

**Craig Bloszinsky**  
*Mayor*

**Joseph Whitley**  
*Commissioner*

**Allen Oliver**  
*Commissioner*



**David Heglar**  
*Mayor Pro Tem*

**John Ellen**  
*Commissioner*

**Nancy Avery**  
*Town Clerk*

## ***TOWN OF KURE BEACH***

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[www.townofkurebeach.org](http://www.townofkurebeach.org)

May 15, 2018

RE: **TOWN OF KURE BEACH, NORTH CAROLINA  
FISCAL YEAR 2019 BUDGET MESSAGE**

The Honorable Mayor Bloszinsky and Town Council:

In accordance with Section 159-11 of the NC General Statutes (N.C.G.S.), I am pleased to present the proposed fiscal year 2019 budget for the Town of Kure Beach for your review and consideration. The budget is a sound financial plan and has been prepared with the Council's goals and objectives adopted from their annual retreat and budget work sessions. All sections of the proposed budget are in conformance with the Local Government Budget and Fiscal Control Act as amended. A balanced budget for the next fiscal year, or an interim budget, must be adopted by July 1, 2018. Pursuant to N.C.G.S. 159-12, a public hearing on the proposed budget must be held before adoption. With the submittal of the budget proposal to Council, copies will be available for public inspection on the Town's website and in the Office of the Town Clerk. The public hearing has been tentatively scheduled for June 5, 2018 at 6:30 pm.

**The proposed fiscal year 2019 Town of Kure Beach budget is balanced and totals \$8,015,644 for all operations. This total budget is comprised of the following seven funds: General Fund \$5,206,532; Water and Sewer Fund \$2,196,085; Storm Water Fund \$358,380; Powell Bill Fund \$175,000; Federal Asset Forfeiture Fund \$50,000; Sewer Expansion Reserve Fund (SERF) \$16,250; and Beach Protection Fund \$13,397.**

Comparison of the proposed fiscal year 2019 budget for each fund to the original and, if applicable, amended fiscal year 2018 budgets is as follows:

FUND	2018 ORIGINAL BUDGET	2018 AMENDED BUDGET	PROPOSED 2019 BUDGET	DIFF. 2019 & ORIG. 2018	% CHANGE	DIFF. 2019 & AMENDED 2018	% CHANGE
General	\$4,607,417	\$5,067,803	<b>\$5,206,532</b>	\$599,115	13.0%	\$138,729	2.7%
Water and Sewer	\$2,150,655	\$2,150,655	<b>\$2,196,085</b>	\$45,430	2.1%	\$45,430	2.1%
Storm Water	\$630,094	\$630,094	<b>\$358,380</b>	(\$271,714)	-43.1%	(\$271,714)	-43.1%
Powell Bill	\$65,070	\$65,070	<b>\$175,000</b>	\$109,930	168.9%	\$109,930	168.9%
Federal Asset Forfeiture	\$50,000	\$50,000	<b>\$50,000</b>	\$0	0.0%	\$0	0.0%
Sewer Expansion Reserve	\$30,330	\$30,330	<b>\$16,250</b>	(\$14,080)	-46.4%	(\$14,080)	-46.4%
Beach Protection	\$47,090	\$47,090	<b>\$13,397</b>	(\$33,693)	-71.6%	(\$33,693)	-71.6%
<b>TOTAL - ALL FUNDS</b>	<b>\$7,580,656</b>	<b>\$8,041,042</b>	<b>\$8,015,644</b>	<b>\$434,988</b>	<b>5.7%</b>	<b>(\$25,398)</b>	<b>-0.3%</b>

### TOWN COUNCIL GOALS

The proposed budget supports the fiscal year 2019 goals established by Town Council at their annual retreat held in January and February 2018. These goals are:

1. *Work smarter to maintain and improve our quality of life in Kure Beach.*
  - Improve parking situation
  - Upgrade systems such as water meter and billing
  - Work on Department of Defense Land Use Plan to retain assets
2. *Ensure the integrity of Town financial data and maintain financial stability in all Town funds.*
  - Bring in construction project on time and at cost
  - Be fiscally responsible
  - Improve long term planning
  - Review ordinances for enforcement process
  - Room Occupancy Tax (ROT) maintenance

3. *Enable an optimum working environment for staff to produce high levels of service to the public.*
  - Town Hall space (physical)
  - Ensure policies are fair (morale)
4. *Provide all departments with the support to maintain a safe working and living environment.*
  - Support camera program
  - Use technology to multiply abilities

### **BUDGET HIGHLIGHTS**

#### **PROPOSED TAX RATE FOR FISCAL YEAR 2019**

The proposed tax rate for fiscal year 2019 is 33 cents (\$0.33) per \$100 of valuation. This is an increase of 4.5 cents (15.8%) over the prior year's tax rate that had remained unchanged for the past two fiscal years. The primary reason for this tax rate change is to cover the debt service relating to the \$5 million loan obtained in fiscal year 2018 for construction of a new Fire Station and expansion/renovation of the Town Hall complex.

The impact on a homeowner with property valued at \$350,000 would be as follows:

Annual Kure Beach tax – existing tax rate (\$0.285):	\$ 997.50
Proposed increase (\$0.045):	<u>157.50</u>
Total Kure Beach tax after increase for a home valued at \$350,000	<u><u>\$1,155.00</u></u>

Property taxes are the Town's largest single source of revenue. Fiscal year 2019 property tax revenue is estimated at \$2,920,300. This includes both current tax year and prior tax years' collections and represents 56.1% of the General Fund revenue.

The estimated Kure Beach tax base, as provided by the New Hanover County Tax Department, is \$891,663,000. This is an increase of \$8,737,925 (1.0%) over the prior year's estimated tax base. Kure Beach property taxes are billed and collected by the New Hanover County Tax Department and remitted to Kure Beach. Based on historical data, the property tax collection rate is estimated at 99%.

## GENERAL FUND FEES

As part of the fiscal year 2019 budget submission, the following General Fund fee increases are being proposed:

### 1. Garbage Collection

	CURRENT MONTHLY FEE	PROPOSED MONTHLY FEE
RESIDENTIAL		
First cart	\$6.00	\$7.00
After the first cart	\$12.00	\$14.00
COMMERCIAL		
Per cart	\$26.25	\$30.63

The residential (first cart) and commercial garbage collection fees have not changed in five years. The proposed increases are necessary to help cover costs associated with providing these services.

### 2. Residential/Commercial Recycling

In order to cover the costs associated with providing curbside recycling service, an increase of 13 cents per month is being proposed. This will increase the monthly fee from \$4.88 to \$5.01 per can. This is the first increase in recycling fees in six years and will match the fee amount to the amount charged by the recycling contractor.

## WATER AND SEWER RATES

The water and sewer fees being paid by system users must provide funds for the day-to-day operating costs of the Town's water and sewer systems and provide for some additions to the water and sewer reserve funds for future infrastructure repairs and replacement. The costs necessary to properly operate the Town's water and sewer systems continue to increase, as does the need to increase our reserves for future capital projects as our infrastructure ages. To continue to provide for sufficient funding for our water and sewer operations, this budget includes proposed changes to the water and sewer rate structure that will affect high usage customers.

The following table highlights water usage by Kure Beach water customers during the period of April 1, 2017 to March 31, 2018. During this 12 month period over 110.5 million gallons of water were used by the three primary customer types.

CUSTOMER TYPE	GALLONS USED	PERCENTAGE OF TOTAL GALLONS
Residential	93,171,198	84.3%
Commercial	8,199,830	7.4%
Fort Fisher	9,150,400	8.3%
Total	110,521,428	100%

The proposed changes to the water and sewer rate structure impact the three types of customers noted above.

#### Residential Customers

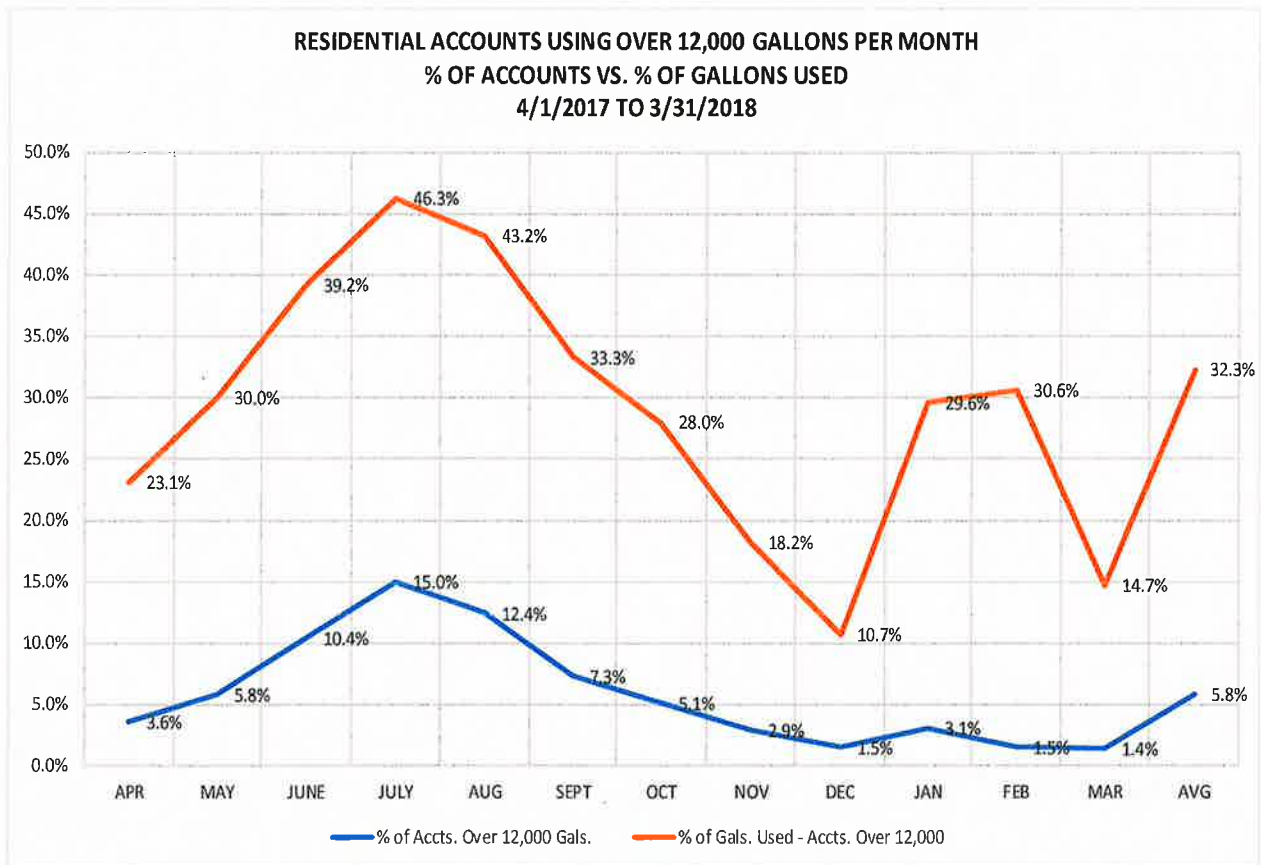
For residential customers, a fourth rate tier is being proposed. This new rate will apply to the portion of a residential customer's monthly usage that exceeds 12,000 gallons.

