

# TOWN OF KURE BEACH ANNUAL RETREAT

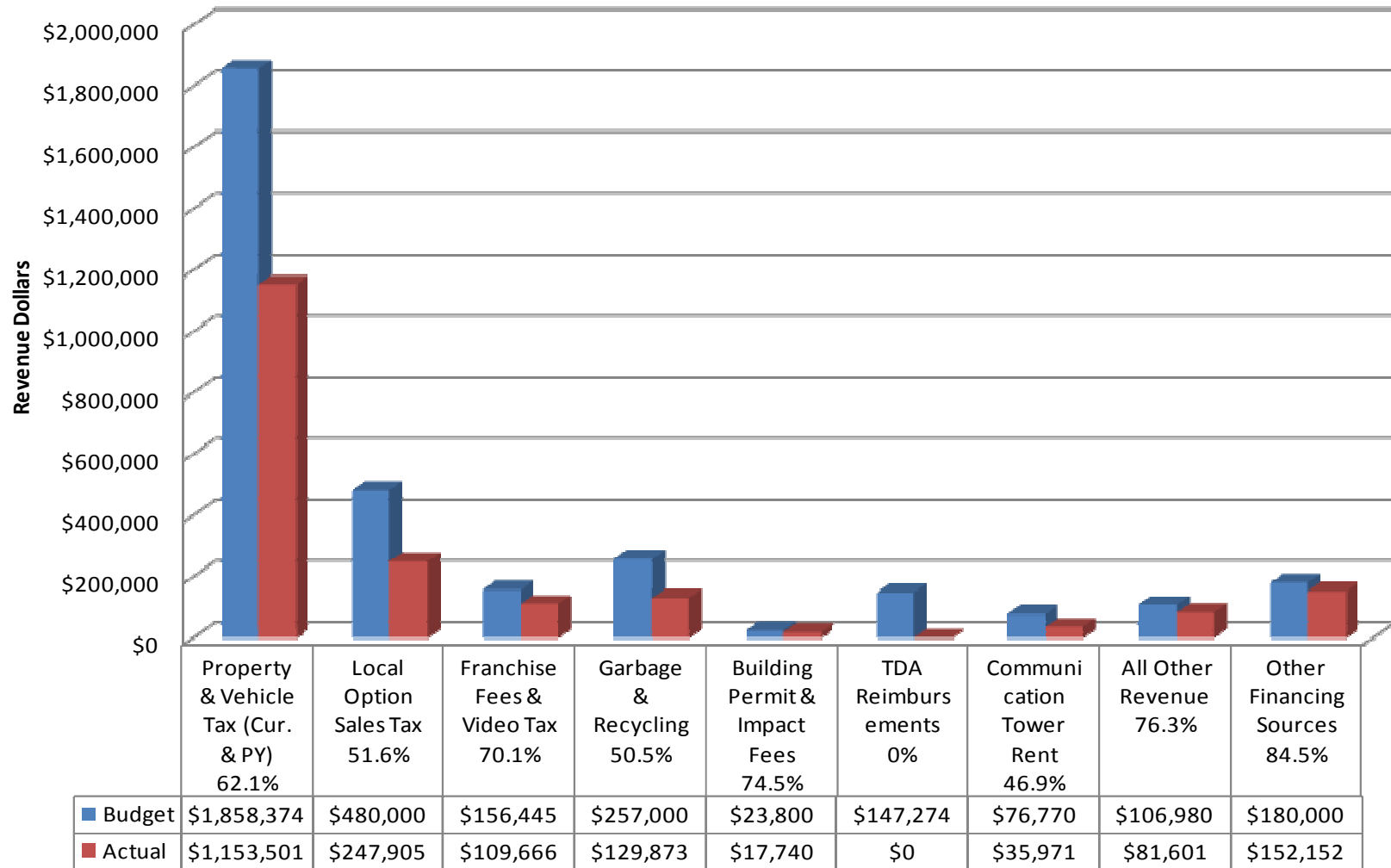


JANUARY 24, 2012

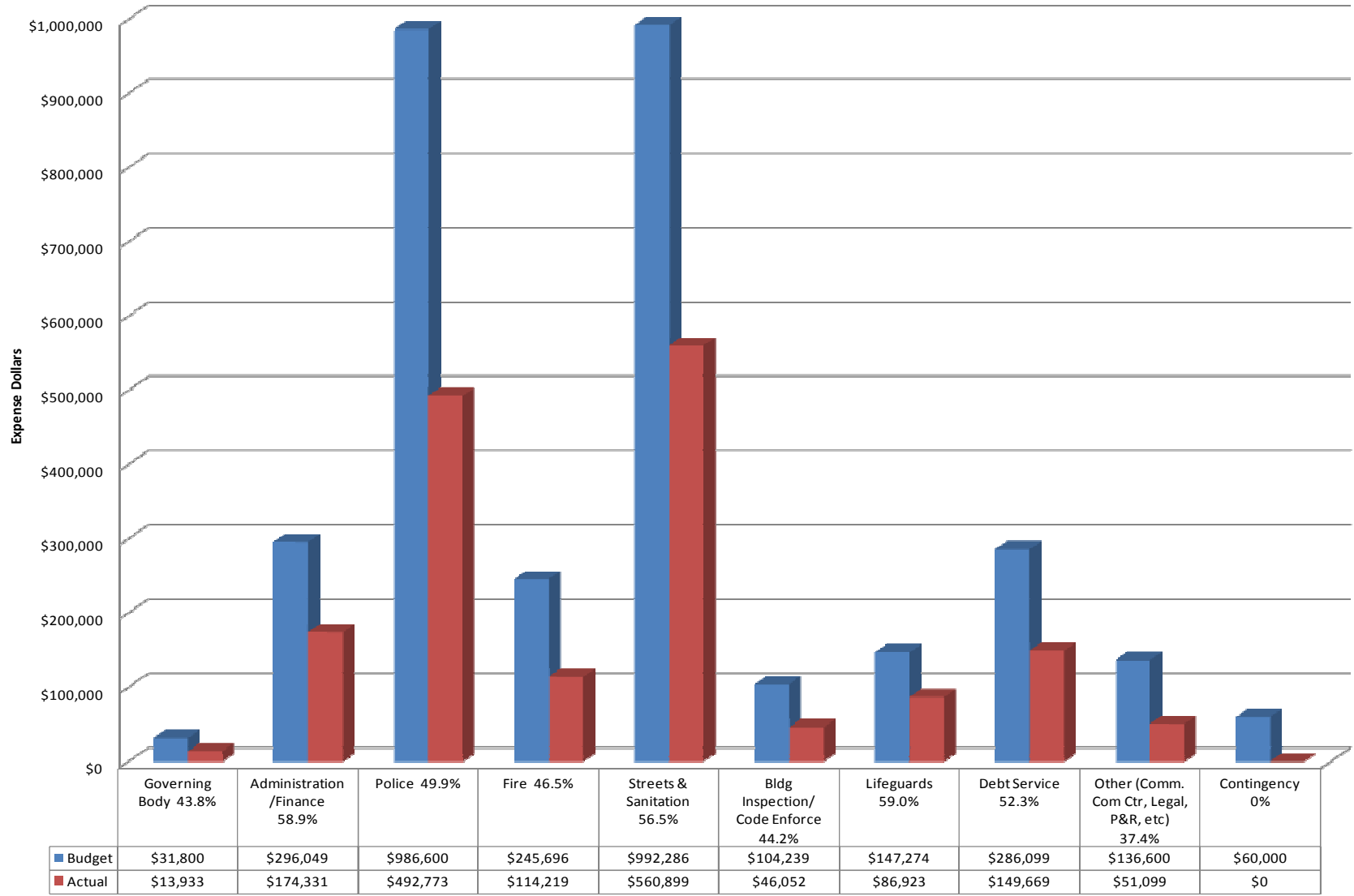
## REVENUE AND EXPENSE SUMMARY JULY 1, 2011 TO DECEMBER 31, 2011

<u>REVENUES</u>					<u>EXPENDITURES</u>				
	2012	2012	Actual	%		2012	2012	Actual	%
	Initial Bud.	Amend Bud.	12/31/2011	Collected		Initial Bud.	Amend Bud.	12/31/2011	Spent
<b><u>GENERAL FUND</u></b>					<b><u>GENERAL FUND</u></b>				
Property Taxes (Cur. & PY)	\$ 1,858,374	\$ 1,858,374	\$ 1,153,501	62.1%	Governing Body	\$ 16,800	\$ 31,800	\$ 13,933	43.8%
Local Option Sales Tax	\$ 480,000	\$ 480,000	\$ 247,905	51.6%	Committees	\$ 5,500	\$ 5,500	\$ 1,671	30.4%
Franchise & Utility Tax	\$ 139,500	\$ 156,445	\$ 109,666	70.1%	Administration/Finance	\$ 279,104	\$ 296,049	\$ 174,331	58.9%
TDA Funds	\$ 147,274	\$ 147,274	\$ -	0.0%	Community Center	\$ 20,700	\$ 20,700	\$ 10,077	48.7%
Garbage & Recycling	\$ 257,000	\$ 257,000	\$ 129,873	50.5%	Elections	\$ 6,000	\$ 6,000	\$ 4,978	83.0%
ABC Revenue	\$ 11,000	\$ 11,000	\$ 7,070	64.3%	Emergency Management	\$ 600	\$ 600	\$ 175	29.2%
Building Permit & Impact Fees	\$ 23,800	\$ 23,800	\$ 17,740	74.5%	Tax Collections	\$ 35,000	\$ 35,000	\$ 4,300	12.3%
Communication Tower Rent	\$ 76,770	\$ 76,770	\$ 35,971	46.9%	Legal	\$ 29,200	\$ 29,200	\$ 20,359	69.7%
All Other Revenues	\$ 95,980	\$ 95,980	\$ 74,531	77.7%	Police Department	\$ 986,600	\$ 986,600	\$ 492,773	49.9%
Other Financing Sources	\$ 180,000	\$ 180,000	\$ 152,152	84.5%	Fire Department	\$ 245,696	\$ 245,696	\$ 114,219	46.5%
Total Revenues	<u>\$ 3,269,698</u>	<u>\$ 3,286,643</u>	<u>\$ 1,928,409</u>	58.7%	Lifeguards	\$ 147,274	\$ 147,274	\$ 86,923	59.0%
					Parks & Recreation	\$ 39,600	\$ 39,600	\$ 9,539	24.1%
					Bldg Inspection/Code Enforcement	\$ 104,239	\$ 104,239	\$ 46,052	44.2%
					Streets & Sanitation	\$ 992,286	\$ 992,286	\$ 560,899	56.5%
					Debt Service	\$ 286,099	\$ 286,099	\$ 149,669	52.3%
					Contingency	\$ 75,000	\$ 60,000	\$ -	0.0%
					Total Expenses	<u>\$ 3,269,698</u>	<u>\$ 3,286,643</u>	<u>\$ 1,689,898</u>	51.4%
<b><u>WATER &amp; SEWER FUND</u></b>					<b><u>WATER &amp; SEWER FUND</u></b>				
Water Charges	\$ 538,000	\$ 538,000	\$ 303,958	56.5%	Governing Body	\$ 5,500	\$ 5,500	\$ 2,603	47.3%
Sewer Charges	\$ 907,000	\$ 907,000	\$ 480,530	53.0%	Legal	\$ 29,200	\$ 29,200	\$ 9,820	33.6%
Tap, Connect & Reconnect Fees	\$ 18,500	\$ 18,500	\$ 10,735	58.0%	Administration/Finance	\$ 251,622	\$ 251,622	\$ 132,339	52.6%
All Other Revenue	\$ 36,650	\$ 36,650	\$ 30,282	82.6%	Operations	\$ 1,213,828	\$ 1,213,828	\$ 575,759	47.4%
Total Revenues	<u>\$ 1,500,150</u>	<u>\$ 1,500,150</u>	<u>\$ 825,505</u>	55.0%	Total Expenses	<u>\$ 1,500,150</u>	<u>\$ 1,500,150</u>	<u>\$ 720,521</u>	48.0%
<b><u>STORM WATER FUND</u></b>					<b><u>STORM WATER FUND</u></b>				
Total Revenues	\$ 232,275	\$ 232,275	\$ 122,686	52.8%	Total Expenses	\$ 232,275	\$ 232,275	\$ 67,949	29.3%
<b><u>POWELL BILL FUND</u></b>					<b><u>POWELL BILL FUND</u></b>				
Total Revenues	\$ 60,000	\$ 60,000	\$ 61,527	102.5%	Total Expenses	\$ 60,000	\$ 60,000	\$ 9,857	16.4%

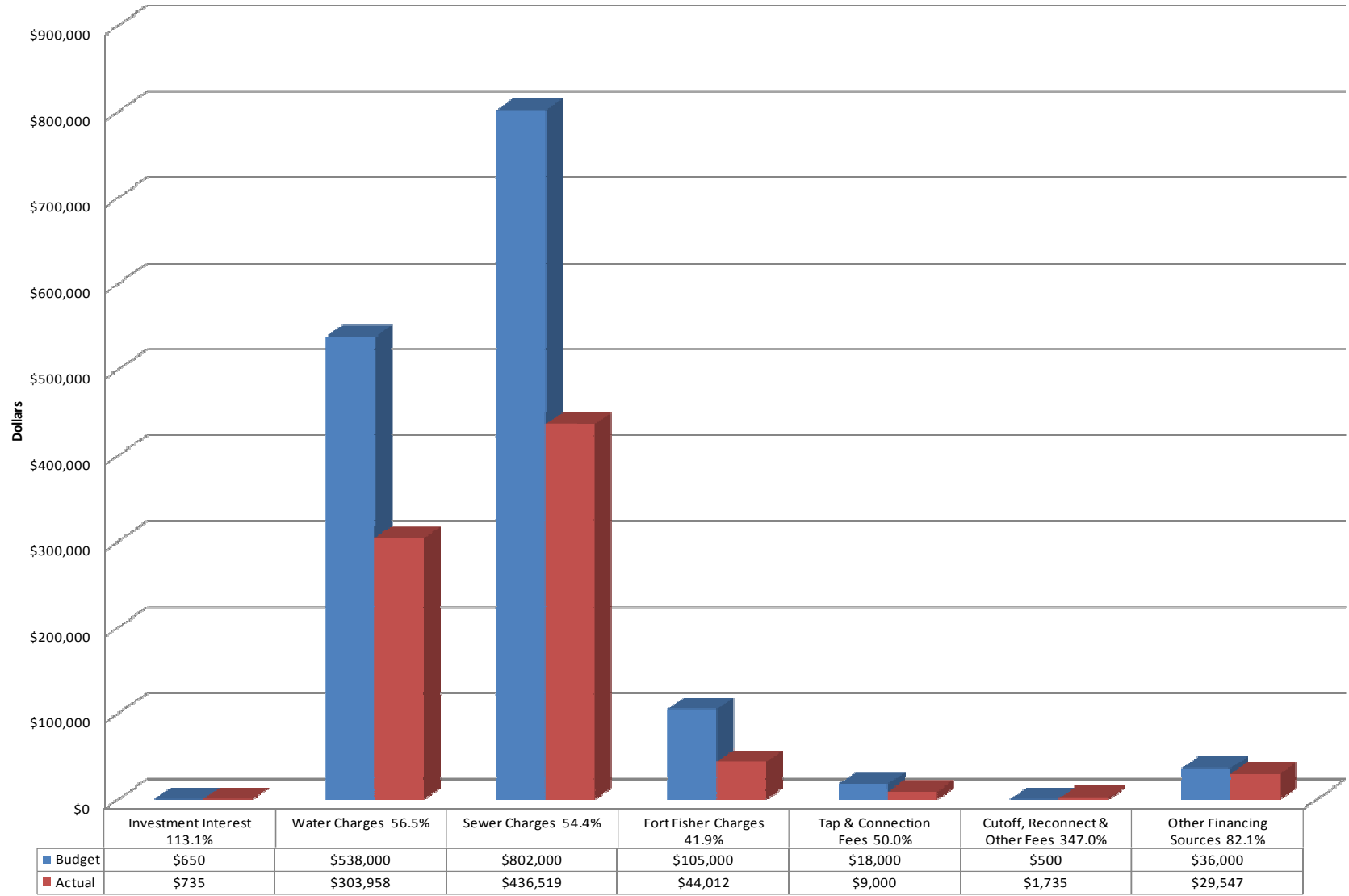
## GENERAL FUND REVENUE - BUDGET VS. ACTUAL 7/1/11 - 12/31/11



