,719	182,676	110,000	55,000	1,802,688	11.6%

	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	Total Expenses	% of CIP Expenses
Water and Sewer											
Lift Station 3	1,546,050	0	0	0	0	0	0	0	0	1,546,050	9.9%
Lift Station 4 (West) Hazard Mitigation	0	0	0	0	0	0	0	0	0	0	0.0%
Lift Station 2 (Greensboro) Hazard Mitig	120,150	1,378,900	0	0	0	0	0	0	0	1,499,050	9.6%
Water Tower Rehab	46,148	46,148	0	0	0	0	0	0	0	92,296	0.6%
Water Tower Two	0	0	1,750,000	0	0	0	0	0	0	1,750,000	11.2%
Truck	36,191	70,000	36,000	38,000	38,000	38,000	38,000	38,000	38,000	368,191	2.4%
Jump Truck	U	U	U	U	U	U	U	U	U	U	U
Vac Truck	0	60,000	60,000	60,000	60,000	60,000	60,000	0	0	360,000	2.3%
Water and Sewer Fund Total	1,748,539	1,555,048	1,846,000	96,000	98,000	98,000	98,000	38,000	38,000	5,615,587	36.1%
Beach Parks Access Rec Tourism											
Walkways	31,000	0	0	0	0	0	0	0	0	31,000	0.2%
0	0	0	0	0	0	0	0	0	0	0	0.0%
0	0	0	0	0	0	0	0	0	0	0	0.0%
3PART Total	31,000	0	0	0	0	0	0	0	0	31,000	0.2%
Canal Dredging Special Revenue											
Holden Beach Harbor	591,317	0	0	0	102,535	0	0	1,597,738	0	2,291,590	33.6%
Harbor Acres	1,058,868	0	0	0	1,000,000	0	0	3,168,632	0	5,227,500	33.6%
Heritage Harbor	517,547	0	0	0	70,985	0	0	0	0	588,532	3.8%
0	0	0	0	0	0	0	0	0	0	0	0.0%
Canal Dredging Special Revenue Total	2,167,732	0	0	0	1,173,520	0	0	4,766,370	0	8,107,622	52.1%
TOTAL - ALL FUNDS	4,254,413	2,007,645	2,056,451	262,685	1,431,938	255,719	280,676	4,914,370	93,000	15,556,897	100.0%

FUND BALANCE POLICY

Attachment B

PURPOSE

- I: Prescribe a General Fund Balance policy; specifically by establishing an acceptable range of Unassigned Fund Balance available for appropriation at the Town of Holden Beach's discretion and;
- II: Prescribe the considerations for dedicating funds for Beach Nourishment and;
- III: Authorize the administrative actions required to escrow funds for Beach Nourishment.

POLICY

It shall be the policy of the Town of Holden Beach to maintain a minimum of 40% and a maximum of 70% of unassigned fund balance in the General Fund.

DEDICATION OF BEACH NOURISHMENT FUNDS

Annually as part of the Budget Development and Approval process, the Board of Commissioners shall:

- a. Evaluate the estimated Unassigned General Fund revenues available at year end for appropriation in the subsequent year in order to ascertain compliance with the aforementioned desired minimum Unassigned General Fund Balance of 40%.
- b. Consider contributing an appropriation equivalent to 5% of the occupancy tax collected under the authority of SL 1997-364 Section 9 to a Capital Reserve Account to be used solely for Beach Nourishment.
- c. Annually, beginning with the adoption and implementation of the 1 July 2019 budget, the refunded PNC surety monies remitted to the Town of Holden Beach from Brunswick County shall be escrowed in the Beach Re-nourishment and Inlet Management Fund. *Refunded monies includes interest earned and refunded to the Town of Holden Beach by Brunswick County.

Upon closeout of the annual fiscal year financial statements and as detailed in the approved annual audit; any and all amounts resulting in a General Fund Balance greater than the maximum of 70% shall be transferred to a Capital Reserve Account to be used solely for Beach Nourishment.

ADMINISTRATIVE AUTHORIZATION

The Town Manager acting in his capacity as Budget Officer or Finance Director as may be appropriate is authorized to effect such administrative actions as necessary to implement the policy and guidance contained herewith.

* In accordance with Board of Commissioners' consensus as briefed by Town Manager David Hewett at the March 21, 2019 Board of Commissioners' Special Meeting.