**Residential customers using less than 12,000 gallons in a month will see no change to their bill.** The following is the proposed rate structure for residential customers:

RATE TIER	WATER		SEWER		COMMENTS
	CURRENT	PROPOSED	CURRENT	PROPOSED	
Minimum - up to 2,500 gals.	\$13.50	\$13.50	\$23.50	\$23.50	No change
2,501 to 7,000 gals. (rate per 100 gals.)	\$0.45	\$0.45	\$0.58	\$0.58	No change
7,001 to 12,000 gals. (rate per 100 gals.)	\$0.675	\$0.675	\$0.87	\$0.87	No change
Over 12,000 gals. (rate per 100 gals.)	N/A	\$1.0125	N/A	\$1.305	New rate

This proposed change to the residential water and sewer rate structure is estimated to impact approximately 6% of the annual residential billings. Although affecting only 6% of the accounts billed, it is estimated that these billings represent over 32% of the annual residential water usage (over 30 million gallons).

The chart on the next page shows the percentage of residential accounts that would be impacted and the percentage of gallons used per month based on data from the 12 month period of April 1, 2017 to March 31, 2018.



The chart above indicates that during the highest usage months (typically July and August), up to 15% of the residential accounts may be impacted, however, these billings account for approximately 46% of the month's residential water and sewer usage. The revenue from the proposed rate changes will be directly attributed to the high usage customers who are placing an increased burden on the Town's existing water and sewer systems.

The table on the next page demonstrates the impact of the rate change on a residential account at three usage levels. These examples show usage levels of 12,000 gallons, 15,000 gallons and 20,000 gallons and indicate the amount and percentage increase that result from the proposed rate change.



	EXISTING RATES	PROPOSED RATES
<b><u>Monthly Usage of 12,000 Gallons</u></b>		
Minimum (Water & Sewer) - up to 2,500 gallons	\$37.00	\$37.00
2,501 to 7,000 gallons	\$46.35	\$46.35
7,001 to 12,000 gallons	\$77.25	\$77.25
Total	<u>\$160.60</u>	<u>\$160.60</u>
Increase Amount		\$0.00
% Change		0.0%
<b><u>Monthly Usage of 15,000 Gallons</u></b>		
Minimum (Water & Sewer) - up to 2,500 gallons	\$37.00	\$37.00
2,501 to 7,000 gallons	\$46.35	\$46.35
7,001 to 12,000 gallons	\$77.25	\$77.25
12,001 to 15,000 gallons	\$46.35	\$69.53
Total	<u>\$206.95</u>	<u>\$230.13</u>
Increase Amount		\$23.18
% Change		11.2%
<b><u>Monthly Usage of 20,000 Gallons</u></b>		
Minimum (Water & Sewer) - up to 2,500 gallons	\$37.00	\$37.00
2,501 to 7,000 gallons	\$46.35	\$46.35
7,001 to 12,000 gallons	\$77.25	\$77.25
12,001 to 20,000 gallons	\$123.60	\$185.40
Total	<u>\$284.20</u>	<u>\$346.00</u>
Increase Amount		\$61.80
% Change		21.7%

### Commercial Customers

For commercial customers, a third rate tier is being proposed. This new rate will apply to the portion of a commercial customer's monthly usage that exceeds 70,000 gallons.

**Commercial customers using less than 70,000 gallons in a month will see no change to their bill.** The following is the proposed rate structure for commercial customers:

RATE TIER	WATER		SEWER		COMMENTS
	CURRENT	PROPOSED	CURRENT	PROPOSED	
Minimum - up to 2,500 gals.	\$18.50	\$18.50	\$25.50	\$25.50	No change
2,501 to 70,000 gals. (rate per 100 gals.)	\$0.694	\$0.694	\$0.7125	\$0.7125	No change
Over 70,000 gals. (rate per 100 gals.)	N/A	\$0.8675	N/A	\$0.890625	New rate

Based on analysis of commercial water and sewer usage during the 12 month period of April 1, 2017 to March 31, 2018, it is estimated that the proposed change to the commercial water and sewer rate structure may impact approximately 7.5% of the annual commercial billings. Although affecting only 7.5% of the accounts billed, it is estimated that these billings represent about 48% of the annual commercial water usage.

The table below shows the impact of the rate change on a commercial account at various usage levels:

	EXISTING RATES	PROPOSED RATES
<b><u>Monthly Usage of 80,000 Gallons</u></b>		
Minimum (Water & Sewer) - up to 2,500 gallons	\$44.00	\$44.00
2,501 to 70,000 gallons	\$468.45	\$468.45
70,001 to 80,000 gallons	<u>\$140.65</u>	<u>\$175.81</u>
Total	<u>\$653.10</u>	<u>\$688.26</u>
Increase Amount		\$35.16
% Change		5.4%
<b><u>Monthly Usage of 100,000 Gallons</u></b>		
Minimum (Water & Sewer) - up to 2,500 gallons	\$44.00	\$44.00
2,501 to 70,000 gallons	\$468.45	\$468.45
70,001 to 100,000 gallons	<u>\$421.95</u>	<u>\$527.44</u>
Total	<u>\$934.40</u>	<u>\$1,039.89</u>
Increase Amount		\$105.49
% Change		11.3%

#### Fort Fisher Customers

Finally, for Fort Fisher customers, a third rate tier is also being proposed that will apply to the portion of a Fort Fisher customer's monthly usage that exceeds 70,000 gallons. **Fort Fisher customers using less than 70,000 gallons in a month will see no change to their bill.** The following is the proposed rate structure for Fort Fisher customers:

RATE TIER	WATER		SEWER		COMMENTS
	CURRENT	PROPOSED	CURRENT	PROPOSED	
Minimum - up to 2,500 gals.	\$23.00	\$23.00	\$40.50	\$40.50	No change
2,501 to 70,000 gals. (rate per 100 gals.)	\$0.7875	\$0.7875	\$1.0125	\$1.0125	No change
Over 70,000 gals. (rate per 100 gals.)	N/A	\$0.984375	N/A	\$1.265625	New rate



Review of Fort Fisher customers water and sewer usage during the 12 month period of April 1, 2017 to March 31, 2018 indicated that the proposed change to the Fort Fisher water and sewer rate structure may affect approximately 60% of the annual Fort Fisher billings. It is estimated that these billings account for about 97% of the annual Fort Fisher water usage.

The table below shows the impact of the rate change on a Fort Fisher account at various usage levels:

	EXISTING RATES	PROPOSED RATES
<b><u>Monthly Usage of 100,000 Gallons</u></b>		
Minimum (Water & Sewer) - up to 2,500 gallons	\$63.50	\$63.50
2,501 to 70,000 gallons	\$1,215.00	\$1,215.00
70,001 to 100,000 gallons	<u>\$540.00</u>	<u>\$675.00</u>
Total	<u>\$1,818.50</u>	<u>\$1,953.50</u>
Increase Amount		\$135.00
% Change		7.4%
<b><u>Monthly Usage of 200,000 Gallons</u></b>		
Minimum (Water & Sewer) - up to 2,500 gallons	\$63.50	\$63.50
2,501 to 70,000 gallons	\$1,215.00	\$1,215.00
70,001 to 200,000 gallons	<u>\$2,340.00</u>	<u>\$2,925.00</u>
Total	<u>\$3,618.50</u>	<u>\$4,203.50</u>
Increase Amount		\$585.00
% Change		16.2%

An added benefit to the rate structure changes for residential, commercial and Fort Fisher customers is that it hopefully will encourage further water conservation.

### STORM WATER FEES

There are no proposed changes to the existing storm water fees as part of this budget.

### STAFFING AND COMPENSATION

The fiscal year 2019 budget includes the addition of two full time employees, increasing the Town's full time personnel to 46. One of the positions is within the Parks & Recreation Department. This position is necessary due to the growing demands relating to town facility rentals, as well as other Town sponsored events and activities. This position is included in the General Fund budget and is planned for a January 2019 start date. The other position is in the Administration Department and will be split between

the General Fund and the Water and Sewer Fund. This position is necessary due to the increasing workload as the Town's population increases, tourism continues to grow and compliance requirements expand. The position is expected to be filled at the beginning of the fiscal year.

The fiscal year 2019 cost (salary, taxes, benefits, insurance, etc.) of adding these full time employees is estimated to be \$25,650 to the Parks & Recreation Department and \$55,400 to the Administration Department. Including the proposed two additional employees, the full time personnel are allocated to Town funds based on the type of work performed, as follows:

<u>FUND</u>	<u>NO. OF EMPLOYEES</u>
General	34.5
Water and Sewer	9.5
Storm Water	<u>2.0</u>
Total	<u>46.0</u>

This budget includes a proposed merit increase of 2% to reward those employees who are performing above expectations. Also, a 2% cost of living adjustment (COLA) for all full time employees is included in the fiscal year 2019 budget. The employee benefits are consistent with prior years.