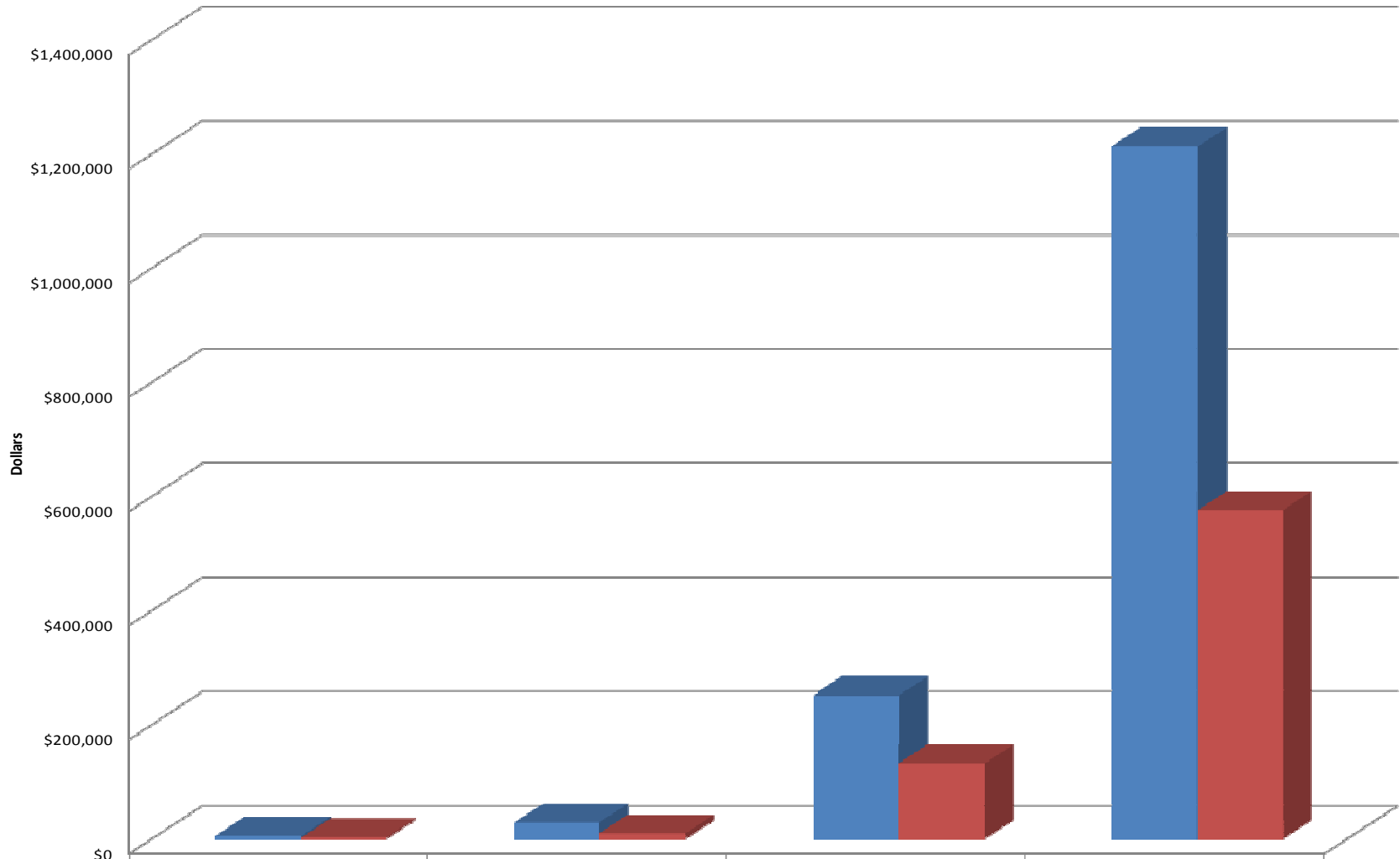
**GENERAL FUND  
EXPENSES - BUDGET VS. ACTUAL  
7/1/11 - 12/31/11**



**WATER/SEWER FUND  
REVENUE - BUDGET VS. ACTUAL  
7/1/11 - 12/31/11**

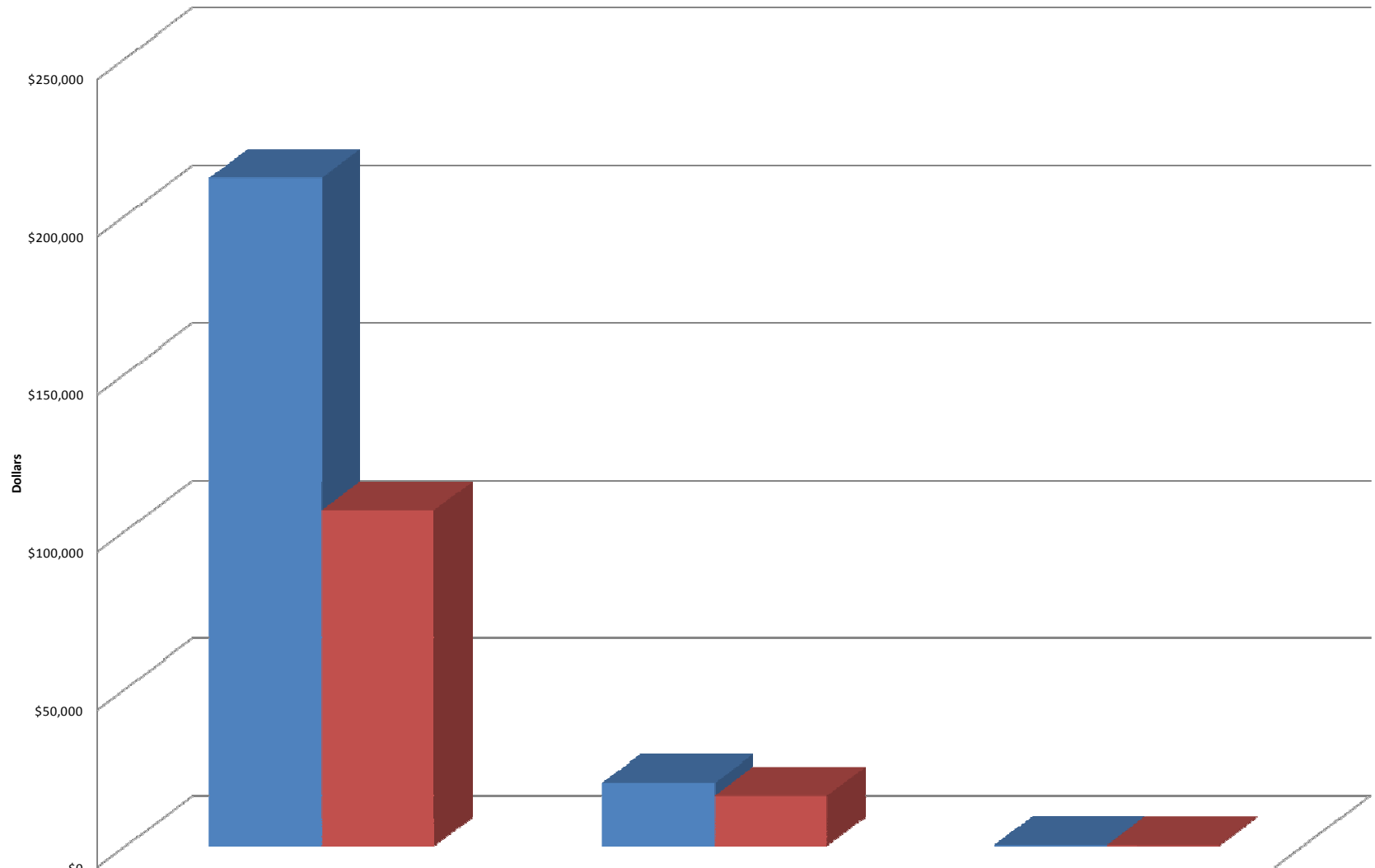


**WATER/SEWER FUND  
EXPENSES - BUDGET VS. ACTUAL  
7/1/11 - 12/31/11**



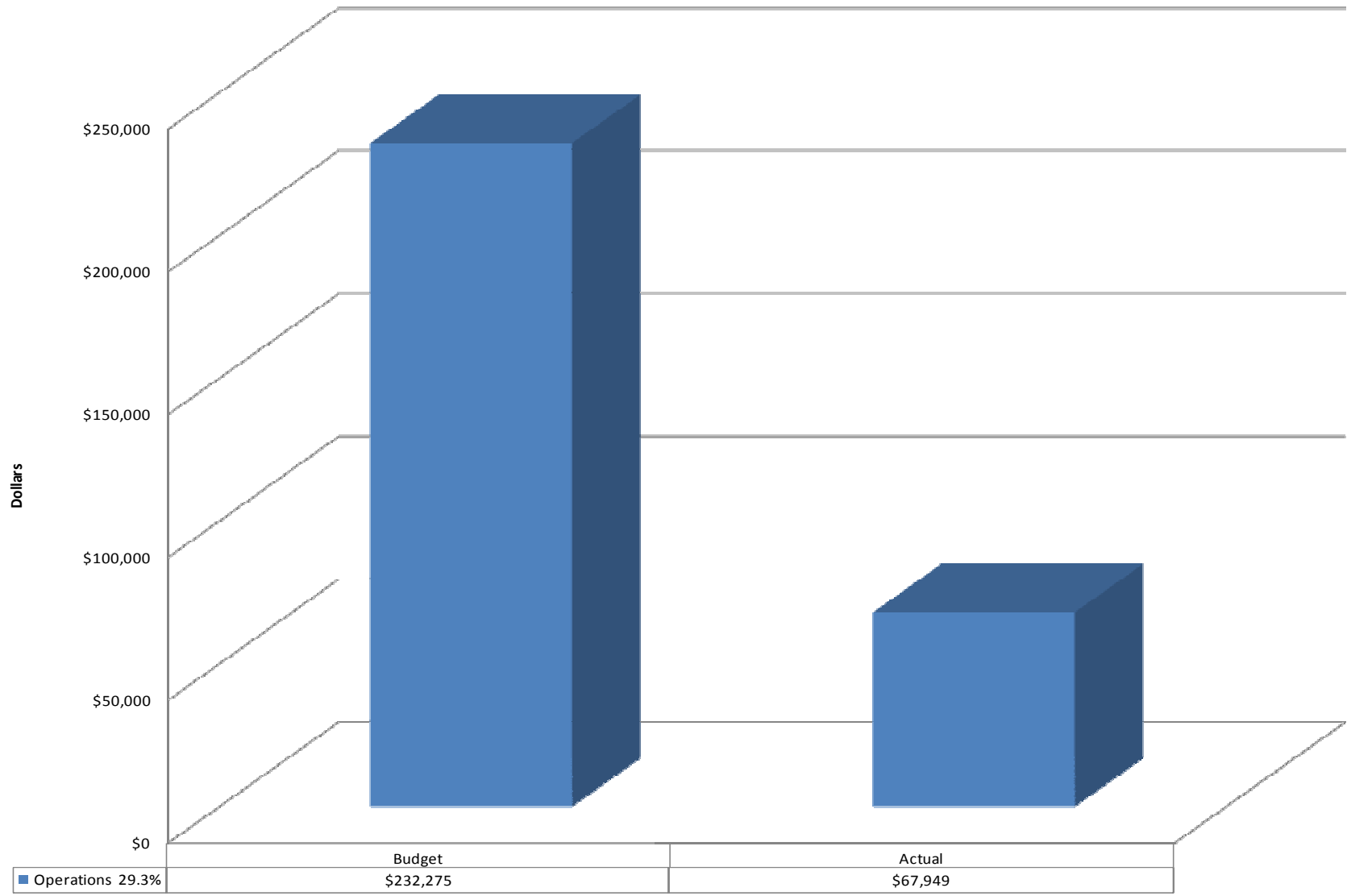
	<b>Governing Body 47.3%</b>	<b>Legal 33.6%</b>	<b>Administration/Finance 52.6%</b>	<b>Operations 47.4%</b>
■ Budget	\$5,500	\$29,200	\$251,622	\$1,213,828
■ Actual	\$2,603	\$9,820	\$132,339	\$575,759

**STORM WATER FUND  
REVENUE - BUDGET VS. ACTUAL  
7/1/11 - 12/31/11**



	Storm Water Fees 50.2%	Storm Water Building Fees 80.0%	Interest 81.1%
■ Budget	\$212,000	\$20,000	\$275
■ Actual	\$106,462	\$16,000	\$223

**STORM WATER FUND  
EXPENSES - BUDGET VS. ACTUAL  
7/1/11 - 12/31/11**



**POWELL BILL FUND BALANCE  
AS OF 12/31/11**

Fund Balance At 12/31/11                      \$210,442

**Committed Funds:**

Resolution R11-17 (9/20/11)

Allocation of Powell Bill funds  
(\$15,000) for Installation of a

Sidewalk on K Avenue

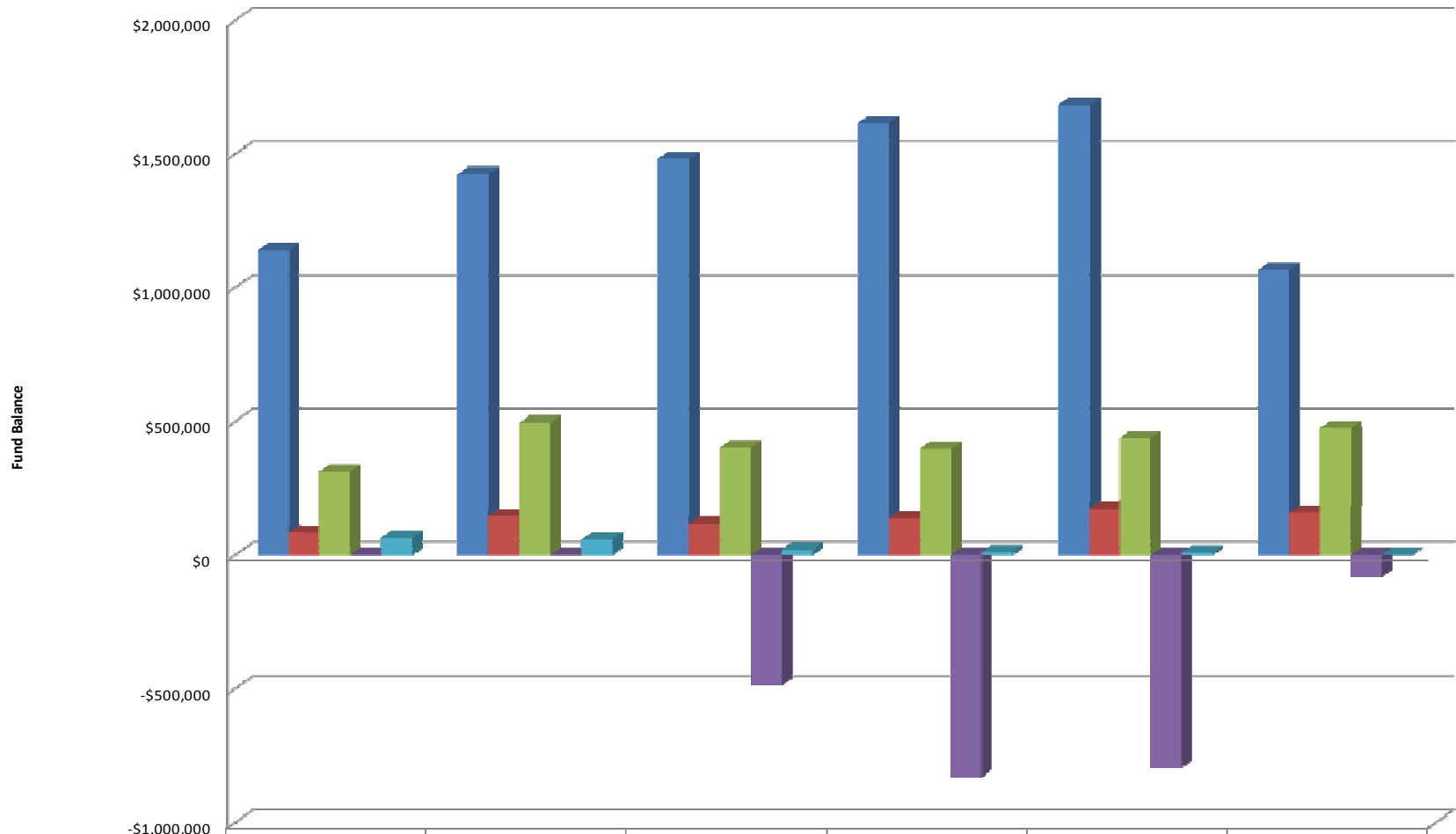
15,000

Available Fund Balance                      \$195,442

**SUMMARY OF CONTINGENCY FUND AND COMMITTEE EXPENDITURE ACTIVITY**  
**7/1/11 – 12/31/11**

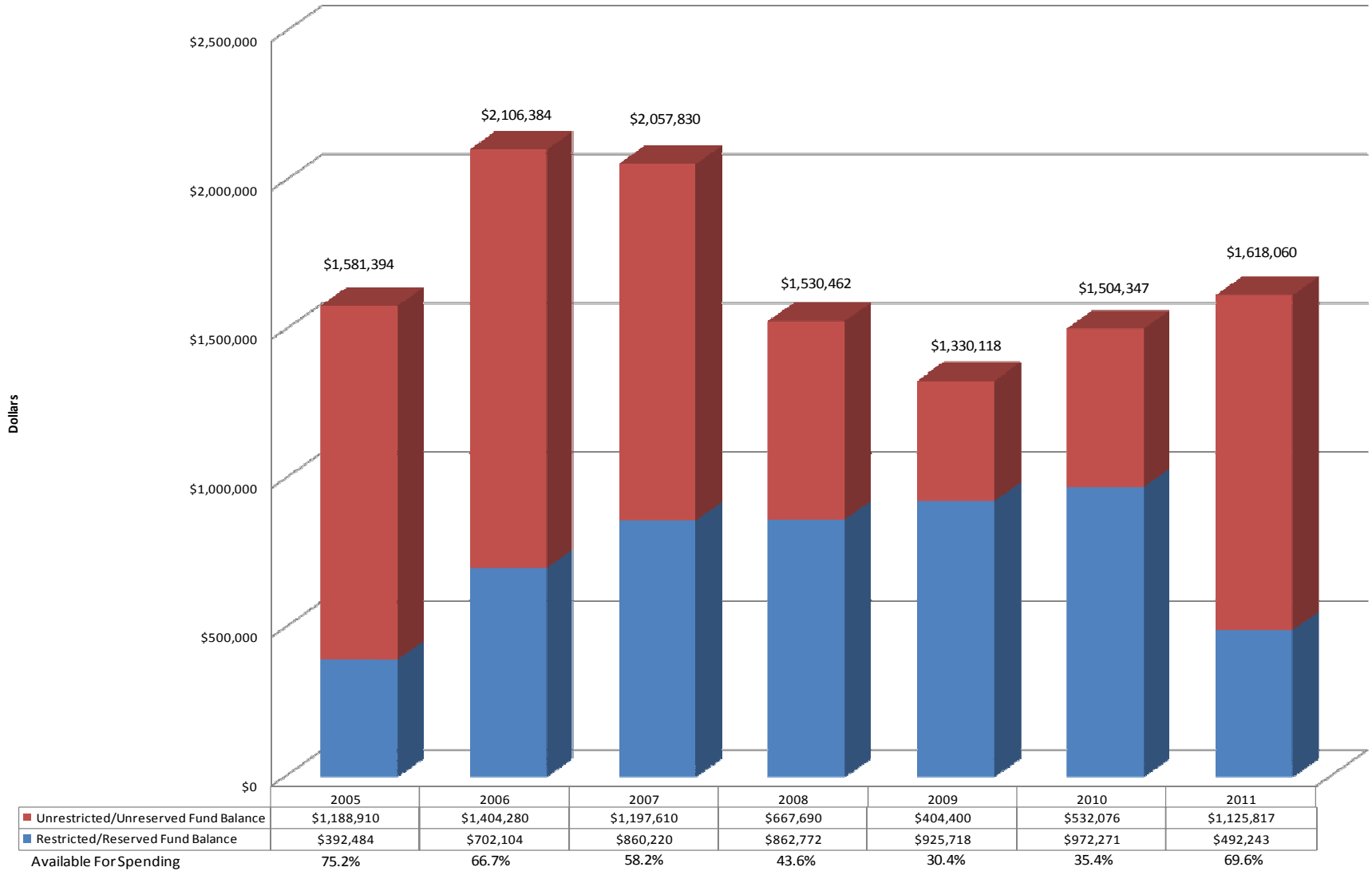
<b><u>CONTINGENCY FUND</u></b>				
Fiscal Year 2012 Budget		\$75,000.00		
Less:				
Budget Amendment - Transfer of funds for Carolina Beach Inlet dredging - Resolution R11-14		<u>\$15,000.00</u>		
Remaining Budget as of 12/31/11		<u>\$60,000.00</u>		
<b><u>COMMITTEE (Beach Protection, Beautification &amp; SLAP) EXPENDITURES</u></b>				
Fiscal Year 2012 Budget		\$5,500.00		
Less Expenditures:				
<u>Beautification Committee</u>				
Town Entrance Sign	\$116.24			
<u>SLAP Committee</u>				
Supplies for parking	\$527.54			
Parking signs	<u>\$1,026.80</u>			
Total Expenditures		<u>\$1,670.58</u>		
Remaining Budget as of 12/31/11		<u>\$3,829.42</u>		

**GOVERNMENTAL FUNDS  
FUND BALANCE BY YEAR  
FY 2006 - 2011**

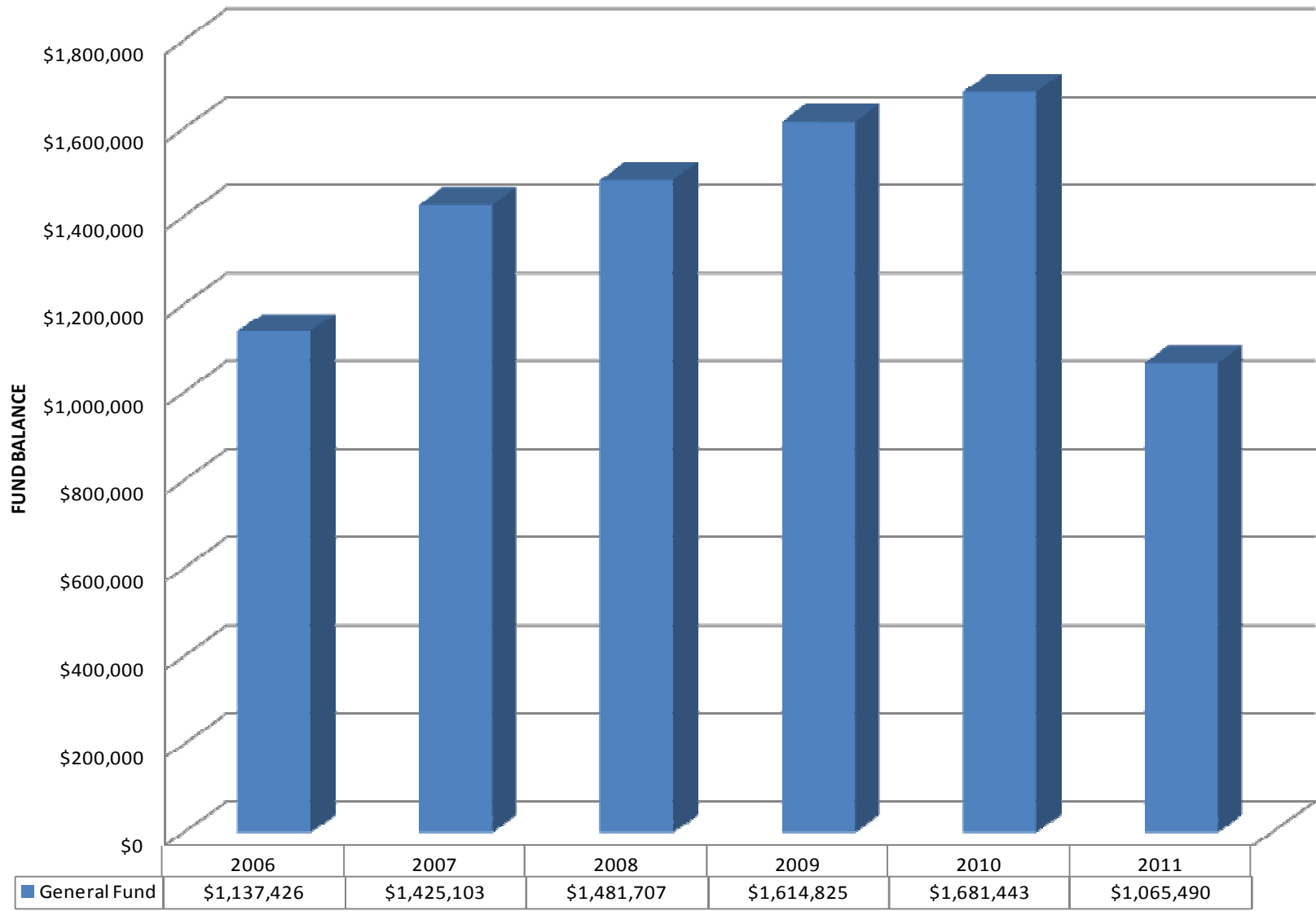


	2006	2007	2008	2009	2010	2011
■ General Fund	\$1,137,426	\$1,425,103	\$1,481,707	\$1,614,825	\$1,681,443	\$1,065,490
■ Powell Bill Fund	\$83,342	\$144,942	\$115,674	\$136,209	\$172,959	\$158,772
■ Storm Water Fund	\$311,375	\$494,877	\$401,350	\$397,470	\$435,719	\$475,017
■ Capital Projects Fund	\$0	\$0	(\$487,095)	(\$828,750)	(\$794,398)	(\$81,222)
■ Beach Renourishment Fund	\$63,523	\$55,735	\$18,830	\$10,407	\$8,626	\$0

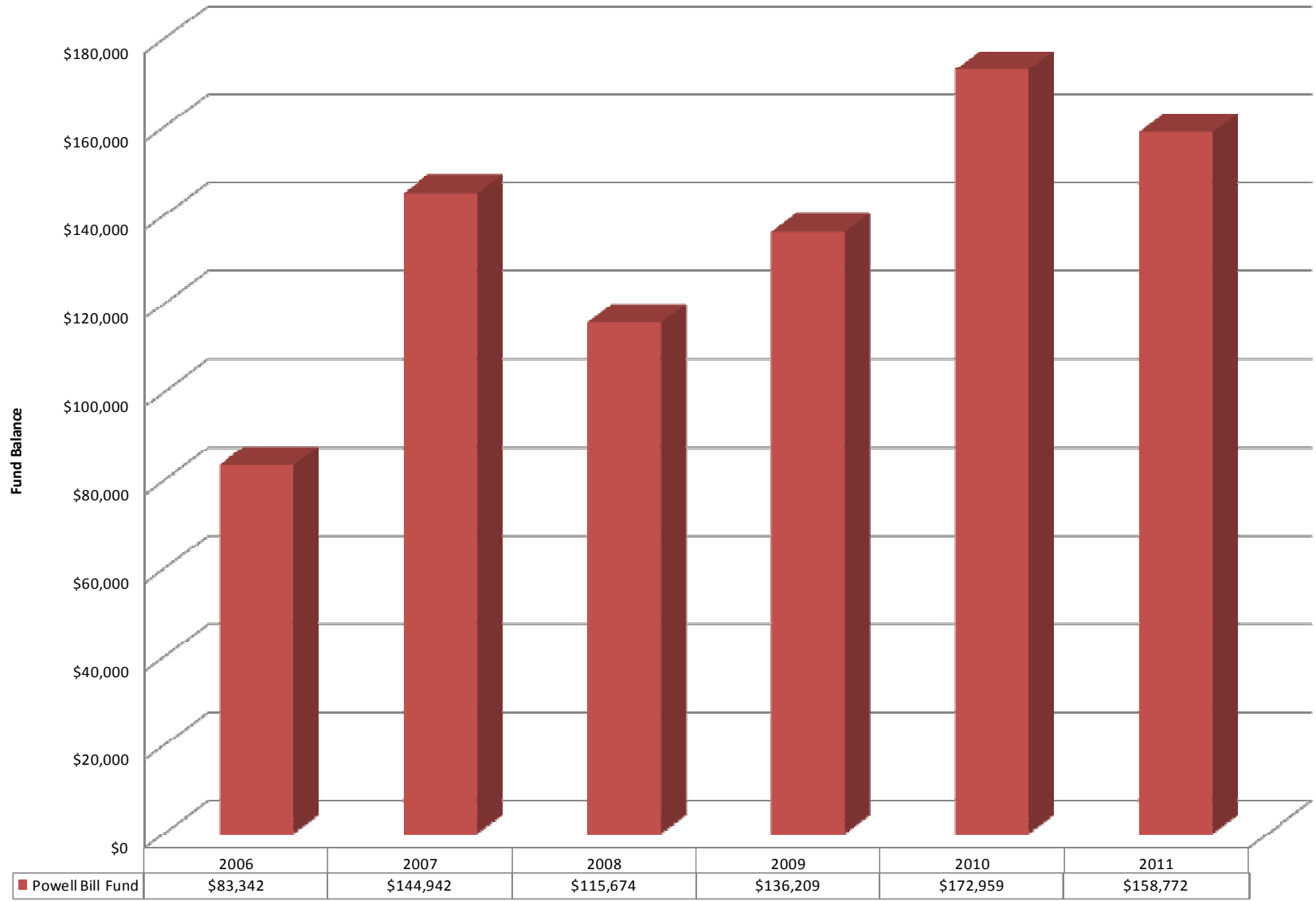
**GOVERNMENTAL FUNDS BALANCE  
(General, Powell, Storm Water & Capital Projects)  
RESTRICTED/RESERVED VS. UNRESTRICTED/UNRESERVED  
FY 2005 - 2011**



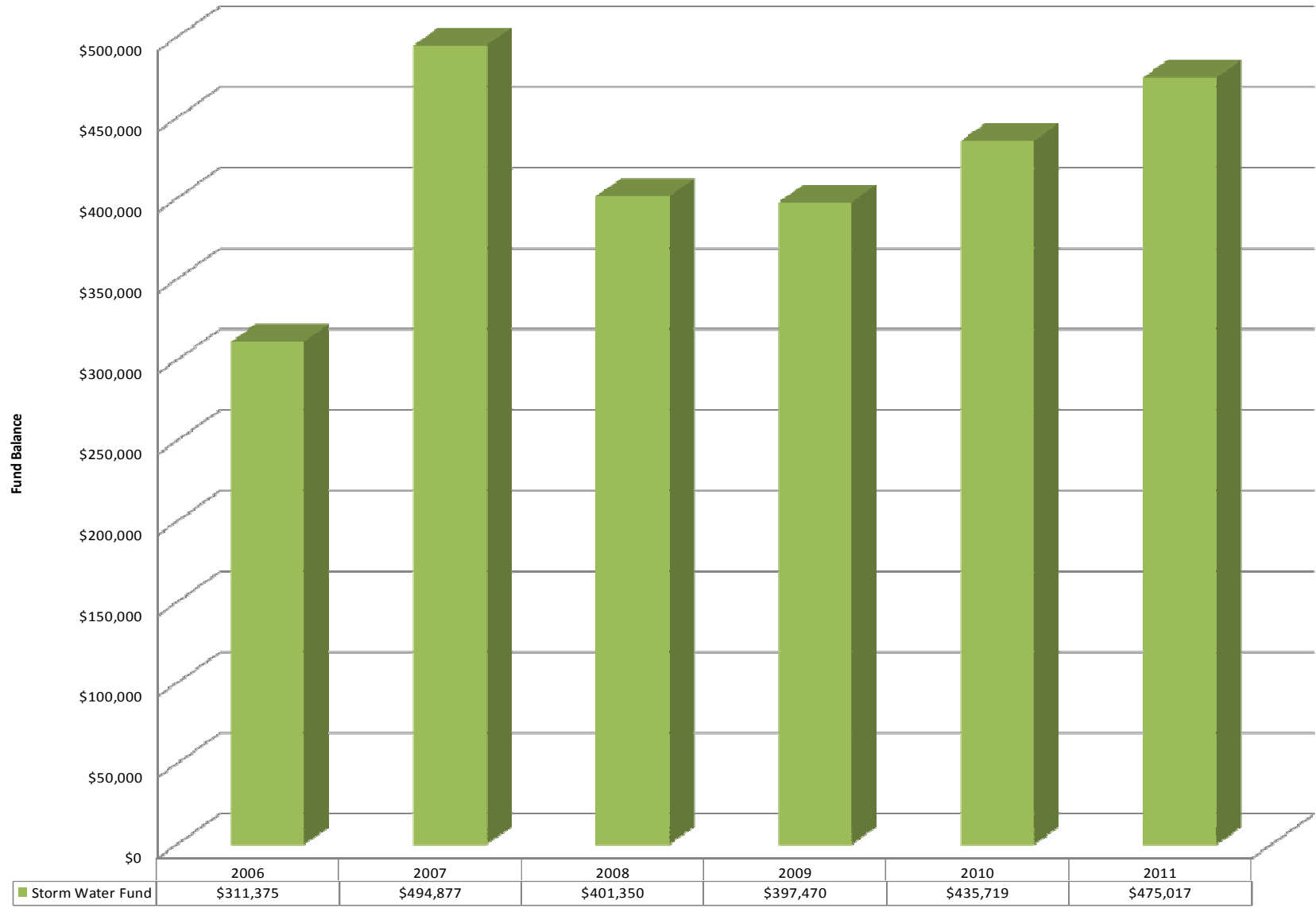
## GENERAL FUND BALANCE FY 2006 - 2011



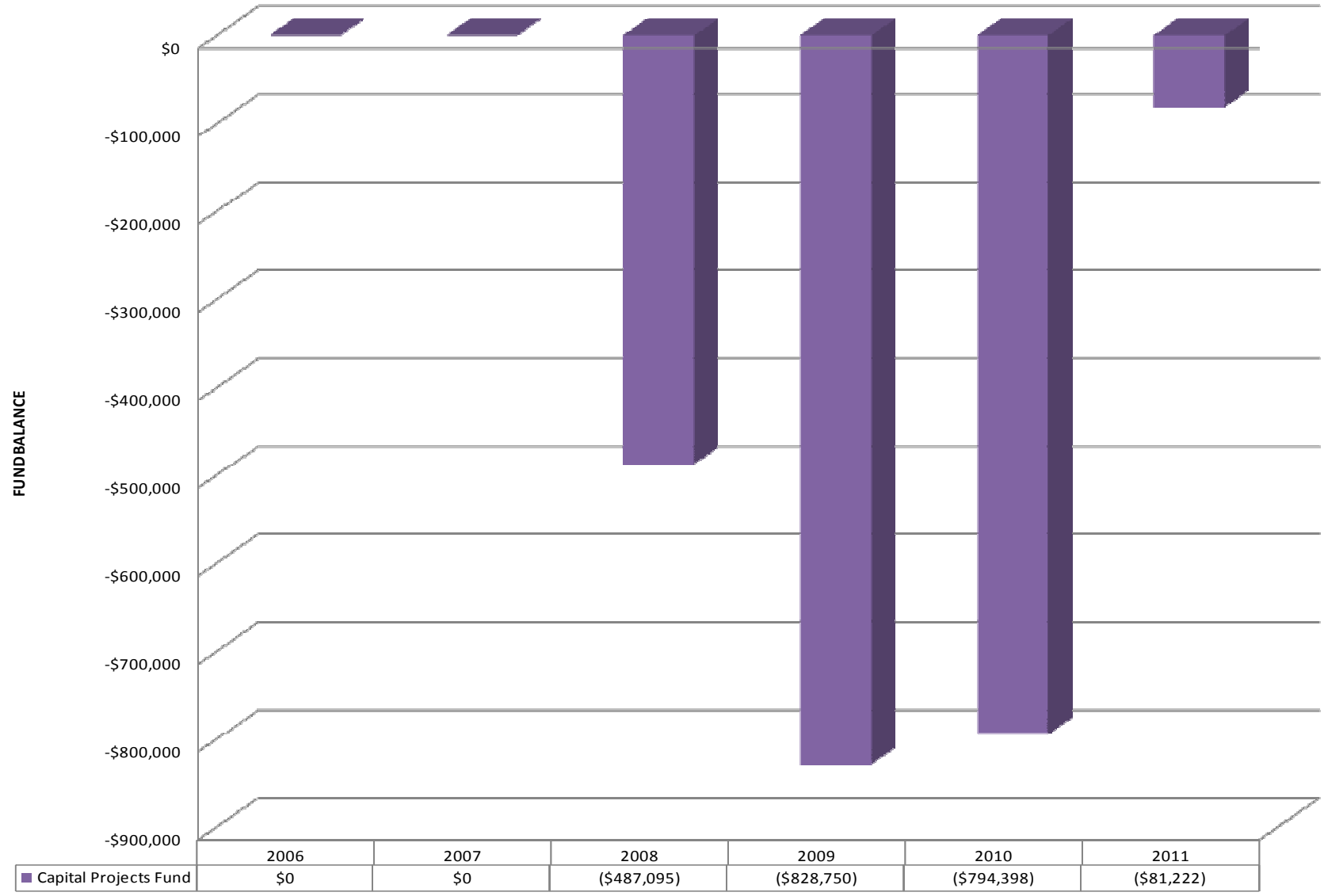
### POWELL BILL FUND BALANCE FY 2006 - 2011