#### GOVERNING BODY

The budget for Town Council related expenses includes annual compensation for Council members (Mayor - \$3,600, Mayor Pro Tem - \$2,700, and Commissioners - \$2,400), cell phone and/or internet service allowance of \$4,000, vehicle allowances of \$4,500, travel/training of \$5,000 and dues/subscriptions of \$7,500. The aforementioned expenses will be divided equally amongst the General Fund and Water and Sewer Fund.

In addition, the General Fund Governing Body budget includes funding for the Pleasure Island Chamber of Commerce concert series (\$8,800), Katie B. Hines Senior Center (\$2,000), The Help Center of Federal Point (\$1,500), Federal Point Historic Preservation Society (\$1,500), Friends of Fort Fisher (\$1,500) and the Island of Lights (\$1,200).

## DEBT SERVICE

### General Fund

General Fund debt service totals \$708,050 and includes payments on existing loans for the following:

Equipment & Vehicles	\$112,632
Land & Renovations	71,285
Ocean Front Park	122,955
Fire Station & Town Hall	<u>401,178</u>
General Fund Total	<u>\$708,050</u>

This is an increase of \$347,435 (96.3%) over fiscal year 2018. This significant increase is attributable to the \$5 million loan for construction of a new Fire Station and expansion/renovation of the Town Hall complex.

### Water and Sewer Fund

The Water and Sewer Fund debt service totals \$258,820 and includes payments on existing loans for the following:

Equipment & Vehicles	\$ 58,304
Water/Sewer Infrastructure	145,810
Town Hall	<u>54,706</u>
Water/Sewer Fund Total	<u>\$258,820</u>

This is an increase of \$63,061 (32.2%) over fiscal year 2018. The increase primarily relates to financing for the Water and Sewer Fund portion of the Town Hall expansion/renovation.

### Storm Water Fund

Finally, the Storm Water Fund debt service totals \$108,193 relating to the Cutter Court infrastructure project and equipment. This is an increase of \$8,353 (8.4%) over fiscal year 2018. The increase in the Storm Water Fund pertains to financing the purchase of equipment.

Debt service for each fund, as a percentage of the applicable fund's proposed fiscal year 2019 total budget is as follows:

General Fund	13.6%
Water and Sewer Fund	11.8%
Storm Water Fund	30.2%

The Town's total outstanding debt (all funds) is estimated to be \$7,658,800 at July 1, 2018. The Local Government Commission (LGC) uses 8% of the assessed value of property subject to taxation as the maximum debt level. The Town's outstanding debt at July 1 will be approximately 0.86% of the assessed value of property, well within LGC guidelines.

## OPERATING EXPENSES

### General Fund

The budget for General Fund operating expenses (excluding capital outlay, debt service, contingency and transfer to the Beach Protection Fund) is 8.5% greater than the original fiscal year 2018 budget for operating expenses. The primary factors contributing to the increase in relation to the original budget include:

- Additional costs relating to operating the temporary Town Hall and Police Department.
- Additions to full time staff in the Administration and Parks and Recreation Departments.
- Anticipated increases in general operating costs relating to the new Fire Station and expanded/renovated Town Hall.
- General price increases for purchased services and materials.
- Previously mentioned employee compensation actions.

### Water and Sewer Fund

The fiscal year 2019 operating budget (excluding capital outlay and debt service) for the Water and Sewer Fund is 4.1% greater than the fiscal year 2018 budget. The primary reasons for the increase in relation to the 2018 budget are the addition of a full time employee in the Administration Department, as well as general price increases for purchased services and materials.

### Storm Water Fund

The fiscal year 2019 Storm Water Fund operating budget (excluding capital outlay and debt service) is 6.2% greater than the fiscal year 2018 budget. This increase relates primarily to the previously mentioned compensation actions.

## CAPITAL OUTLAY

### General Fund

The General Fund capital outlay for fiscal year 2019 totals \$207,450, which includes the following:

- \$35,000 – Replacement of a Police vehicle (will be purchased using financing)
- \$92,450 – E and I Avenue beach access improvements (primarily funded with grant proceeds)
- \$80,000 – Replacement of a street sweeper for Public Works (split with Storm Water Fund and will be financed)

The fiscal year 2019 budgeted capital outlay for the General Fund is \$7,260 (3.4%) less than the original fiscal year 2018 budget. The amount of capital outlay varies from year-to-year and is contingent on the useful life of previously purchased capital items.

#### Water and Sewer Fund

The Water and Sewer Fund capital outlay totals \$240,300 for fiscal year 2019 and includes the following:

- \$100,000 – Equipment and vehicles (will be purchased using financing)
- \$140,300 – Sewer rehabilitation and infrastructure projects

The Water and Sewer Fund fiscal year 2019 budgeted capital outlay is \$83,740 (25.8%) less than the fiscal year 2018 budget.

#### Storm Water Fund

The fiscal year 2019 Storm Water Fund capital outlay totals \$95,940 and is comprised of the following:

- \$80,000 – Replacement of a street sweeper for Public Works (split with General Fund and will be financed)
- \$15,940 – infrastructure projects

The Storm Water Fund fiscal year 2019 budgeted capital outlay is \$289,060 (75%) less than the fiscal year 2018 budget. The fiscal year 2018 budget included significant infrastructure projects in the Kure Beach Village area.

#### FUND TRANSFERS

The General Fund budget includes a \$9,807 transfer to the Beach Protection Fund. The Beach Protection Fund is a reserve fund for beach related expenditures. Refer to page 24 for more information regarding the Beach Protection Fund.

There are no other transfers proposed in the fiscal year 2019 budget for the remaining funds.

#### CONTINGENCY

A contingency of \$9,850 (0.2% of the budget) is included in the General Fund budget for fiscal year 2019. This contingency appropriation is to provide for unanticipated increases in budgetary needs during the course of the year.

No actual expenditures can be made from the contingency appropriation. Funds must first be moved from the contingency appropriation to a department or function and then expended. This movement of funds shall be authorized by resolution of the governing body and will be deemed an amendment to the budget ordinance.



## **GENERAL FUND SUMMARY**

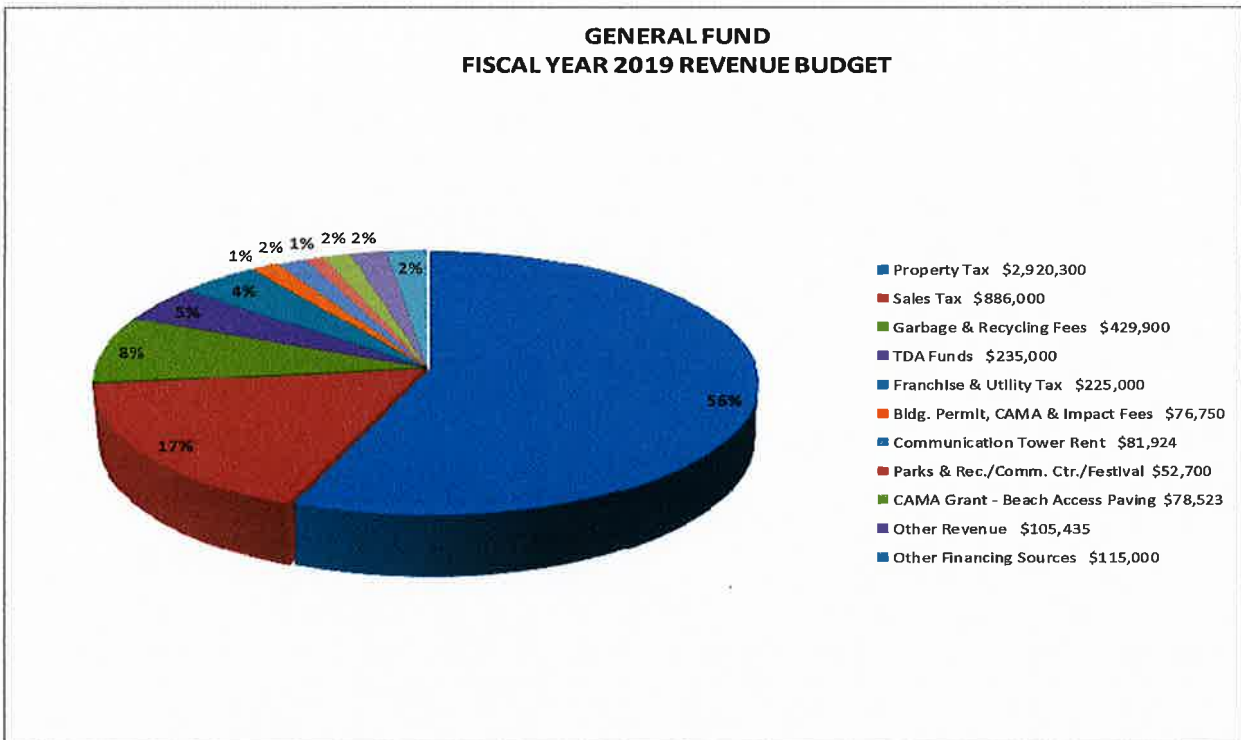
The budget preparation for the General Fund has, as in the past, been the most difficult of all of our funds. The number of non-utility services provided by the Town, as well as the general expenses of operating the government, makes the process of developing and balancing this budget challenging. Issues, including, but not limited to the following have made the allocation of finite General Fund resources difficult:

- 1) The desire to maintain the types and levels of service provided to Town residents and property owners.
- 2) The need to build reserves in anticipation of future beach nourishment costs.
- 3) General price increases for purchased services and materials.
- 4) The need for improvements to Town infrastructure and facilities.

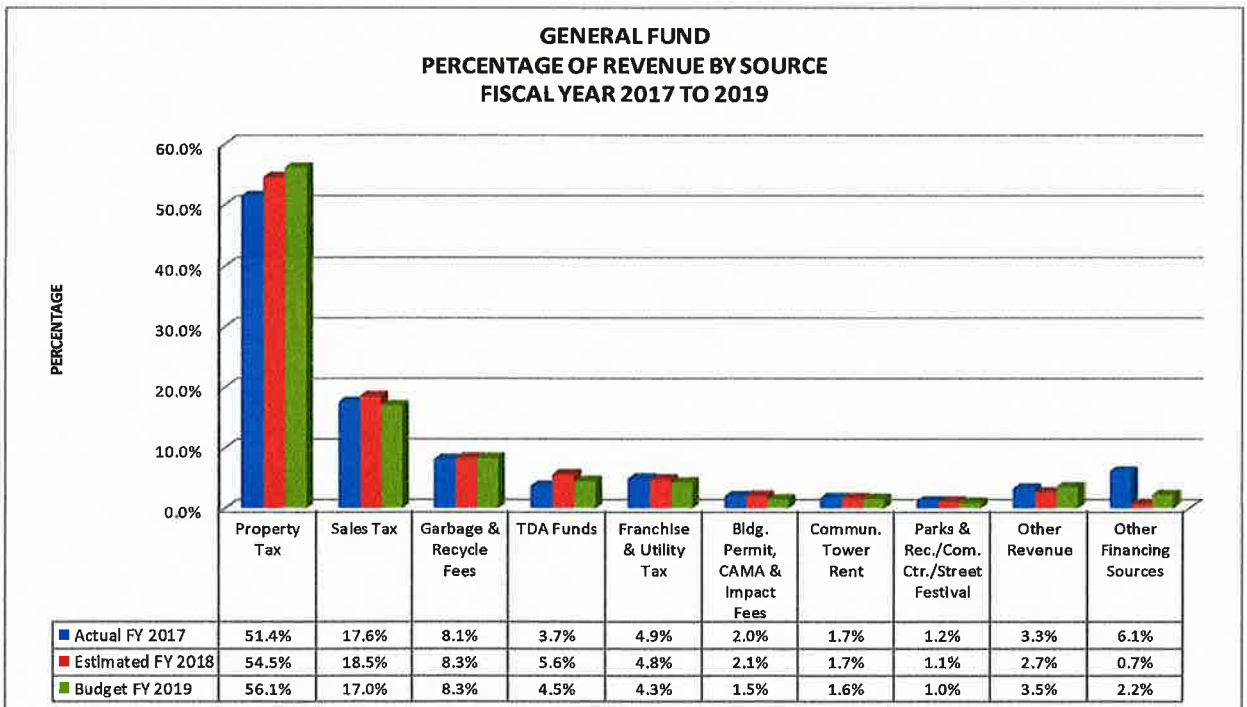
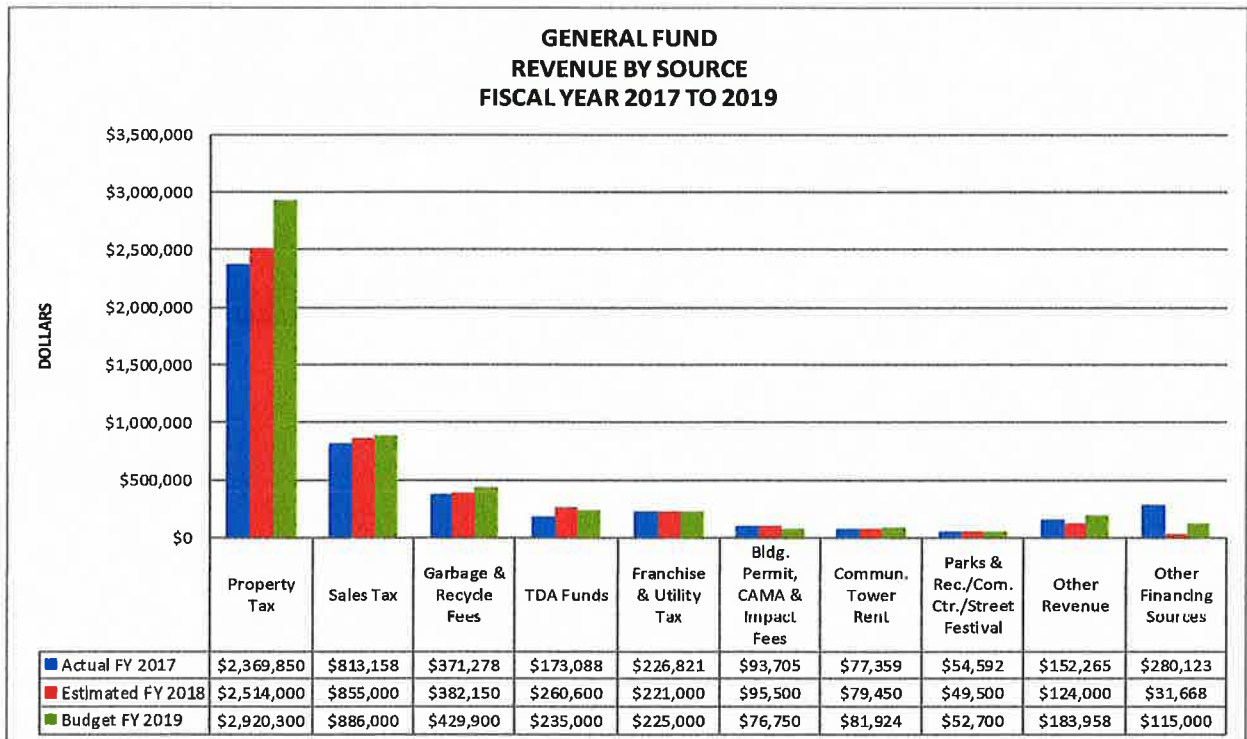
As noted earlier, the issues listed above have led to the need to propose a 4.5 cent increase in the property tax rate for fiscal year 2019. Also, proposed increases to certain fees relating to Town-provided garbage and recycling services are necessary due to increases in the costs for these services.

When comparing the total fiscal year 2019 General Fund budget to the fiscal year 2018 original budget and amended budget as of May 15, 2018, the total 2019 budget has increased by 13% in relation to the original budget and 2.7% in relation to the amended budget. In comparison to the fiscal year 2018 original budget, operating expenses have increased 8.5%, capital outlay decreased 3.4%, debt service increased 96.3%, fund transfers have decreased 78.9% and the contingency decreased 79.5%.

The breakdown of budgeted revenue, by major source, for fiscal year 2019 is as follows:



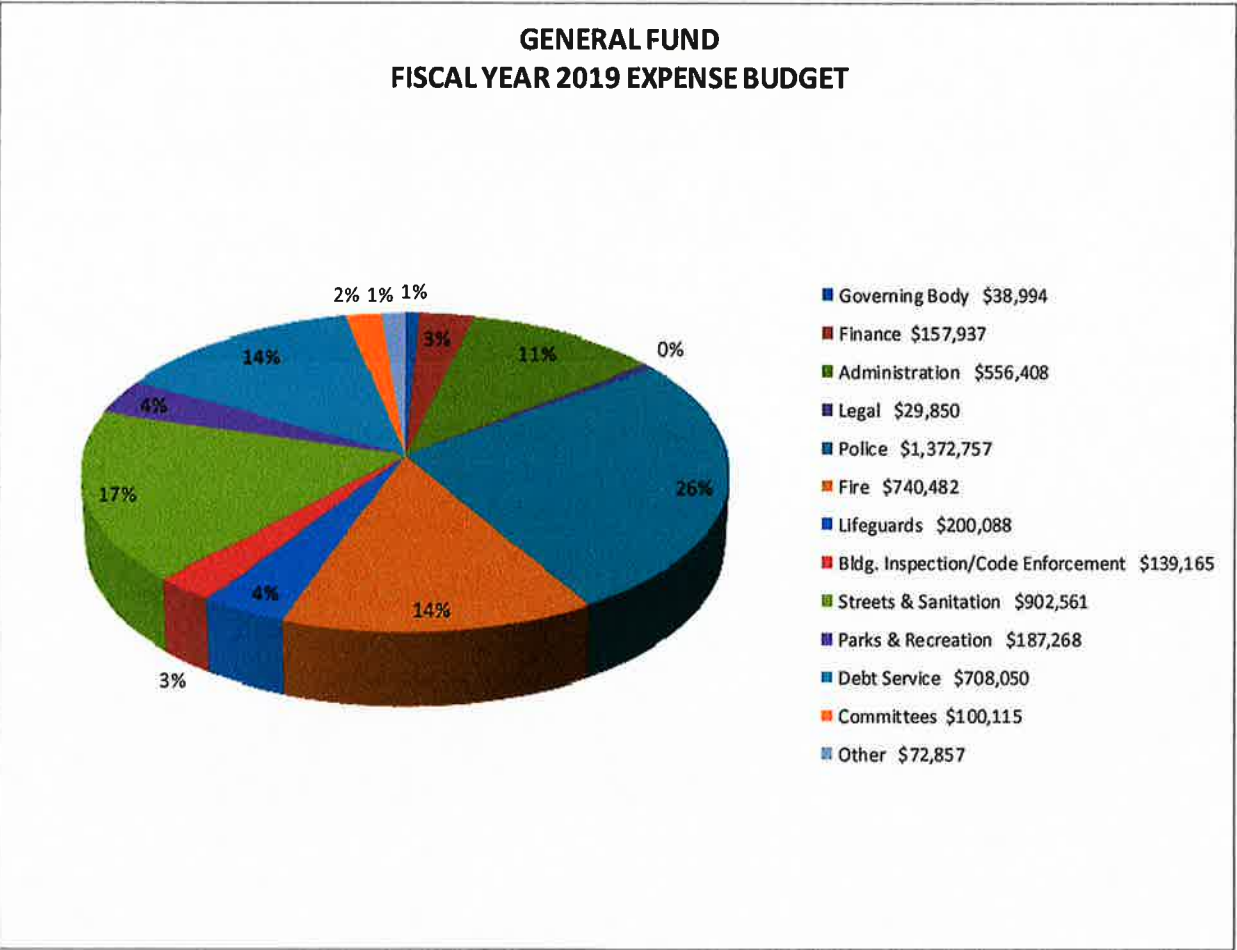
For comparative purposes, the following charts present the revenue by source and the percentage of revenue by source budgeted for fiscal year 2019 in relation to the estimated revenue for fiscal year 2018 and the actual revenue for fiscal year 2017.