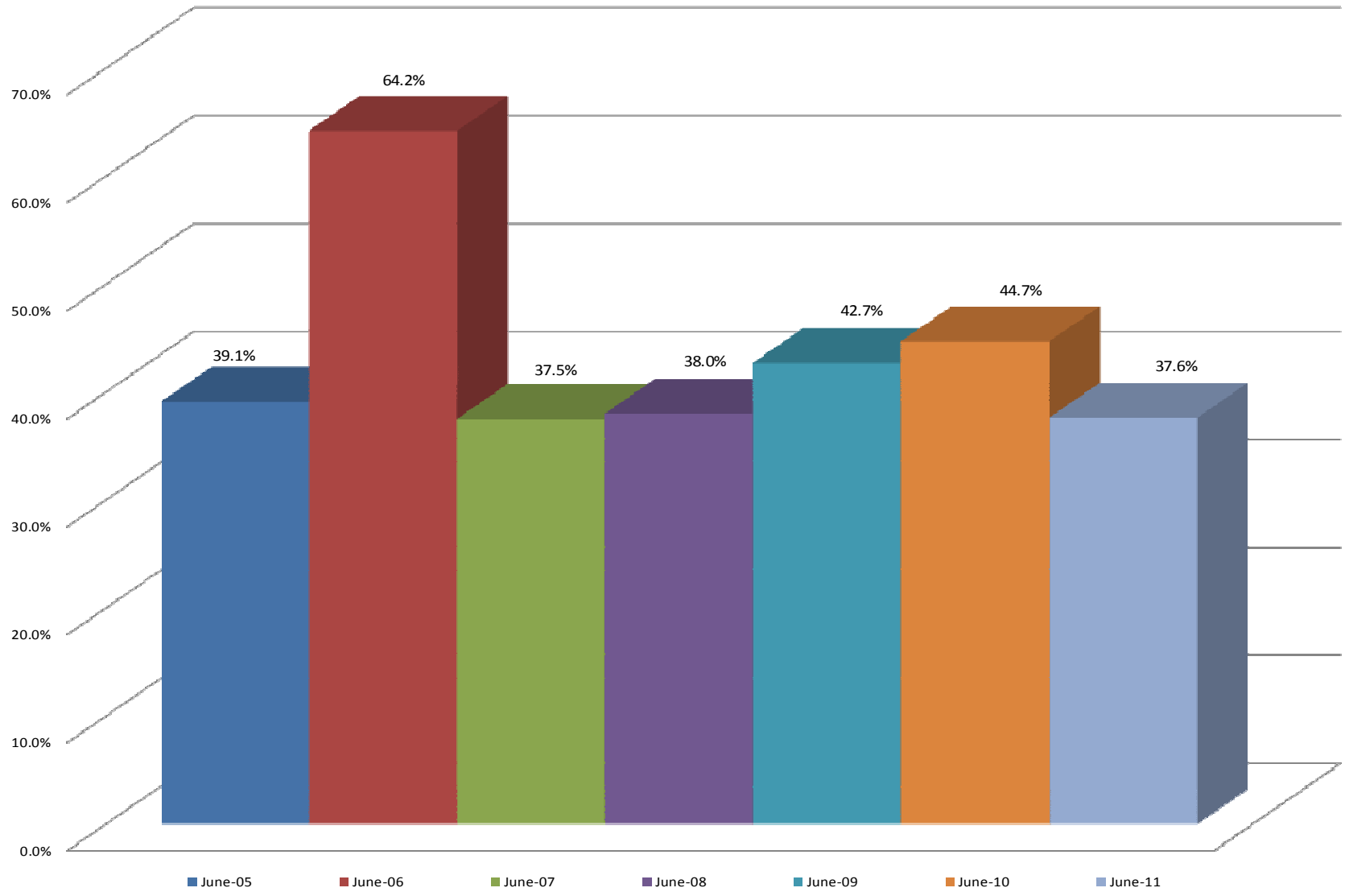
### STORM WATER FUND BALANCE FY 2006 - 2011



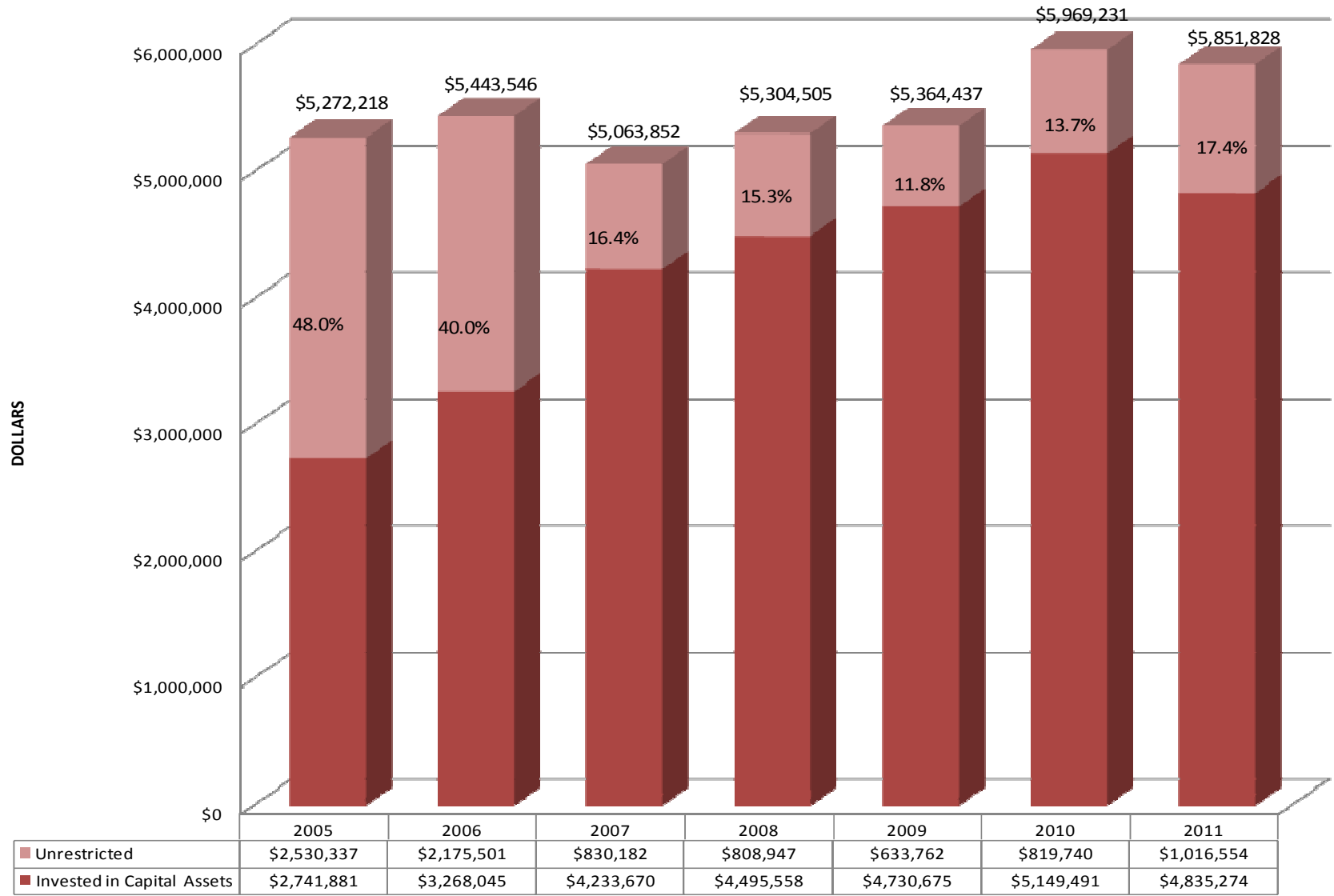
### CAPITAL PROJECTS FUND BALANCE FY 2006 - 2011



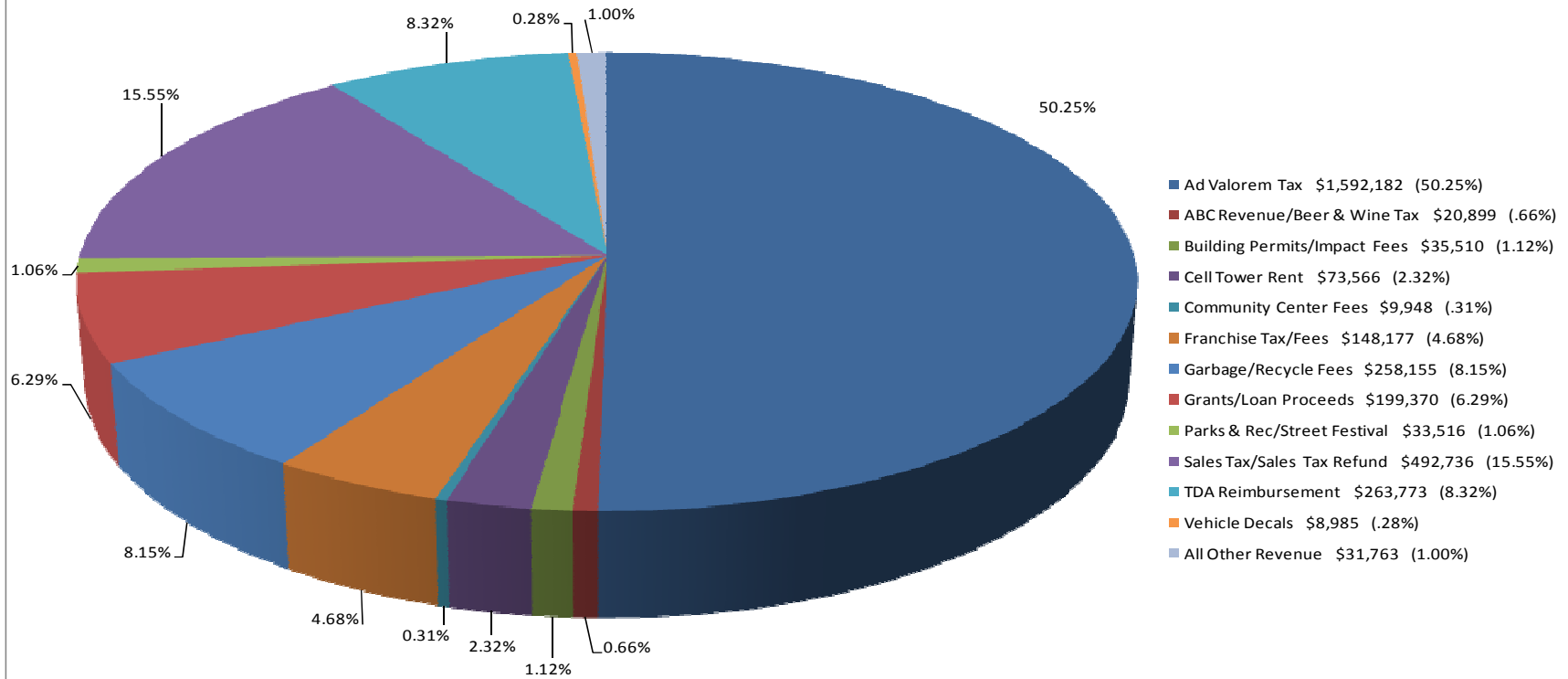
**GENERAL, POWELL BILL & STORM WATER FUNDS  
UNRESTRICTED/UNRESERVED FUND BALANCE AS A PERCENTAGE OF EXPENDITURES  
FY 2005 TO 2011**



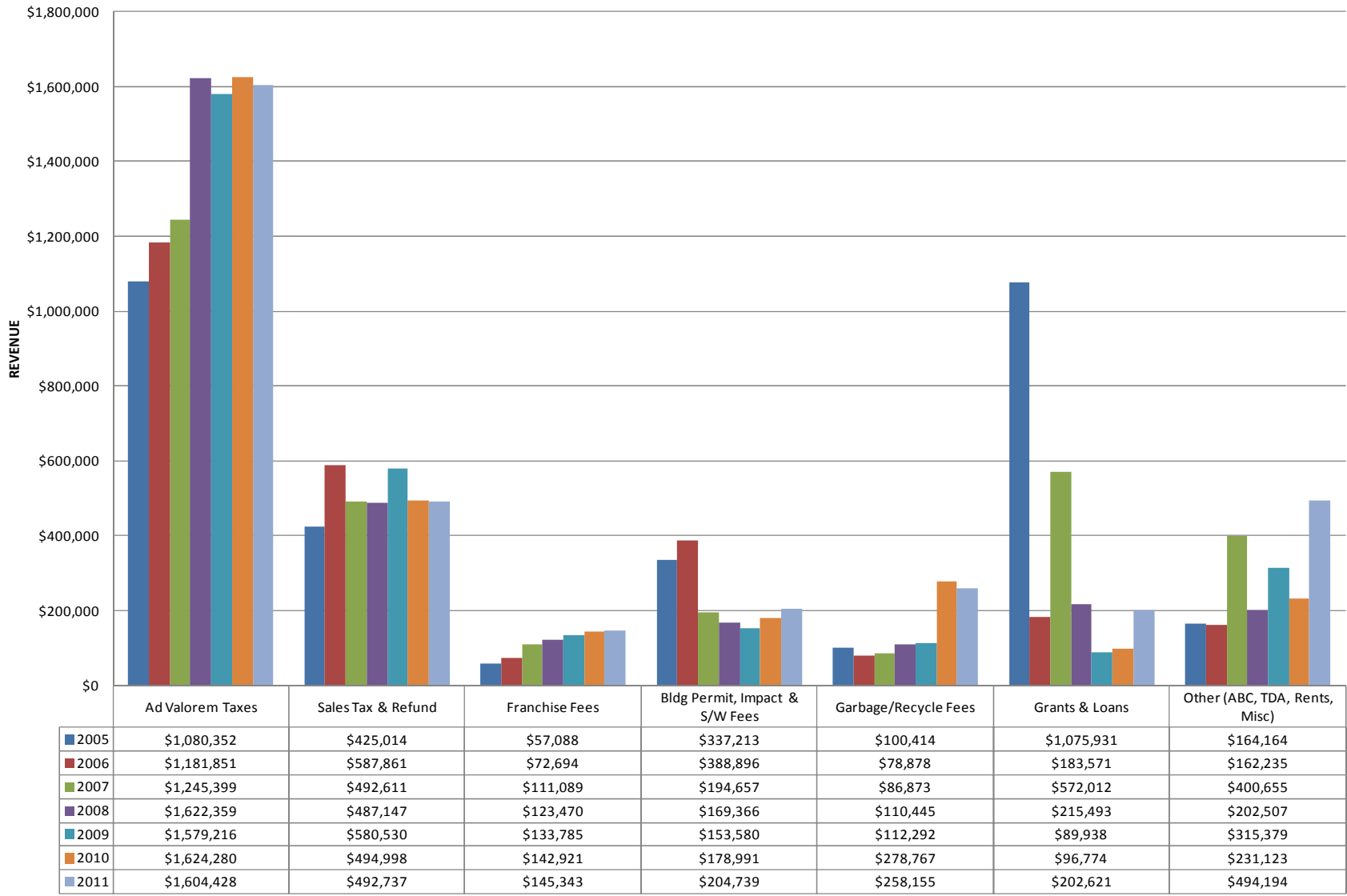
## WATER/SEWER FUND NET ASSETS FY 2005 - 2011