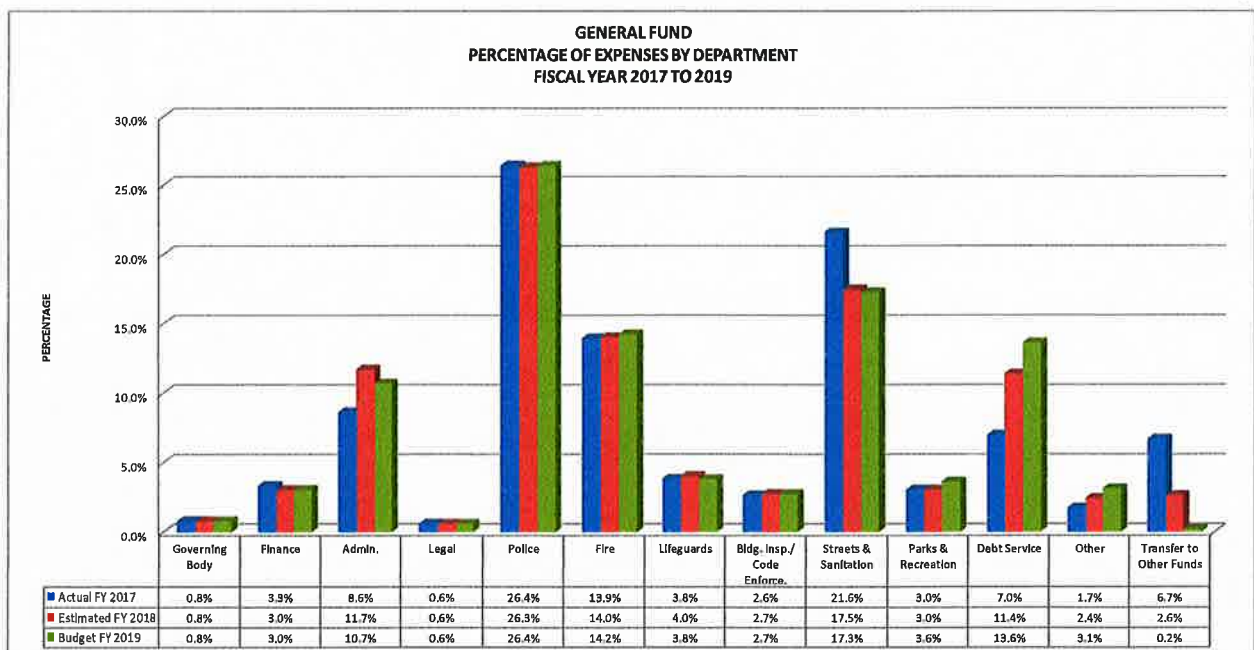
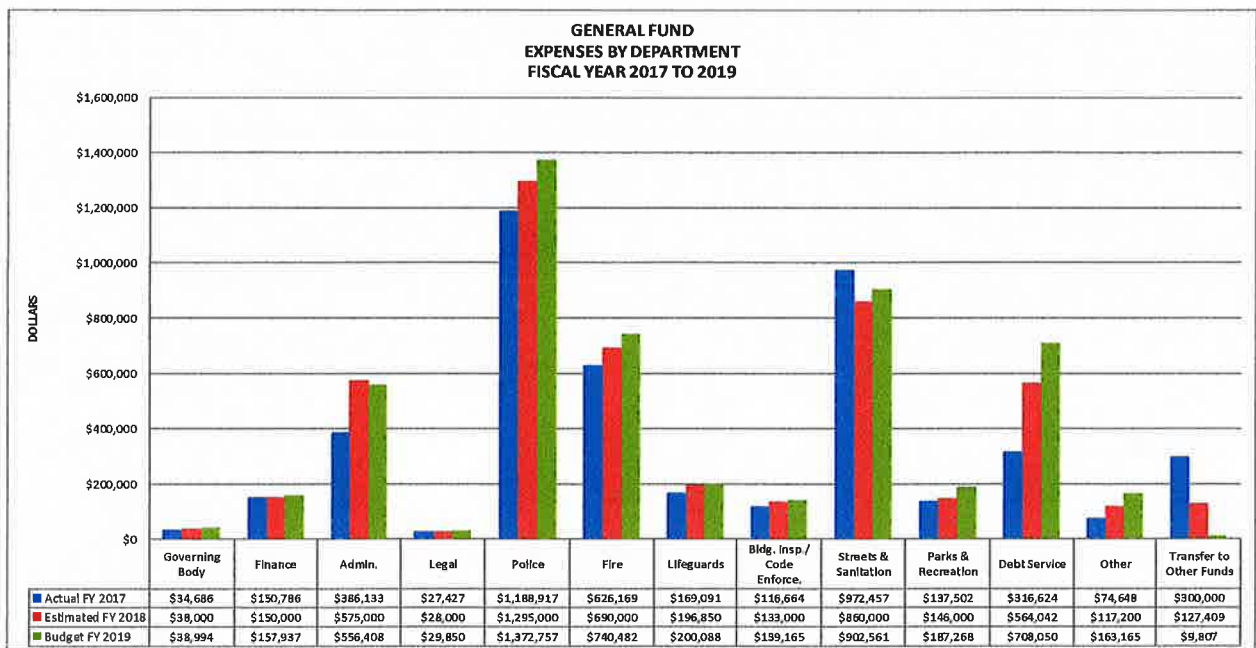
As the charts on the previous page depict, revenue from property taxes consistently exceeds 50% of the General Fund’s total revenue. The other categories have remained consistent from year-to-year with the exception of “Other Financing Sources”. “Other Financing Sources” are installment loans and vary based on the level of capital outlay.

Refer to Exhibit A (on pages 26 to 28) for a summary of the changes, by General Fund revenue source, between the budgets for fiscal year 2019 and 2018.

The breakdown of budgeted General Fund expenses, by department/function, for fiscal year 2019 is as follows:



The charts on the next page present the expenses by department/function and the percentage of expenses by department/function budgeted for fiscal year 2019 in relation to the estimated expenses for fiscal year 2018 and the actual expenses for fiscal 2017.



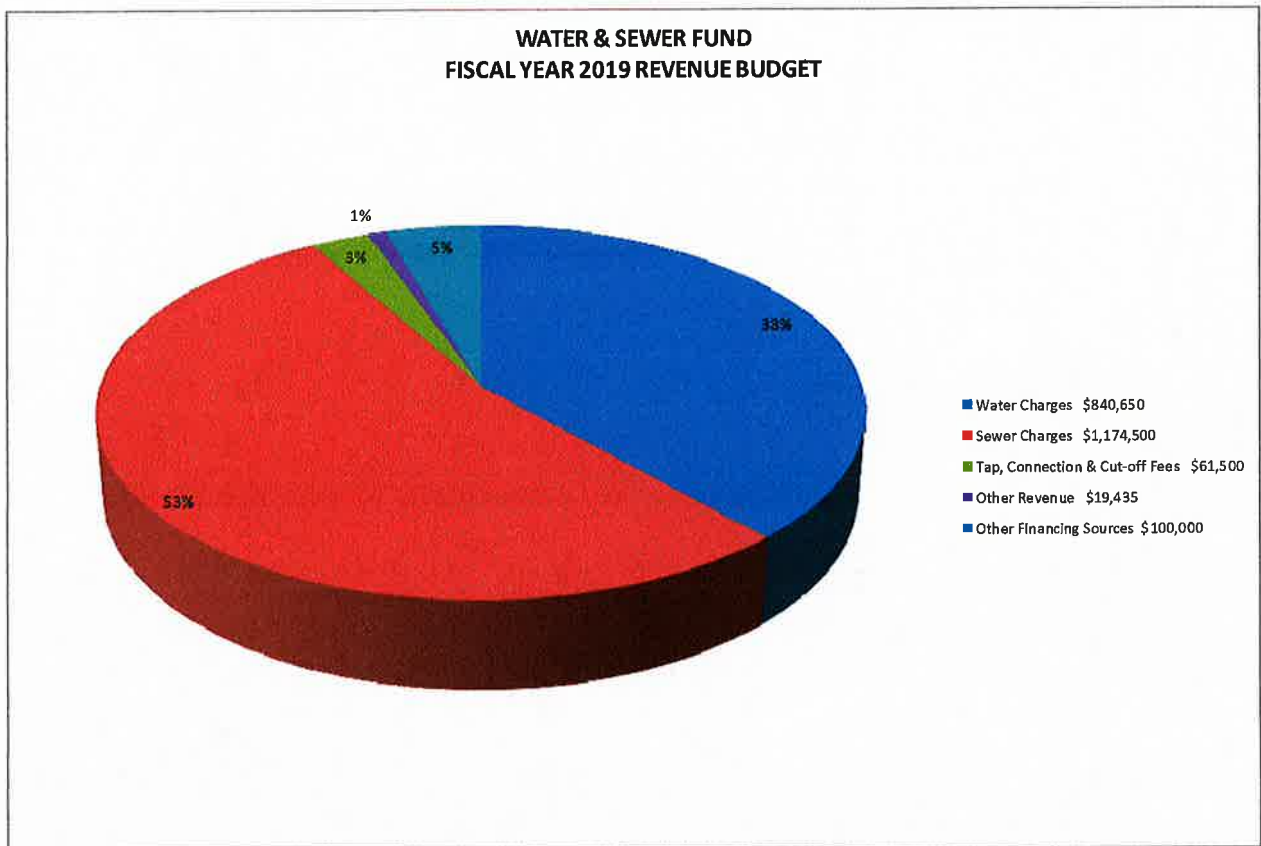
The General Fund expenses by department/function, both dollars and percentage, have remained relatively consistent. Many of the fluctuations relate to the amount of capital outlay for the given year. For example, “Streets & Sanitation” is higher in fiscal year 2017 due to the purchase of a new garbage truck. Concerning the increase in “Administration” expenses, additional expenses for relocating Town Hall and the Police Department to temporary facilities during the project to expand/renovate the Town Hall complex are consolidated within the “Administration” budget. “Debt Service” has increased as a result of the loan used to construct a new Fire Station and improve Town Hall. Finally, “Other” expenses are higher for fiscal year 2019 due to capital projects at the E and I Avenue beach accesses.

Refer to Exhibit B (on pages 29 to 33) for a summary of the changes, by General Fund department/function, between the budgets for fiscal year 2019 and 2018.

### **WATER AND SEWER FUND SUMMARY**

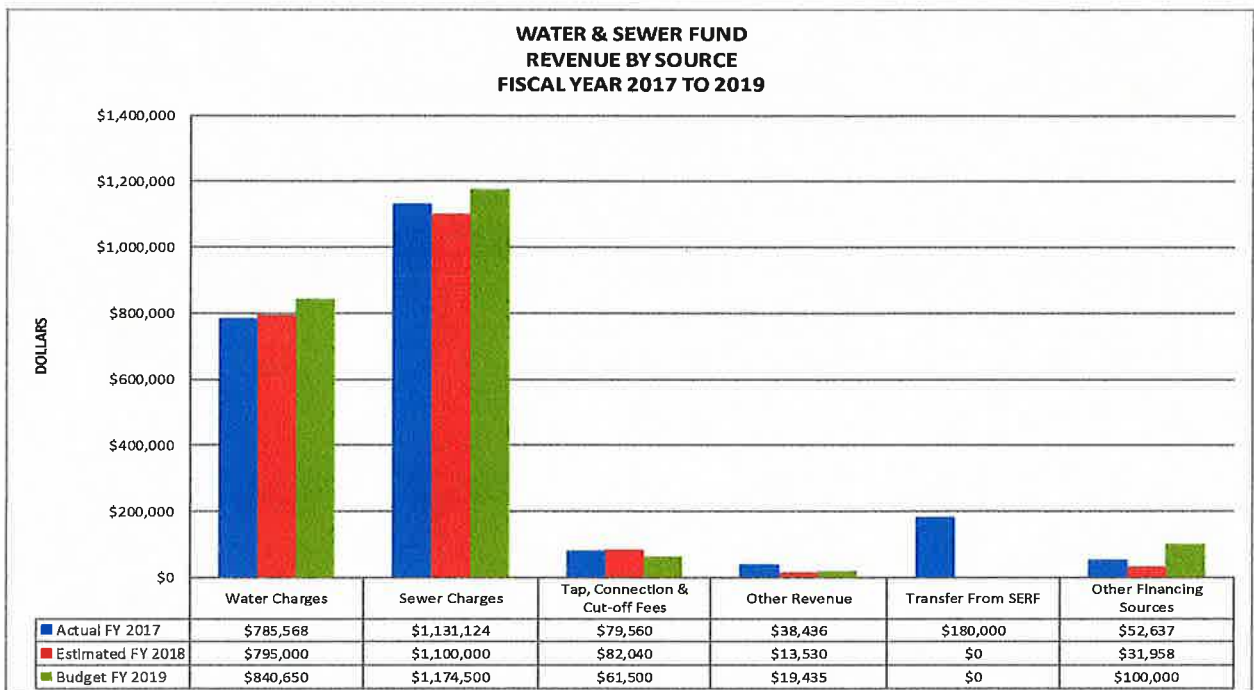
Overall, the fiscal year 2019 Water and Sewer Fund budget is 2.1% greater than the fiscal year 2018 budget. In relation to the fiscal year 2018 budget, operating expenses have increased 4.1%, capital outlay has decreased by 25.8% and debt service has increased by 32.2%.

The breakdown of Water and Sewer Fund budgeted revenue, by major source, for fiscal year 2019 is as follows:



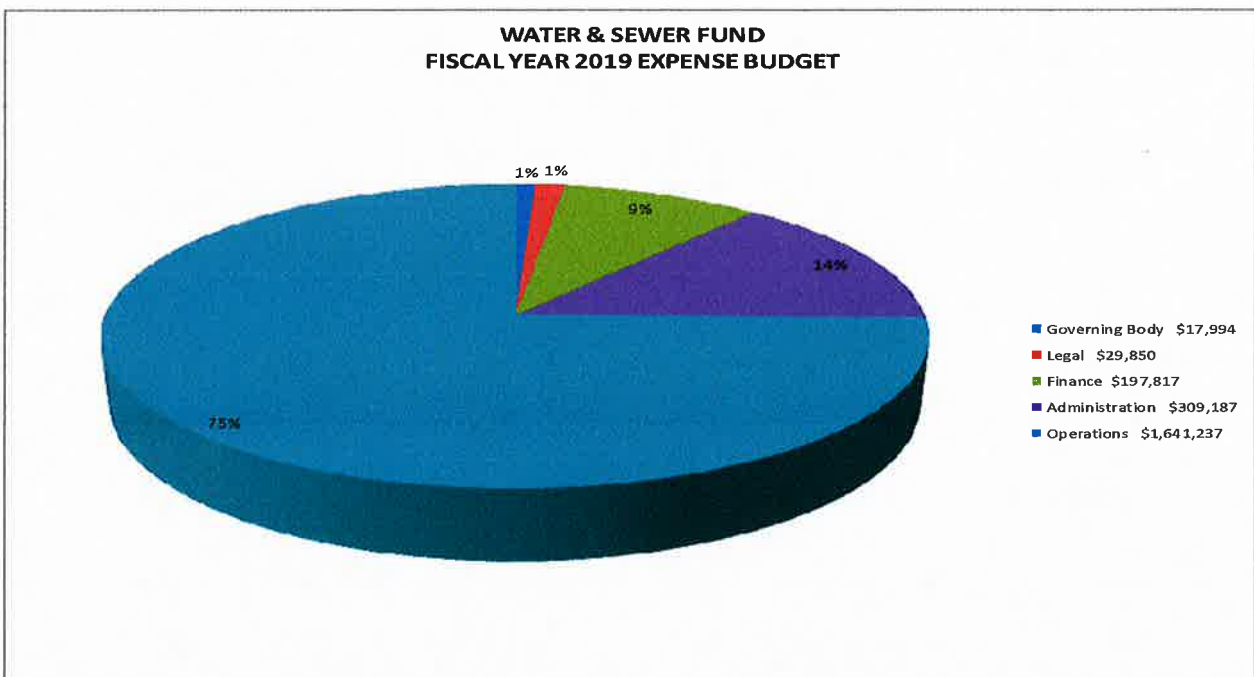
The chart on the next page shows the Water and Sewer Fund revenue by source budgeted for fiscal year 2019 compared to the estimated revenue for fiscal year 2018 and the actual revenue for fiscal year 2017.



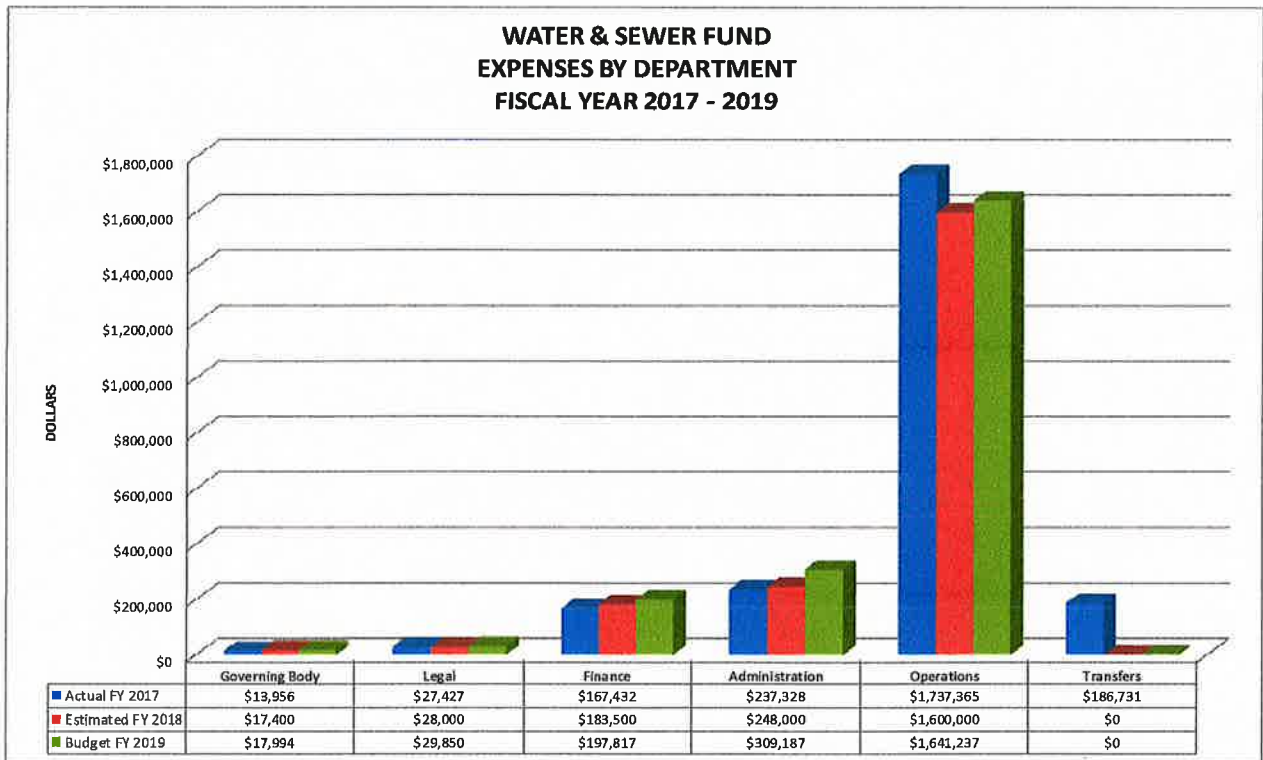


The most significant revenue sources, “Water and Sewer Charges”, are projected to increase in fiscal year 2019 as a result of the previously discussed changes to the water and sewer rate structure. Concerning “Transfers”, fiscal year 2017 included a transfer from the Sewer Expansion Reserve Fund that was used for a sewer capital project. Refer to Exhibit C (on pages 34 and 35) for a summary of the changes, by Water and Sewer Fund revenue source, between the budgets for fiscal year 2019 and 2018.