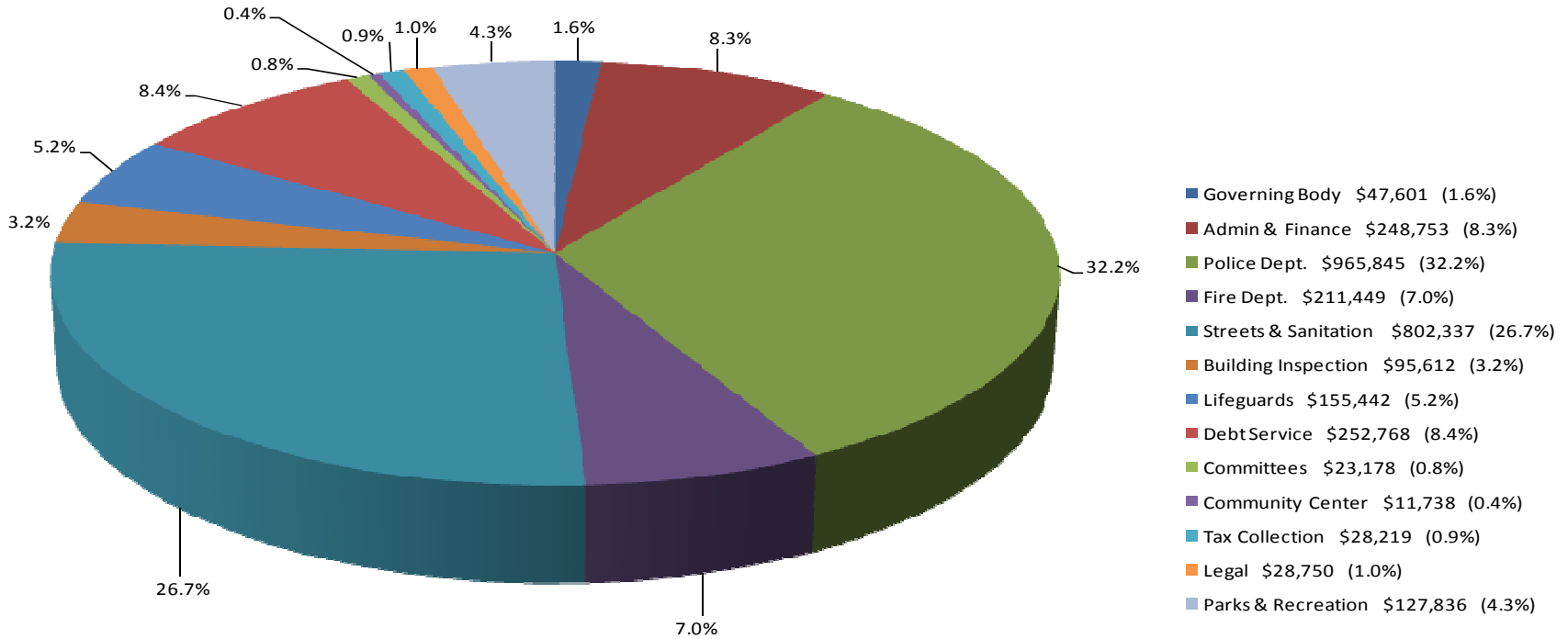
**GENERAL FUND  
REVENUE BY SOURCE  
FISCAL YEAR ENDING 6/30/11**



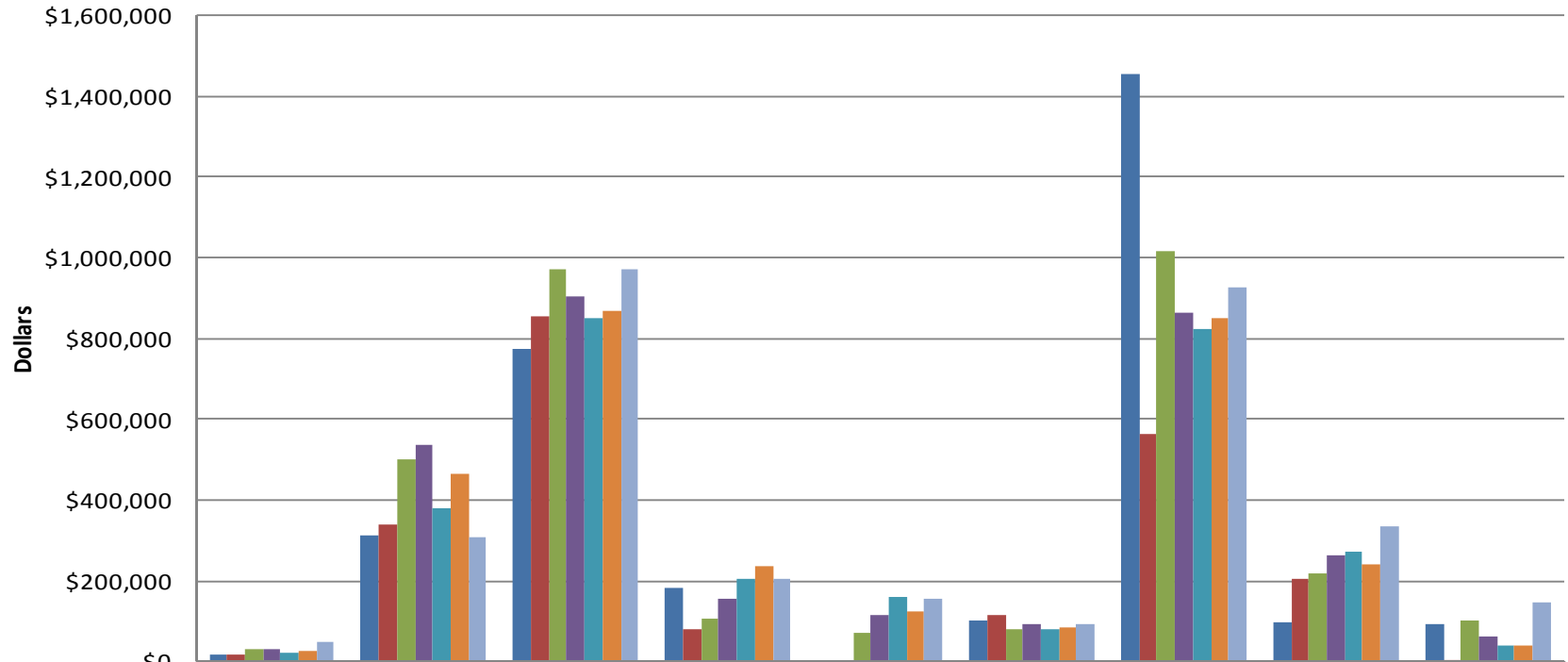
**GOVERNMENTAL FUNDS REVENUE  
(General, Powell & Storm Water)  
FY 2005 - 2011**



## GENERAL FUND EXPENSES BY DEPARTMENT FISCAL YEAR ENDING 6/30/11

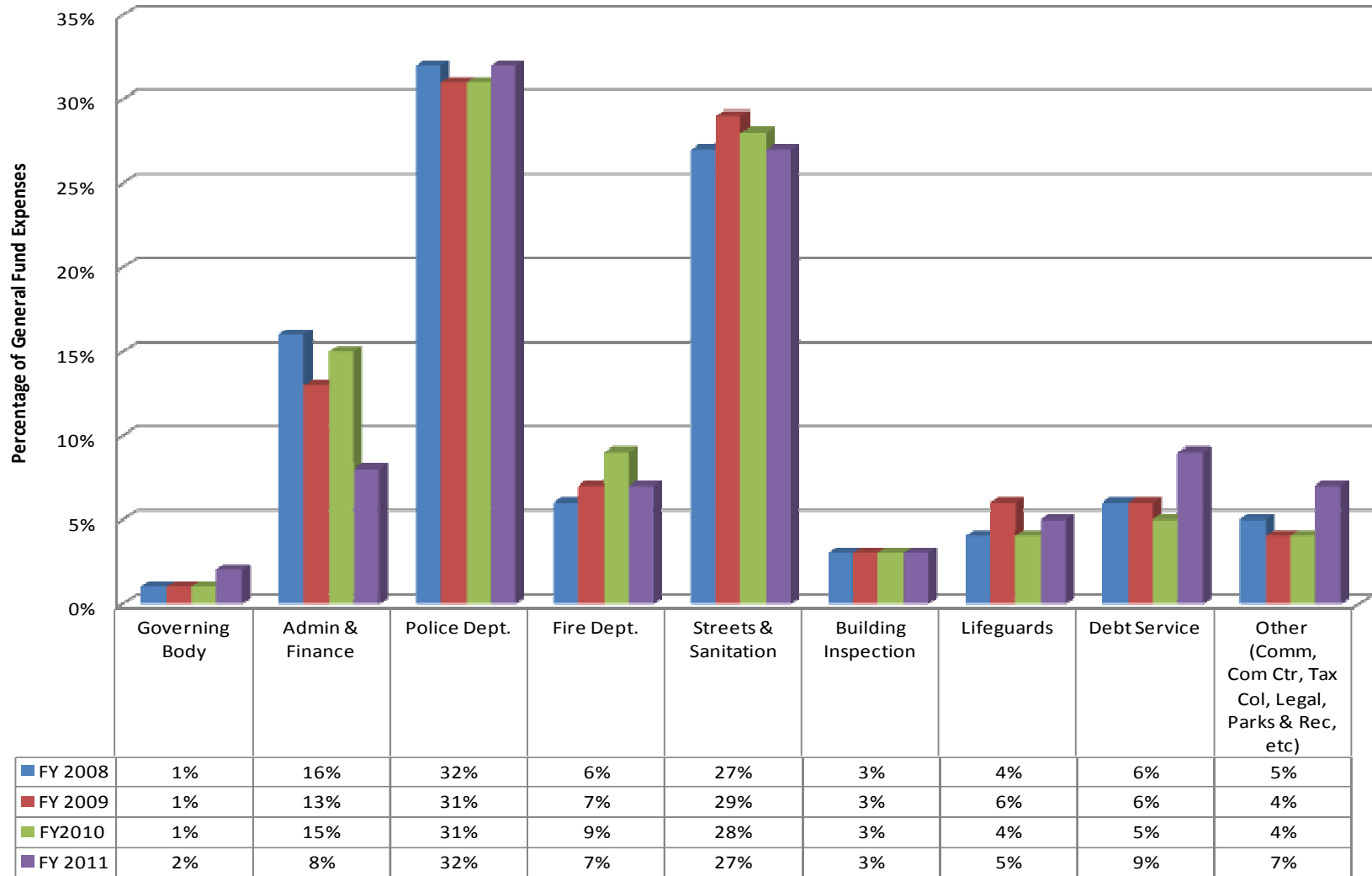


## GOVERNMENTAL FUNDS EXPENSES (General, Powell & Storm Water) FY 2005 - 2011

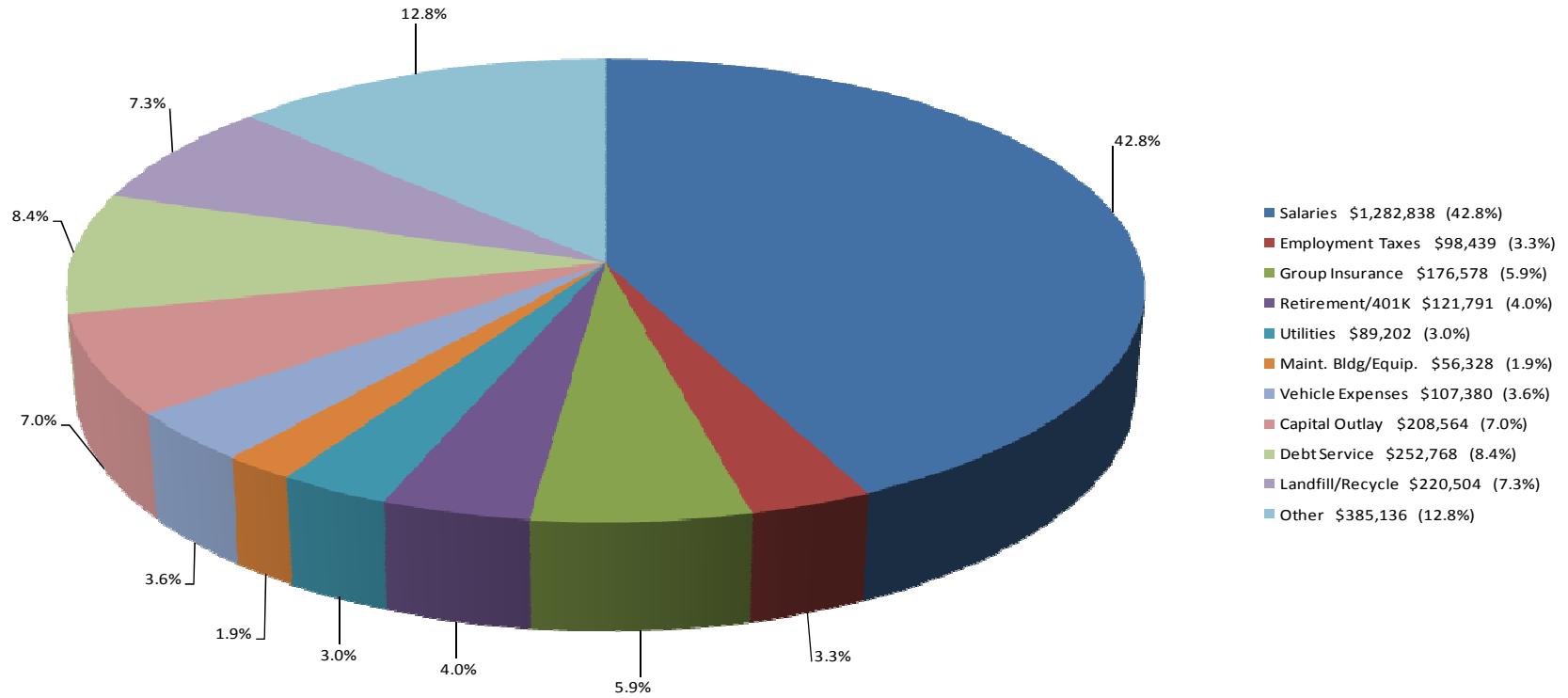


	Governing Body	Admin & Finance	Police	Fire	Lifeguards	Bldg Inspections	Public Works: S&S, SW	Debt Service	Other: KBCC, Com., etc)
2005	\$17,716	\$311,313	\$774,403	\$181,813		\$103,013	\$1,456,715	\$99,396	\$93,986
2006	\$19,365	\$340,769	\$852,857	\$80,233		\$116,495	\$562,030	\$206,551	\$4,103
2007	\$28,794	\$502,201	\$973,120	\$106,091	\$70,703	\$78,935	\$1,018,307	\$219,669	\$101,978
2008	\$28,661	\$535,352	\$906,192	\$154,657	\$116,774	\$92,100	\$862,187	\$264,901	\$60,060
2009	\$20,416	\$380,328	\$849,510	\$203,896	\$160,062	\$81,256	\$824,861	\$273,708	\$40,587
2010	\$27,801	\$466,064	\$870,356	\$238,193	\$124,696	\$86,760	\$849,143	\$240,015	\$39,822
2011	\$47,602	\$309,727	\$970,595	\$206,698	\$155,441	\$95,611	\$927,228	\$336,401	\$145,746