The breakdown of budgeted Water and Sewer Fund expenses, by department/function, for fiscal year 2019 is presented below.



The chart below shows the expenses by department/function for the Water and Sewer Fund budgeted for fiscal year 2019 in comparison to the estimated expenses for fiscal year 2018 and the actual expenses for fiscal year 2017.



In reference to the chart above, the variations in “Operations” expenses primarily relate to the amount of capital outlay for the given year. In regard to “Transfers”, fiscal year 2017 included a transfer of funds to the Kure Beach Pump Station #1 Capital Project Fund to cover part of the cost for construction of a new pump station.

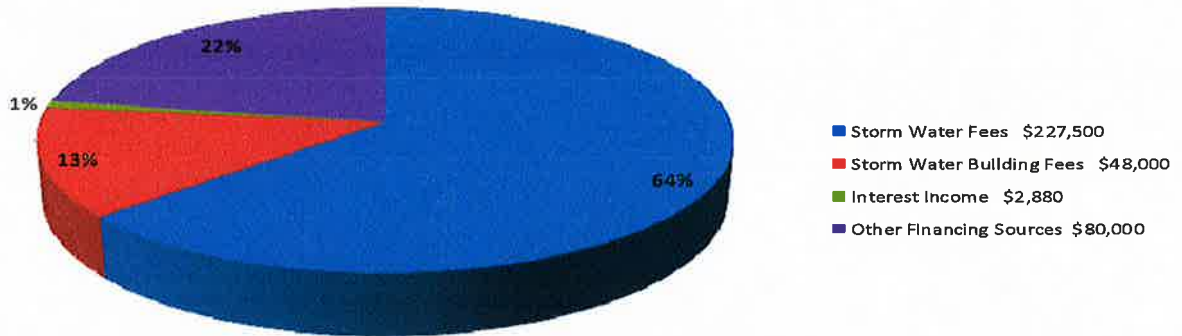
Refer to Exhibit D (on pages 36 and 37) for a summary of the changes, by Water and Sewer Fund department/function, between the budgets for fiscal year 2019 and 2018.

### **STORM WATER FUND SUMMARY**

Overall, the fiscal year 2019 Storm Water Fund budget is 43.1% less than the fiscal year 2018 budget. In comparison to the fiscal year 2018 budget, operating expenses have increased 6.2%, capital outlay decreased 75.1% and debt service increased 8.4%. The significant decrease in capital outlay is the result of infrastructure projects that were performed and completed in fiscal year 2018.

The breakdown of Storm Water Fund budgeted revenue, by major source, for fiscal year 2019 is as follows:

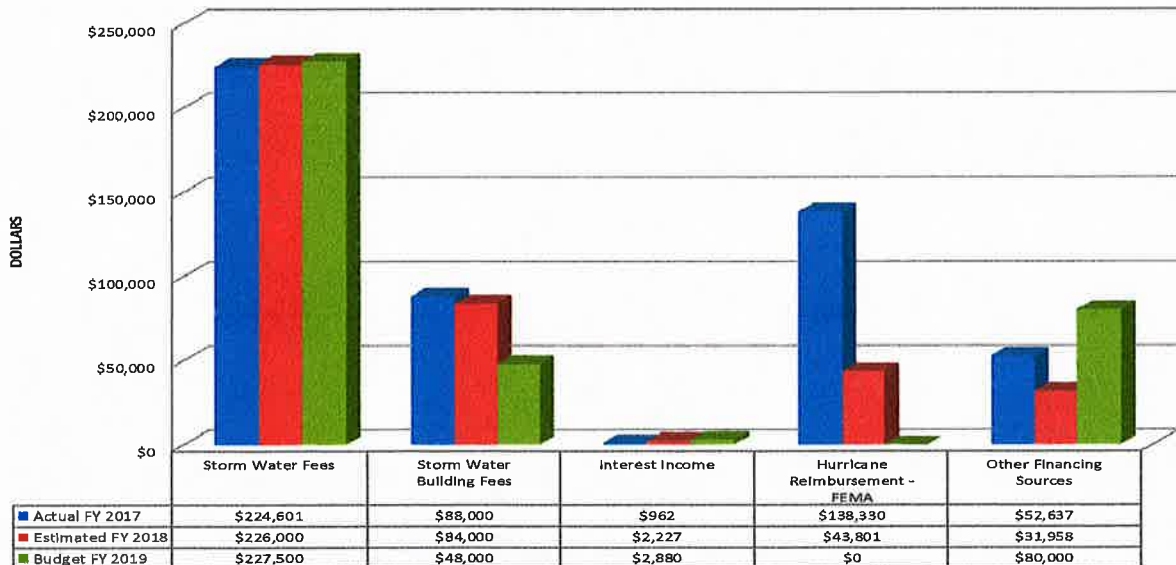
**STORM WATER FUND  
FISCAL YEAR 2019 REVENUE BUDGET**



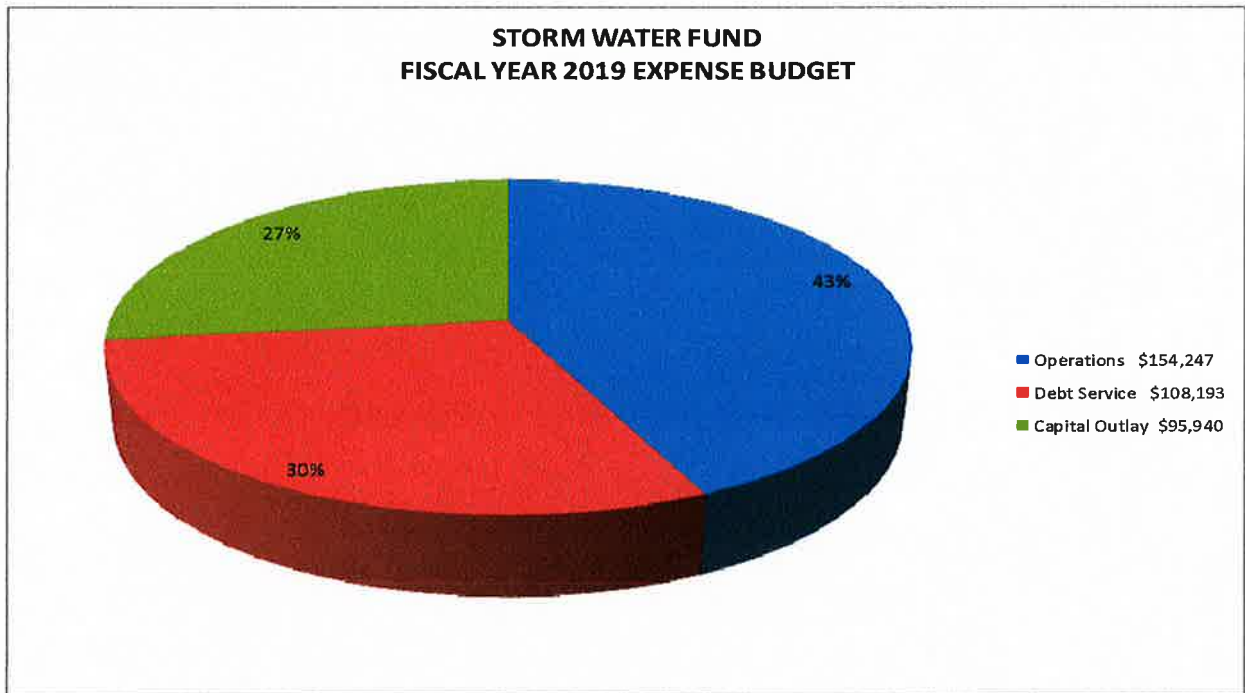
Refer to Exhibit E (on page 38) for a summary of the changes, by Storm Water Fund revenue source, between the budgets for fiscal year 2019 and 2018.

The chart below compares the budgeted fiscal year 2019 revenue to the estimated revenue for fiscal year 2018 and the actual revenue for 2017. As depicted by the chart, the major revenue source, “Storm Water Fees”, has remained steady. “Storm Water Building Fees” fluctuate based on the amount of building activity. Finally, fiscal year 2017 and 2018 include reimbursements from FEMA for Hurricane Matthew related damages to storm water infrastructure.