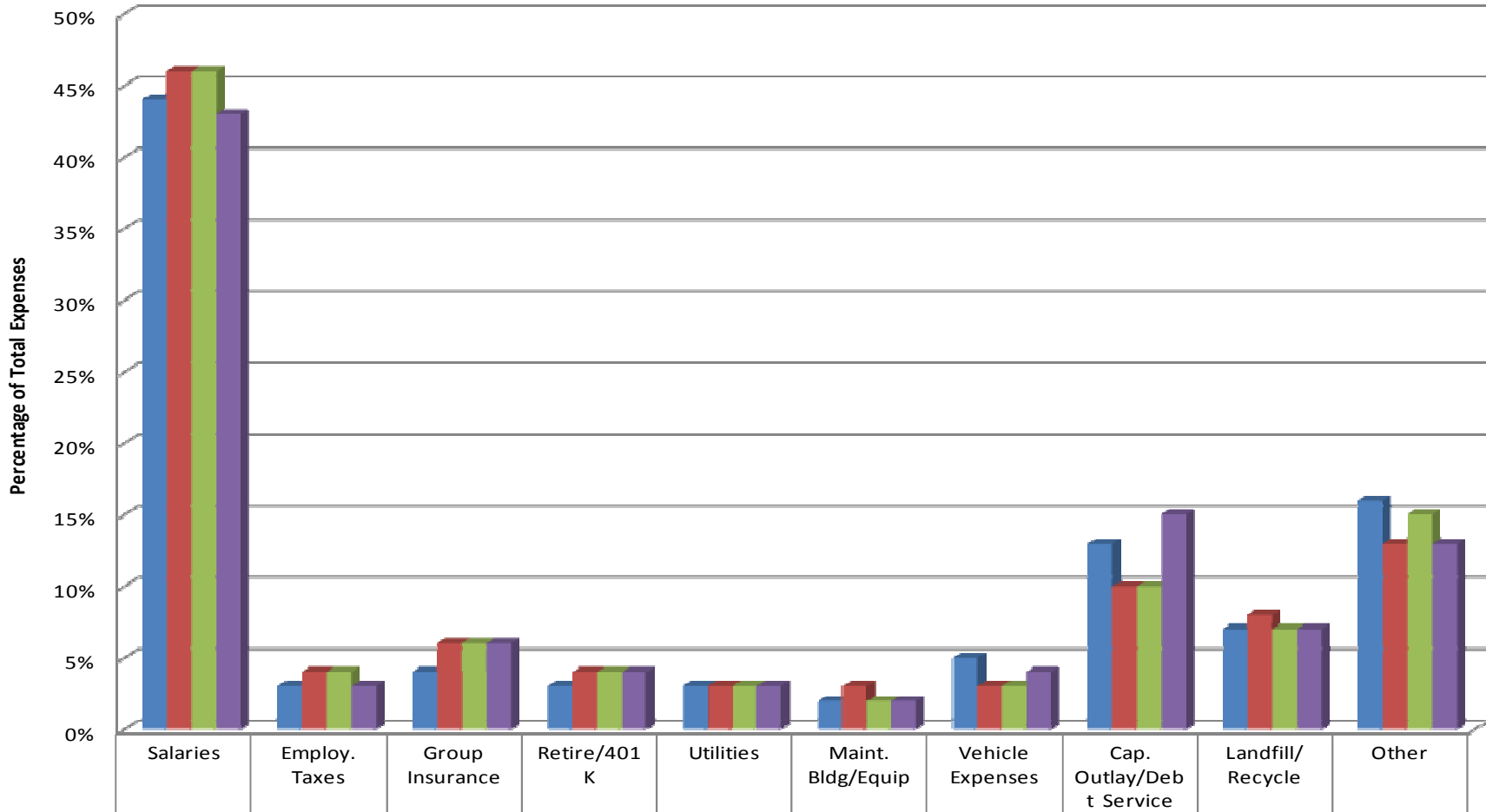
## GENERAL FUND PERCENTAGE OF TOTAL EXPENSES BY DEPARTMENT FY 2008 - 2011



**GENERAL FUND  
EXPENSES BY TYPE  
FISCAL YEAR ENDING 6/30/11**

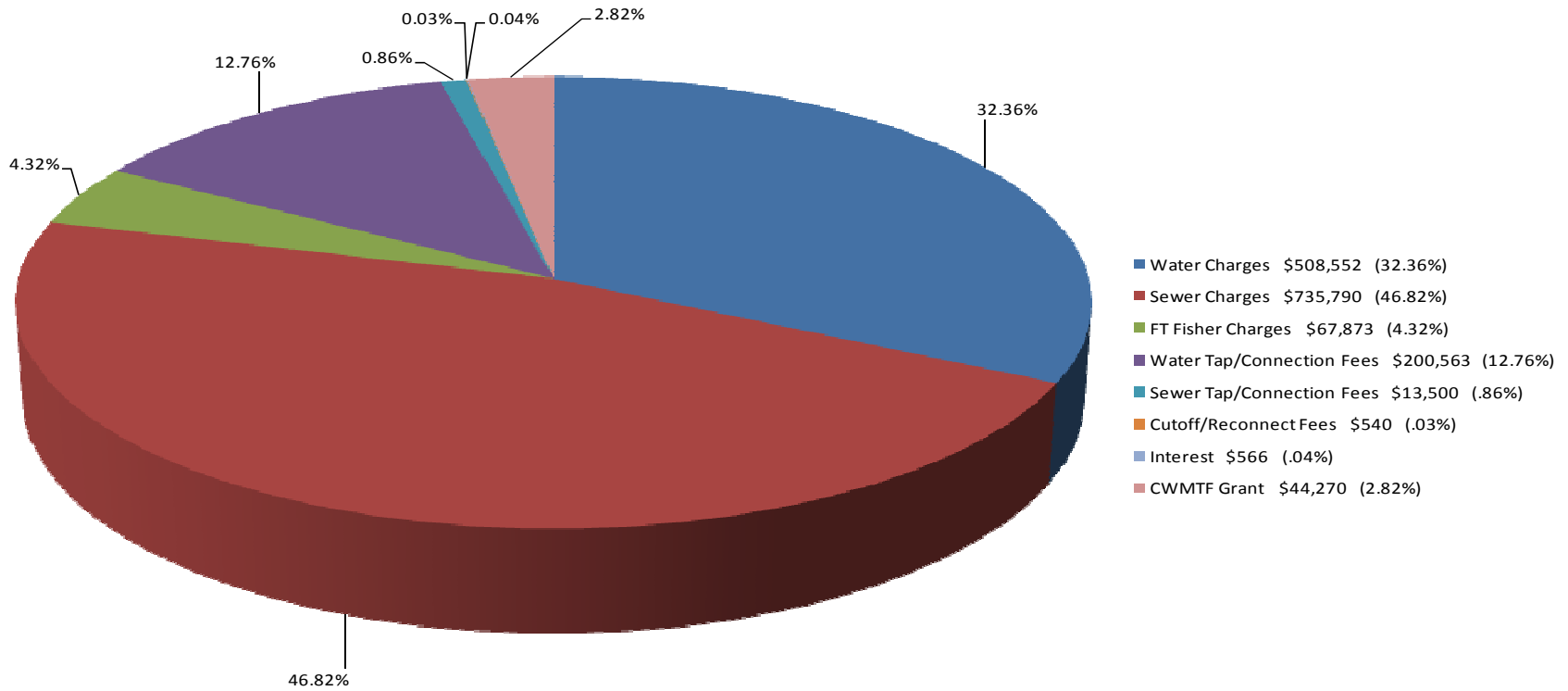


## GENERAL FUND PERCENTAGE OF TOTAL EXPENSES BY TYPE FY 2008 - 2011

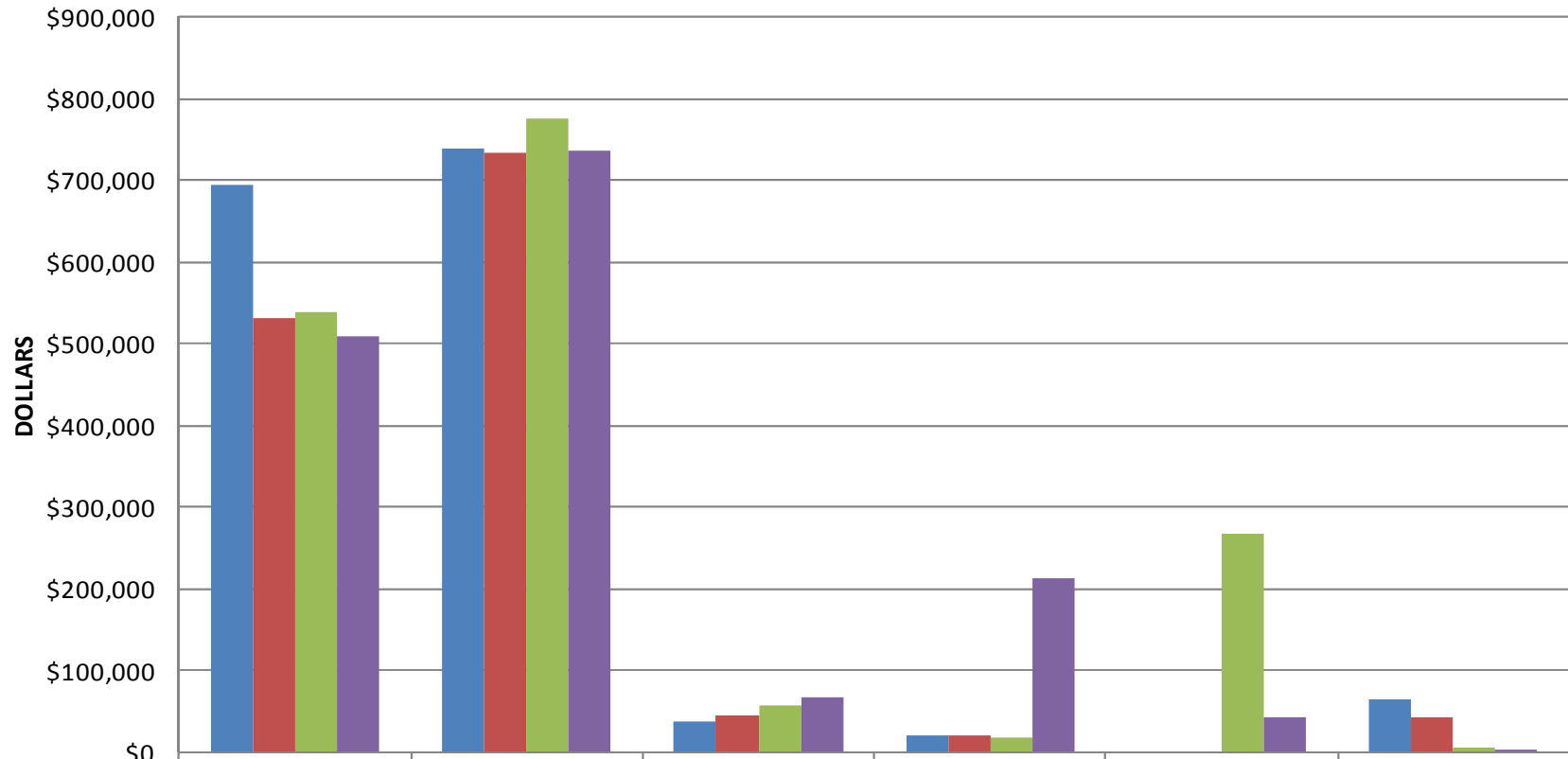


■ FY2008	44%	3%	4%	3%	3%	2%	5%	13%	7%	16%
■ FY2009	46%	4%	6%	4%	3%	3%	3%	10%	8%	13%
■ FY2010	46%	4%	6%	4%	3%	2%	3%	10%	7%	15%
■ FY2011	43%	3%	6%	4%	3%	2%	4%	15%	7%	13%

**WATER AND SEWER FUND  
REVENUE BY SOURCE  
FISCAL YEAR ENDING 6/30/11**

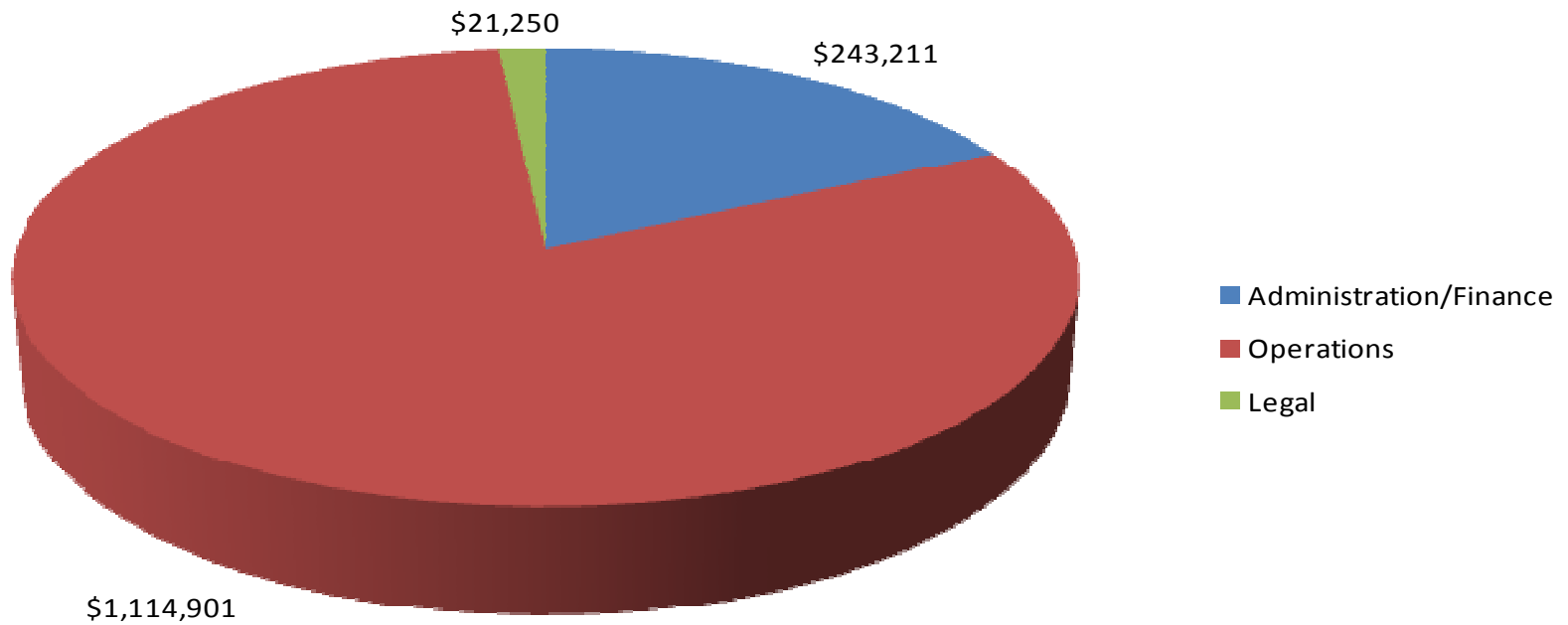


## WATER/SEWER FUND REVENUE BY SOURCE FY 2008 - 2011

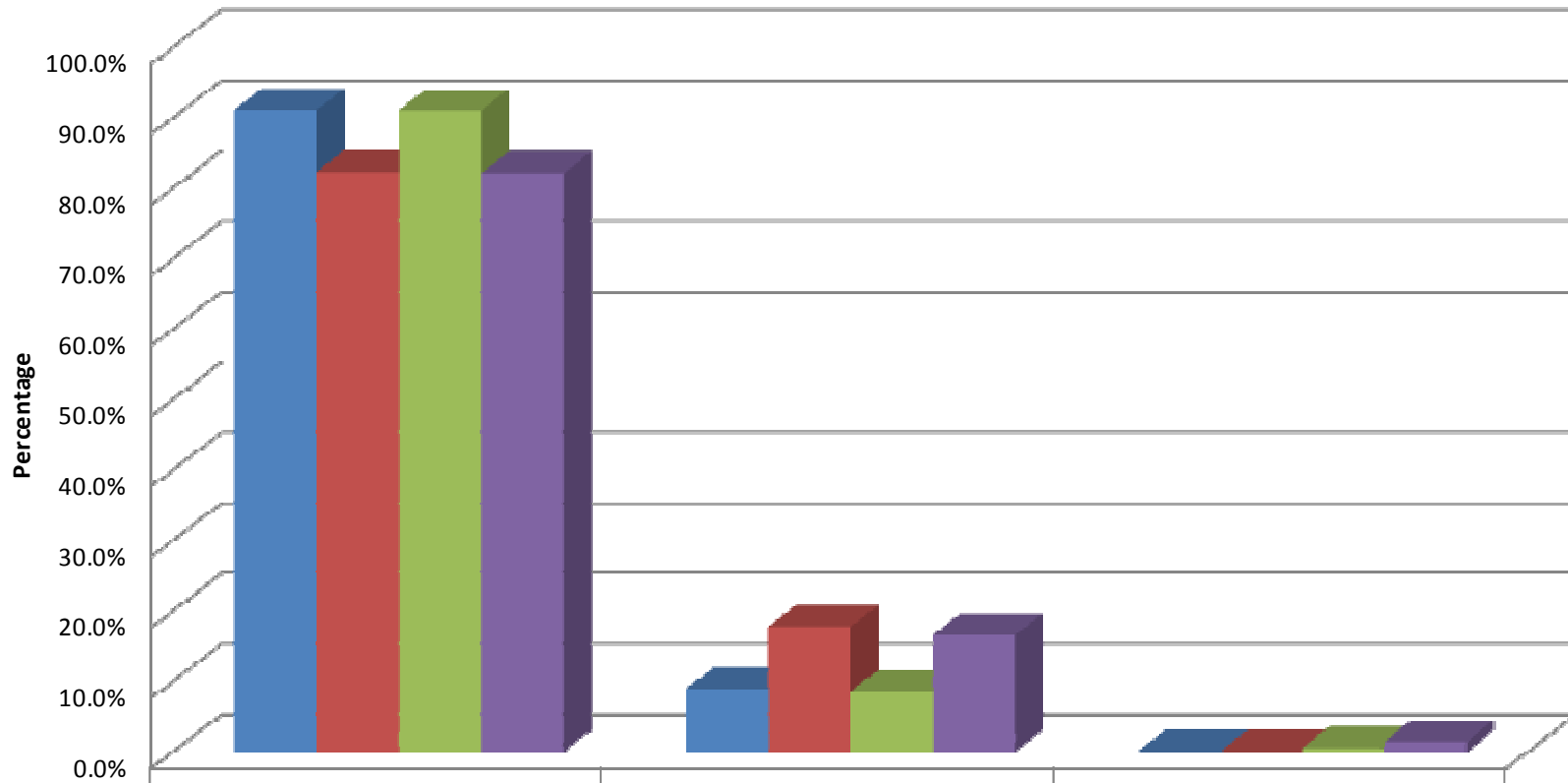


	Water Charges	Sewer Charges	Fort Fisher Charges	Tap & Connection Fees	Grants	Other (Interest, etc.)
■ 2008	\$693,724	\$739,075	\$37,809	\$21,000	\$0	\$64,567
■ 2009	\$531,708	\$733,048	\$44,699	\$21,000	\$0	\$43,891
■ 2010	\$539,797	\$776,582	\$58,788	\$18,000	\$268,717	\$5,343
■ 2011	\$508,552	\$735,790	\$67,873	\$214,063	\$44,270	\$1,106

**WATER AND SEWER FUND  
EXPENSES BY DEPARTMENT  
FISCAL YEAR ENDING 6/30/11**

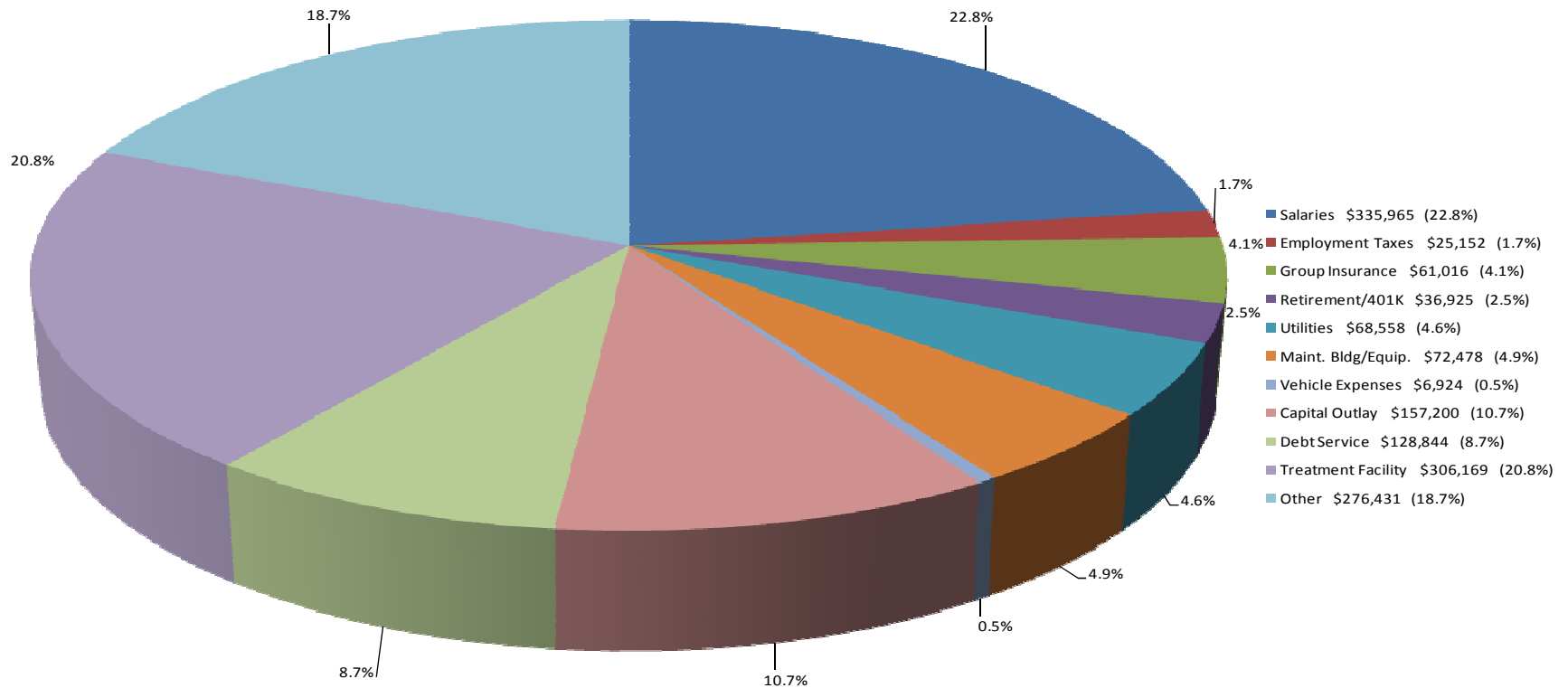


## WATER/SEWER FUND PERCENTAGE OF TOTAL EXPENSES BY DEPARTMENT FY 2008 - 2011

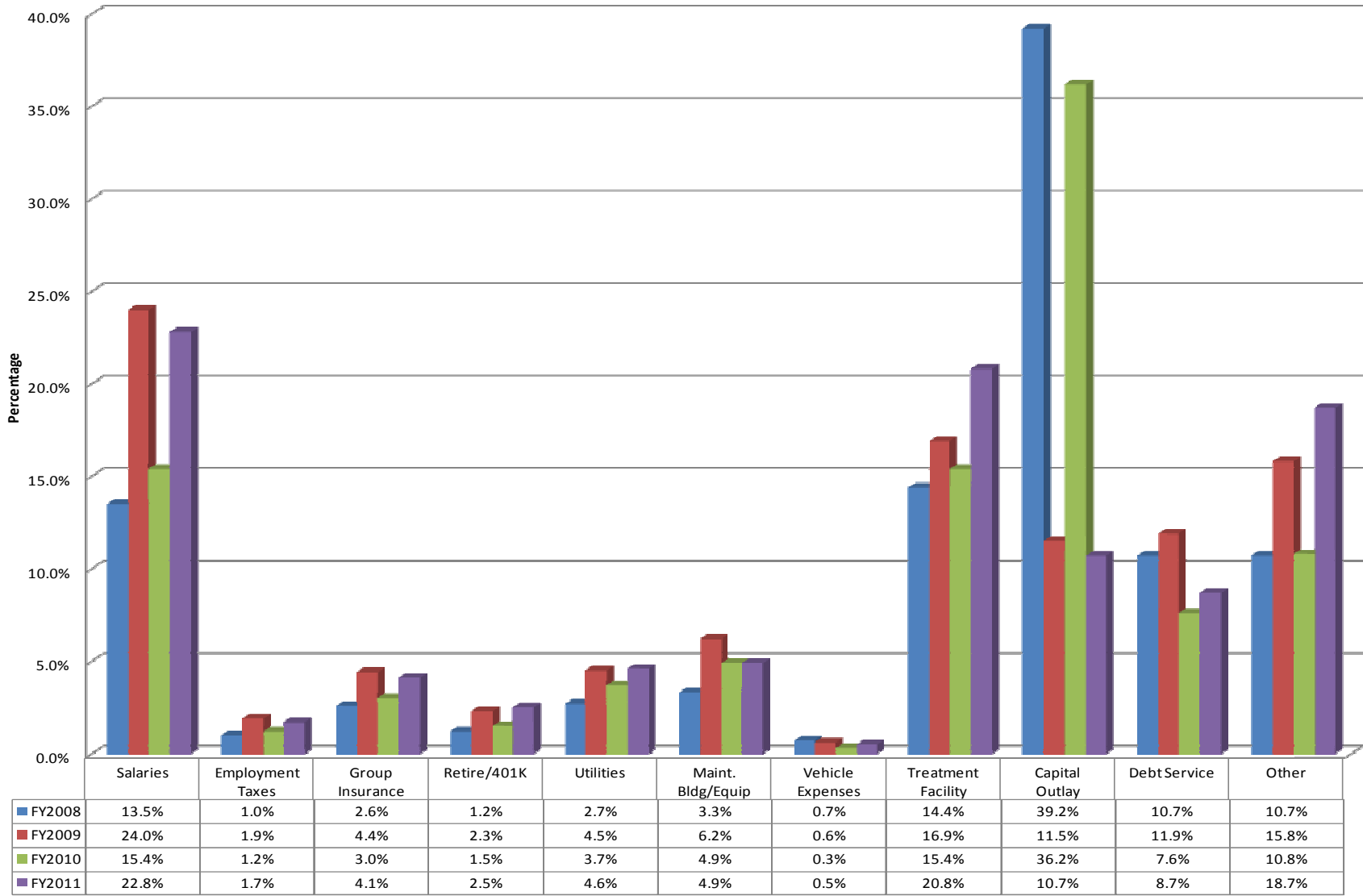


	Operations	Admin & Finance	Legal
■ 2008	91.1%	8.9%	0.0%
■ 2009	82.3%	17.7%	0.0%
■ 2010	91.0%	8.5%	0.5%
■ 2011	82.1%	16.5%	1.4%

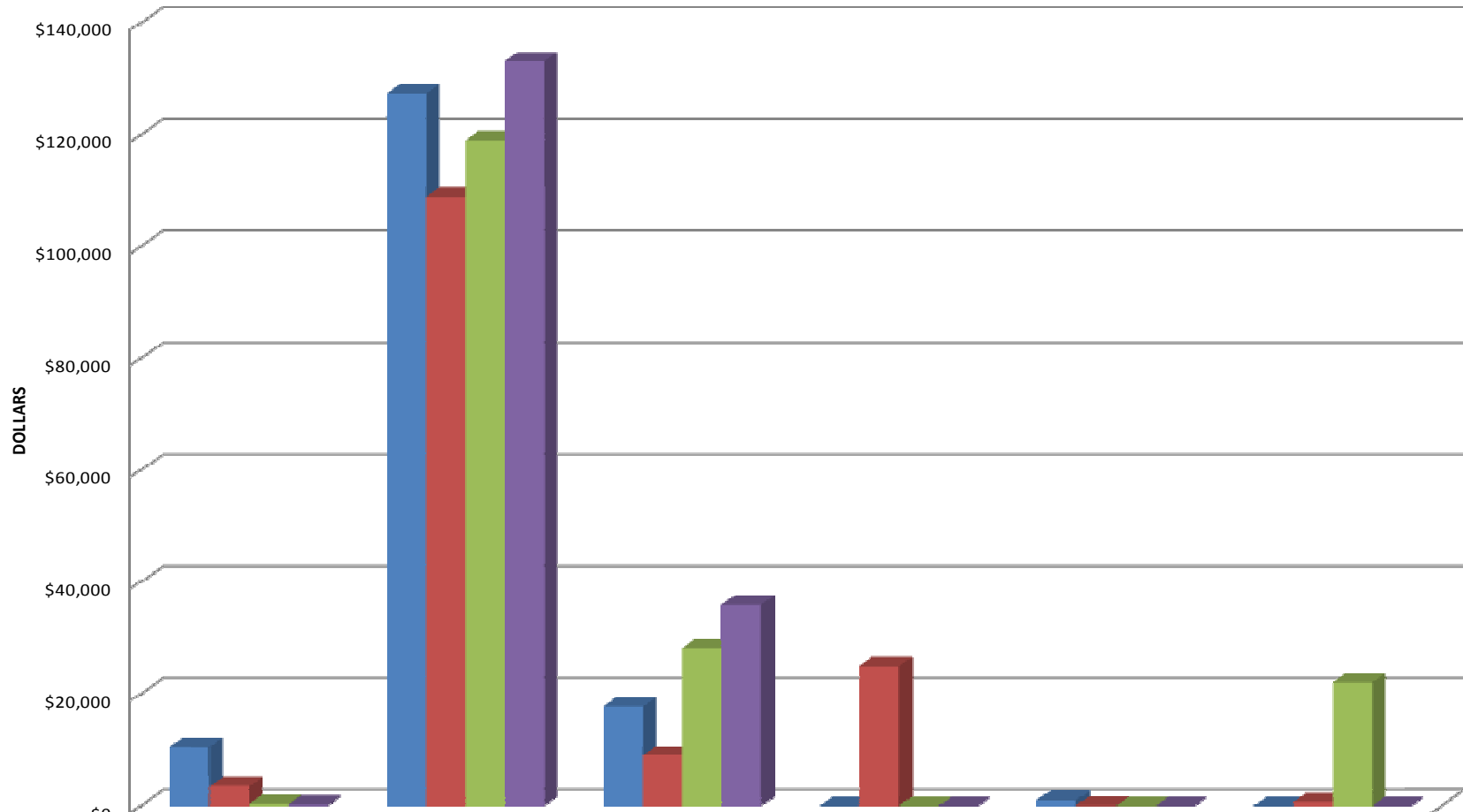
**WATER/SEWER FUND  
EXPENSES BY TYPE  
FISCAL YEAR ENDING 6/30/11**



**WATER/SEWER FUND  
PERCENTAGE OF TOTAL EXPENSES BY TYPE  
FY 2008 - 2011**

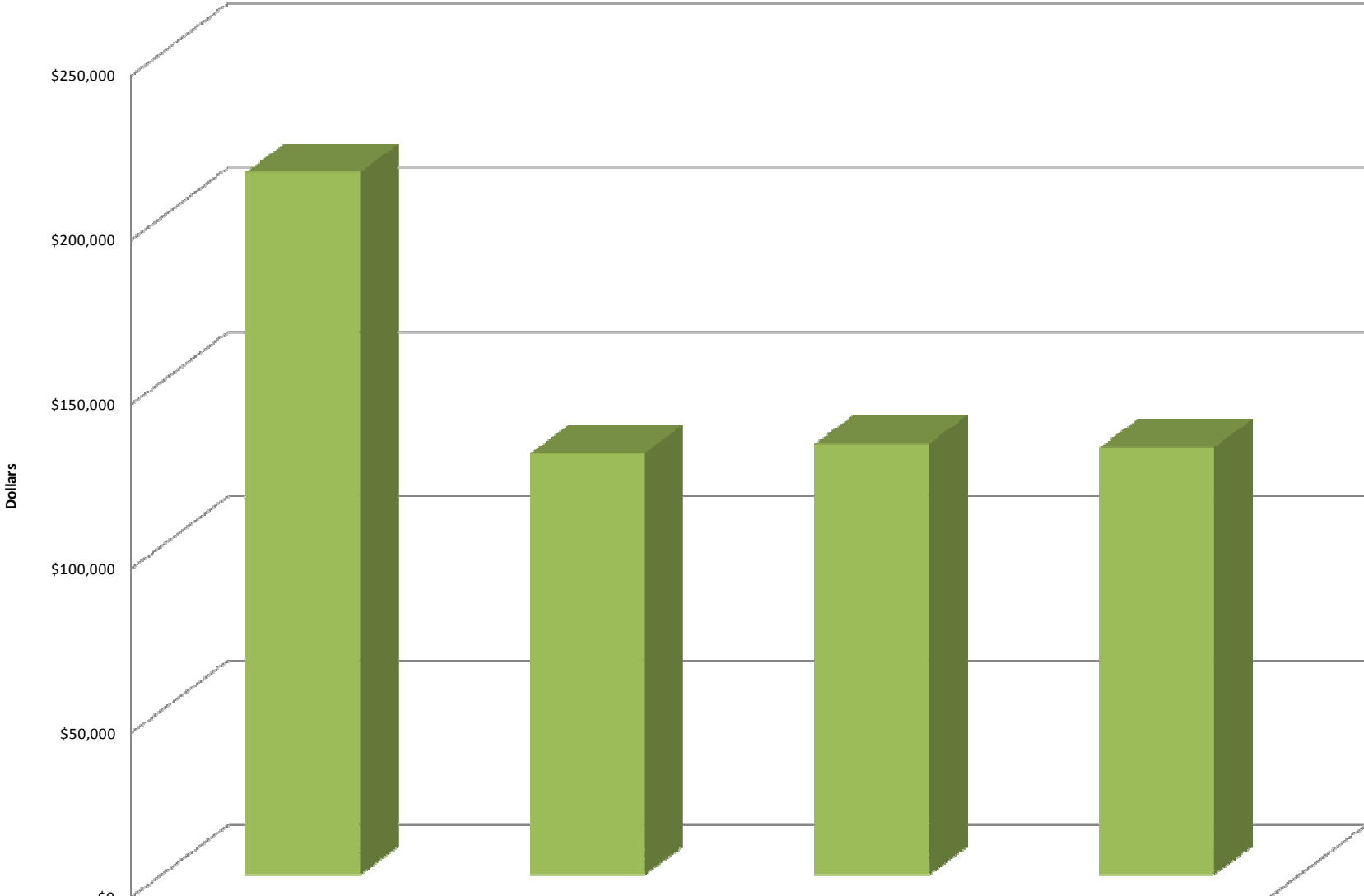


### STORM WATER FUND REVENUE BY SOURCE FY 2008 - 2011



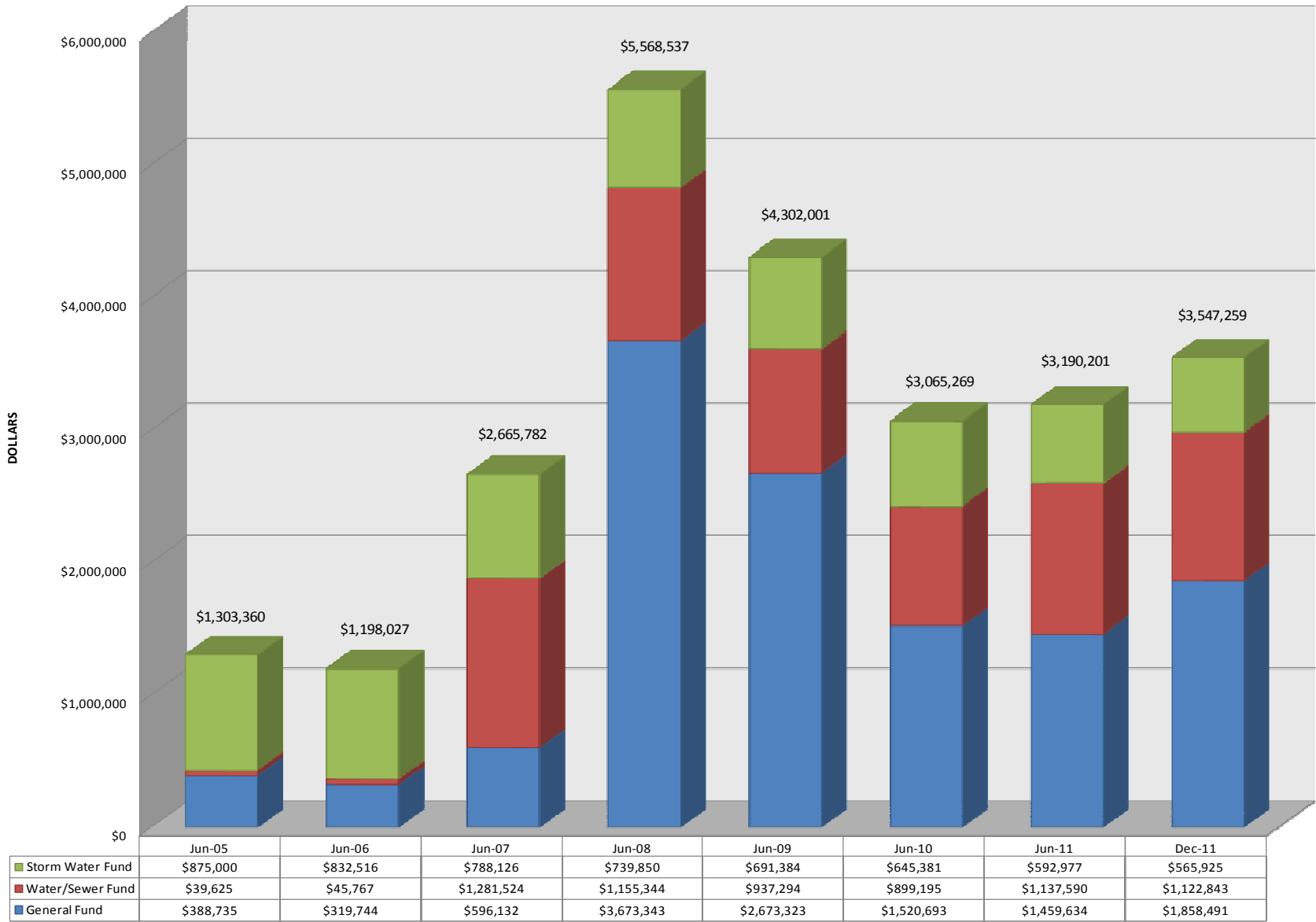
	Interest	Storm Water Fees	Storm Water Building Fees	Clean Water Grant	Rain Barrel Sales	Miscellaneous Revenue
■ 2008	\$10,487	\$127,333	\$17,697	\$0	\$1,020	\$0
■ 2009	\$3,544	\$108,960	\$9,020	\$25,000	\$85	\$670
■ 2010	\$355	\$119,057	\$28,041	\$0	\$0	\$22,045
■ 2011	\$233	\$133,101	\$36,000	\$0	\$0	\$0

**STORM WATER FUND  
EXPENSES  
FY 2008 - 2011**

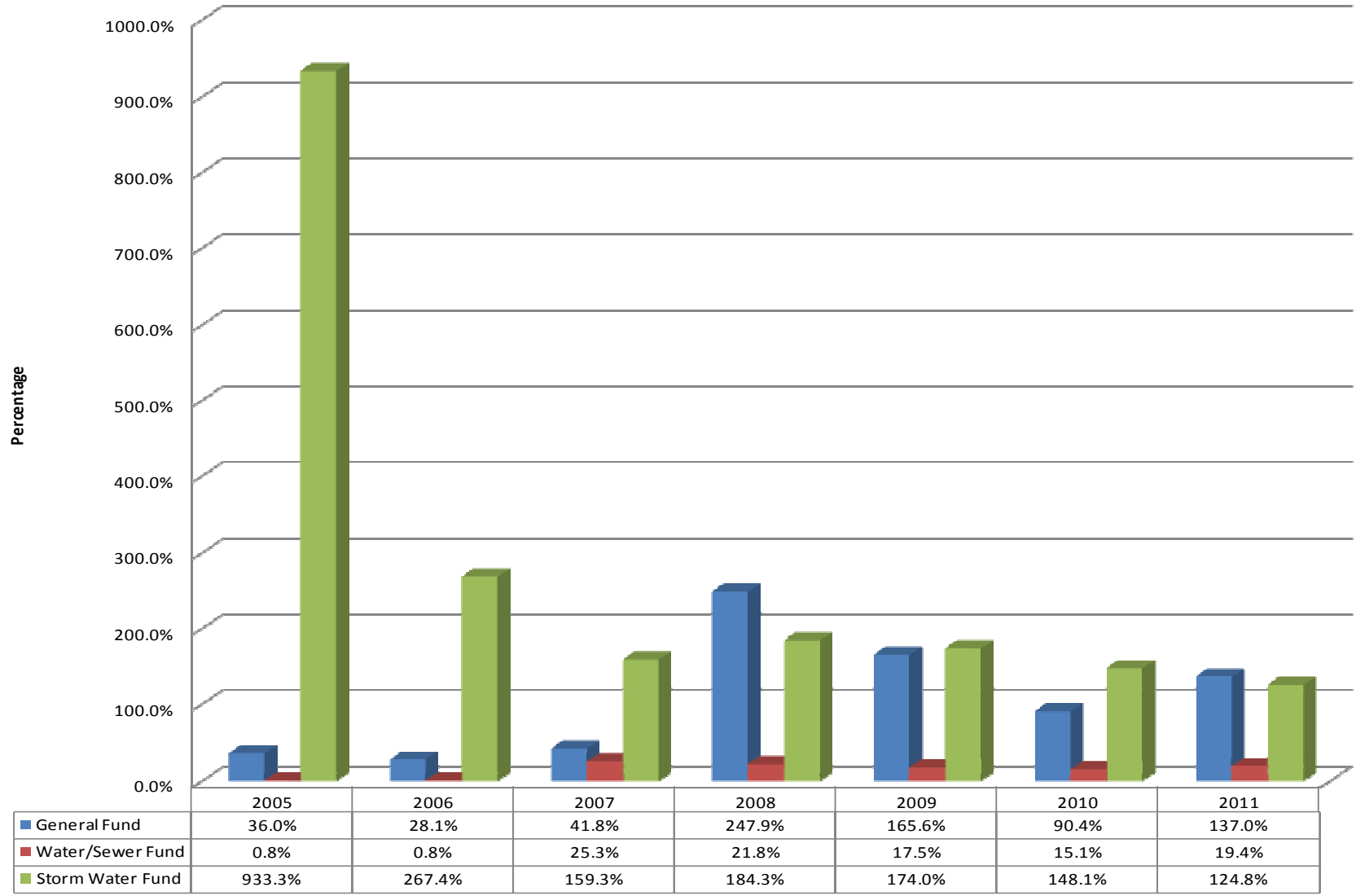


■ Total Expenses	2008	2009	2010	2011
	\$213,866	\$128,287	\$131,250	\$130,036

**OUTSTANDING DEBT BY FUND  
6/30/05 - 12/31/11**



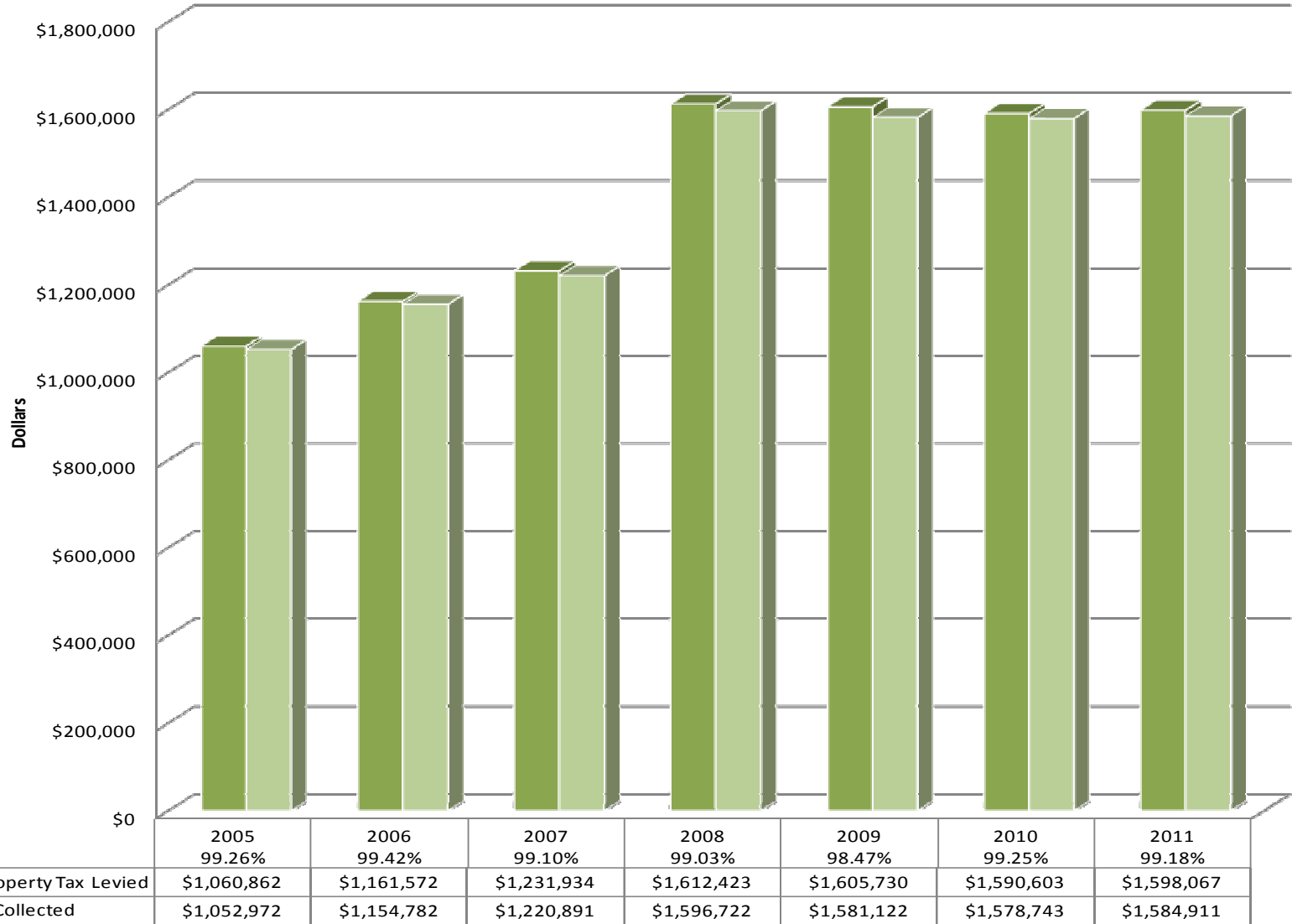
**GENERAL, WATER/SEWER & STORM WATER FUNDS  
DEBT AS A PERCENTAGE OF FUND BALANCE  
FY 2005 - 2011**



**TOWN OF KURE BEACH  
DEBT LISTING  
AS OF 12/31/11**

<u>LOAN PURPOSE/DESCRIPTION</u>	<u>FUND</u>	<u>LENDER</u>	<u>DATE OF LOAN</u>	<u>AMOUNT FINANCED</u>	<u>INTEREST RATE</u>	<u>LOAN DURATION</u>	<u>DATE PAID OFF</u>	<u>BALANCE AT 12/31/11</u>	<u>PAYMENT FREQUENCY</u>	<u>PAYMENT AMOUNT</u>	<u>NEXT PAY DATE</u>	<u>INT. EXPENSE LIFE OF LOAN</u>	
Sewer Rehabilitation Project	W/S	Fed Gov	2010	\$386,654	0.00%	20	05/01/2030	\$373,490.45	Annual	\$13,163.55	05/01/2012	\$0.00	
Ocean Front Park (development)	G	BB&T	07/12/2011	\$347,000	4.39%	17	07/12/2028	\$347,000.00	Annual	\$35,645.06	07/12/2012	\$137,099.64	
Ocean Front Park (acquisition)	G	BB&T	12/19/2007	\$3,600,000	4.28%	20	12/19/2027	\$1,038,461.71	Annual	\$109,350.02	12/19/2012	\$690,135.16	
Water Tower & Well House & Town Hall Expansion (a)	G, W/S	BB&T	04/11/2007	\$1,187,187	3.92%	15	05/07/2022	\$900,399.25	Semi-annual	\$52,716.71	05/07/2012	\$394,314.33	
Cutter Court Drainage Project	SW	B of A	07/23/2005	\$875,000	4.40%	15	06/23/2020	\$565,924.72	Monthly	\$6,677.76	01/23/2012	\$326,995.49	
2011 International Garbage Truck	G	BB&T	09/16/2011	\$152,152	1.81%	5	09/16/2016	\$152,152.00	Annual	\$32,102.53	09/16/2012	\$8,360.65	
2 Police Cars - 2010 Crown Vic.	G	BB&T	03/11/2011	\$53,168	2.69%	4	03/11/2015	\$53,168.00	Annual	\$14,197.75	03/11/2012	\$3,623.00	
2012 Ford F-250 Utility Truck	W/S	First Bank	11/30/2011	\$29,547	1.50%	4	12/30/2014	\$22,019.43	Annual	\$7,564.50	12/30/2012	\$711.00	
Police Car - 2011 Ford Taurus	G	BB&T	10/01/2010	\$27,095	2.49%	4	10/01/2014	\$20,568.62	Annual	\$7,200.47	10/01/2012	\$1,707.38	
2010 Dodge Ram Truck	W/S	BB&T	03/26/2010	\$29,985	3.34%	4	04/14/2014	\$22,854.03	Annual	\$8,132.47	04/14/2012	\$2,544.85	
2004 Pierce Fire Apparatus	G	BB&T	04/30/2004	\$204,089	3.36%	8	06/08/2012	\$28,557.45	Annual	\$29,516.95	06/08/2012	\$32,046.60	
Gator & Tractor (b)	G, W/S	BB&T	08/21/2009	\$26,925	3.42%	3	06/01/2012	\$6,993.51	Annual	\$7,115.07	06/01/2012	\$1,535.44	
2 Police Cars - 2009 Crown Vic.	G	BB&T	01/12/2009	\$61,720	3.27%	3	01/26/2012	\$15,670.01	Annual	\$16,182.43	01/26/2012	\$3,010.08	
<b>FUND CODES</b>								<b>TOTAL OUTSTANDING DEBT AT 12/31/11:</b>					
G - General Fund								General Fund					\$1,858,491.15
W/S - Water/Sewer Fund								Water/Sewer Fund					\$1,122,843.31
SW - Storm Water Fund								Storm Water Fund					\$565,924.72
								Total					<u>\$3,547,259.18</u>
<b>NOTES</b>								<b>LOAN PAYMENTS DUE:</b>					
(a) - 78% of loan is Water/Sewer Fund and 22% is General Fund.								01/01/2012 - 03/31/2012					\$ 50,413.46
(b) - 69% of loan is General Fund and 31% is Water/Sewer Fund.								04/01/2012 - 06/30/2012					\$ 130,678.03
								07/01/2012 - 09/30/2012					\$ 87,780.87
								10/01/2012 - 12/31/2012					<u>\$ 196,864.98</u>
								Total					<u>\$ 465,737.34</u>

## PROPERTY TAX COLLECTIONS FY 2005 - 2011



# LOOKING FORWARD



# GENERAL ECONOMIC CONDITIONS

- JOB MARKET – Expected to remain stagnant for several years even as the economy improves
- REAL ESTATE VALUES – Projected to begin to stabilize in 2012
- NORTH CAROLINA RETAIL SALES – Forecast to increase by 5% in early-2012, expanding to 7% by mid-2012

# KURE BEACH – CONDITIONS/ISSUES/CONCERNS

## EXPENDITURE RELATED:

1. Extent of legal and other additional costs associated with the Ocean Front Park
2. Increases in day-to-day operating expenses
  - ❖ Fuel costs
  - ❖ General inflation
    - 2010 – 1.64%
    - 2011 – 3.17%
    - 2012 - ?

# KURE BEACH – CONDITIONS/ISSUES/CONCERNS

## EXPENDITURE RELATED (continued):

3. Beach Renourishment – Do we need to establish a reserve fund?

4. Capital Projects – Paying for current projects and saving for future years' projects

- ❖ Ocean Front Park
- ❖ Storm Water – Increased fee by \$4/month in FY 2012
- ❖ Fire Truck – Need to purchase in FY 2014?
- ❖ Water/Sewer – Need to increase reserves
- ❖ Other

# KURE BEACH – CONDITIONS/ISSUES/CONCERNS

## REVENUE RELATED:

1. Projected increase in retail sales should result in increased sales tax revenue
2. Franchise Taxes – Full year impact of additional revenue from franchise tax review performed during 2011
  - ❖ Net increase of approximately \$4,235/year
3. Communication Tower Rent – Average increase of approximately 3% annually
  - ❖ Fiscal Year 2013 increase of \$2,300

# KURE BEACH – CONDITIONS/ISSUES/CONCERNS

## REVENUE RELATED (continued):

4. TDA Funds – Dependent on level of tourism to the Town (One-half of the second 3% of the Room Occupancy Tax)
5. Other revenue, such as garbage & recycle, water & sewer, storm water, etc. are expected to remain flat – Unless a fee increase is implemented

# KURE BEACH – CONDITIONS/ISSUES/CONCERNS

## REVENUE RELATED (continued):

6. Property Tax Revenue – What is the effect of revaluation on our property tax revenue?

- ❖ Preliminary estimate is a 31.9% decrease in our total tax base (from \$1,179,675,000 to \$803,875,000)

The tax base decrease has the following impact on our property tax revenue:

**PROPERTY REVALUATION  
TAX RATE AND REVENUE IMPACT  
ESTIMATED 31.9% DECREASE**

	<u>FY 2012</u>	SCENARIOS FOR FISCAL YEAR 2013	
	ACTUAL	NO RATE CHANGE	REVENUE NEUTRAL
Tax Base	\$1,179,675,000	\$803,875,000	\$803,875,000
Tax Rate Per \$100 of Valuation	\$0.1625	\$0.1625	<b>\$0.2385</b>
Total Property Tax Revenue	\$1,916,972	\$1,306,297	\$1,916,969
Estimated Collection %	98%	98%	98%
Estimated Net Revenue	\$1,878,632	\$1,280,171	\$1,878,629
<b>Decrease in FY 2013 Revenue</b>		<b>\$598,462</b>	<b>\$0</b>

**TOWN OF KURE BEACH  
PROPERTY VALUATION & TAX RATES  
FY 2005 - 2013**

	2005	2006	2007	2008	2009	2010	2011	2012	Estimated 2013
Net Property Valuation	\$359,675,932	\$393,829,492	\$417,525,881	\$1,194,290,814	\$1,189,429,630	\$1,178,224,444	\$1,185,020,000	\$1,179,675,000	\$803,875,000
Tax Rate Per \$100	\$0.295	\$0.295	\$0.295	\$0.135	\$0.135	\$0.135	\$0.135	\$0.1625	\$0.2385
									Est. valuation & rate required for revenue neutral.
<u>26 Year Tax Rate History:</u>					<u>Historical Range of Tax Rates:</u>				
<u>Years</u>	<u>Tax Rate</u>	<u>Revaluation Year</u>			<u>Years</u>	<u>Tax Rate</u>			
2012	\$0.1625				High	1961 - 1965	\$1.650		
2007 - 2011	\$0.135	2007			Low	2007 - 2011	\$0.135		
2001 - 2006	\$0.295								
1999 - 2000	\$0.275	1999							
1993 - 1998	\$0.390								
1992	\$0.360								
1991	\$0.340	1991							
1986 - 1990	\$0.540								

**TOWN OF KURE BEACH  
DRAFT BUDGET CALENDAR  
FY 2012/2013**

DATE	DESCRIPTION OF ACTIVITY
Feb. 24, 2012	Outside Agency Funding Request Application made available to outside agencies via Town website
Mar. 7, 2012	Provide budget guidance and worksheets to Department Heads
Mar. 7, 2012	Solicit budget requests from Town Committees
Mar. 14, 2012	Deadline for Outside Agency Funding Request Applications (12 PM)
Mar. 30, 2012	Departmental budgets and Town Committee requests due to Budget Officer
Apr. 12, 2012	10:00 AM - Budget Workshop – Review initial departmental budgets, committee requests and funding requests from outside agencies
Apr. 26, 2012	10:00 AM - Budget Workshop – Review draft budget
May 15, 2012	Regular Council meeting – Draft budget and budget message provided to Council and copy of budget filed with Town Clerk for public inspection
June 5, 2012	Public Hearing
June 19, 2012	Adoption of FY 2012/2013 Budget (at regular Council meeting)