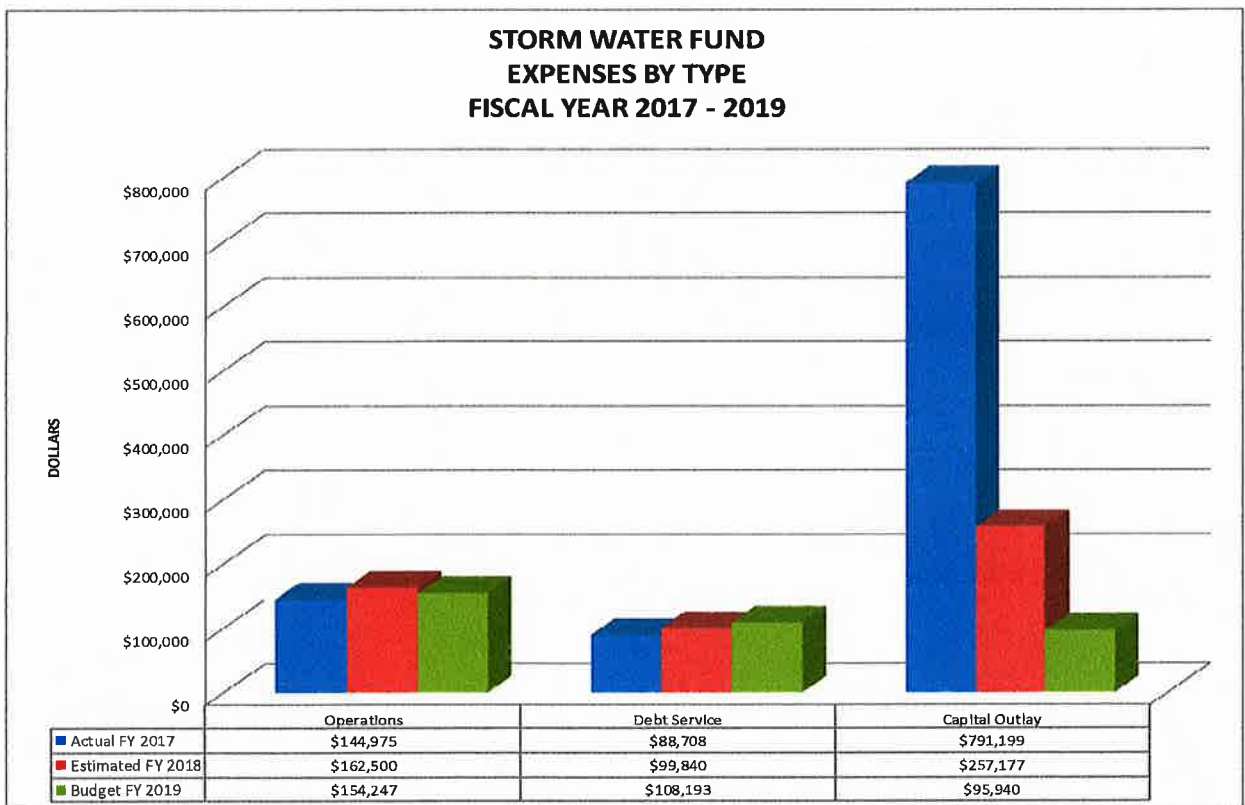
**STORM WATER FUND  
REVENUE BY SOURCE  
FISCAL YEAR 2017 - 2019**



The breakdown of budgeted Storm Water Fund expenses, by type, for fiscal year 2019 is as follows:



The following chart shows the budgeted fiscal year 2019 expenses by type in relation to the estimated fiscal year 2018 and actual 2017 Storm Water Fund expenses.



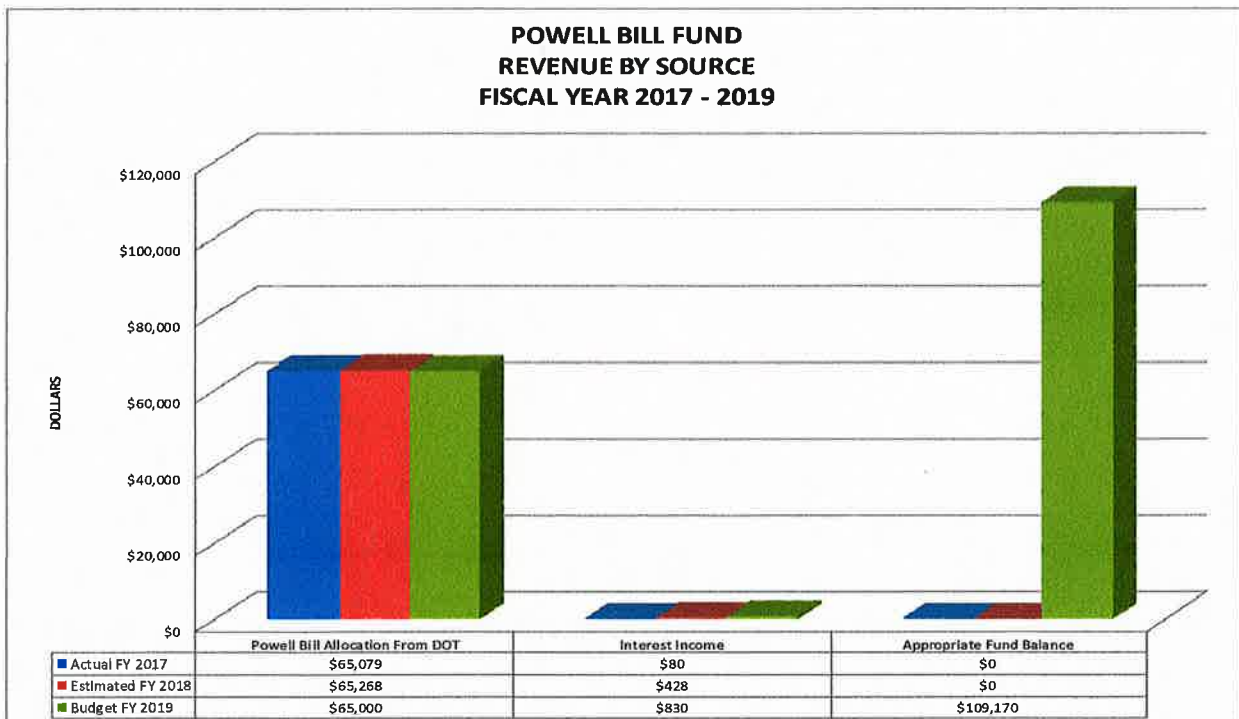
As indicated by the chart on the previous page, the expenses relating to “Operations” have remained consistent. Fluctuations in “Capital Outlay” relate to the number and size of projects to be performed in a given year. Both fiscal year 2017 and 2018 included significant storm water infrastructure projects.

Refer to Exhibit F (on page 39) for a summary of the changes, by Storm Water Fund expense type, between the budgets for fiscal year 2019 and 2018.

### **POWELL BILL FUND SUMMARY**

Funds received through the Powell Bill may only be used for the purpose of maintaining, repairing, constructing, reconstructing or widening of any street or public thoroughfare including bridges, drainage, curbs and gutters and other necessary appurtenances within the corporate limits. Beginning in fiscal year 2016, the General Statutes relating to Powell Bill funding were changed. The General Assembly may now appropriate funds to the Department of Transportation for State aid to municipalities rather than linking it to fuel tax collections. The total amount allocated to each qualifying municipality is 75% on the basis of relative population and 25% on the basis of relative non-State System local street mileage. The total budgeted allocation to Kure Beach for fiscal year 2019 is estimated at \$65,000 and interest income is estimated at \$830. Additionally, an appropriation of fund balance totaling \$109,170 is included in the fiscal year 2019 budget as the revenue source for several street paving projects. Finally, budgeted Powell Bill eligible expenditures total \$175,000.

The chart below shows budgeted Powell Bill Fund revenue for fiscal year 2019 in comparison to estimated fiscal year 2018 revenue and actual fiscal year 2017 revenue. As indicated by the data, revenue for this fund remains very constant.





### **BEACH PROTECTION FUND SUMMARY**

The Beach Protection Fund was established in fiscal year 2014 as a reserve fund for future beach nourishment expenses, as well as other beach related expenditures including, but not limited to, beach access improvements/repairs, dune maintenance, dune plantings, beach protection signage, dune infiltration systems, etc. The uncertainties surrounding state and federal funding of future beach nourishment projects was the driving force behind the establishment of this fund. For fiscal year 2019, the revenue source for the Beach Protection Fund will be a transfer of \$9,807 from the General Fund and interest of \$3,590 from Fund investments.

### **FEDERAL ASSET FORFEITURE FUND SUMMARY**

On an as needed basis, the Kure Beach Police Department participates in investigations conducted by several federal agencies. The Police Department shares in the assets that are forfeited based on the outcome of the investigations and the level of resources provided. The funds received may only be used for Police related activities that are beyond the Police Department operating budget (which is a portion of the total General Fund budget). Under no circumstances, can the Police Department operating budget be funded with forfeiture proceeds. For fiscal year 2019, the use of asset forfeiture funds will be appropriated from the fund's balance and is estimated at \$50,000.

### **SEWER EXPANSION RESERVE FUND (SERF) SUMMARY**

The Sewer Expansion Reserve Fund (SERF) is for future expansion, construction, repairs or alterations to the sewer system. For fiscal year 2019, revenue from system development fees is estimated at \$14,800 and interest income from Fund investments is budgeted at \$1,450. The primary revenue source for this fund, system development fees, is dependent on the level of construction activity within the Town.

### **SUMMARY**

The fiscal year 2019 Town of Kure Beach budget reflects a thorough review of Town expenditures and conservative, but reasonable, estimation of revenues.

The continuing upward trends in tourism and full-time population growth have placed increased demands on Town personnel and the corresponding Town-provided services. These trends are expected to continue thereby creating an ongoing challenge to manage and control the costs to provide these services, while ensuring sufficient revenue sources exist to fund the services. Additionally, investment in Town infrastructure, including, but not limited to water, sewer, storm water, streets and facilities, continues as needed to ensure Town systems function properly and efficiently. The fiscal year 2019 budget proposal addresses these challenges. This budget also includes a process to continue to build reserves for potential future beach nourishment needs.

In conclusion, I believe the proposed fiscal year 2019 Kure Beach budget supports the goals established by Town Council, reflects the Council's service priorities and is responsive to the Town's needs. I would like to express my appreciation to all Department Heads, as well as all Town employees, who participated in the development of the fiscal year 2019 budget.

Respectfully submitted,



Arlen Copenhaver  
Finance and Budget Officer

# EXHIBIT A

## GENERAL FUND REVENUE BUDGET FY 2019 VS. FY 2018 (as of 5/15/2018)

REVENUE TYPE	ORIGINAL 2018 BUD.	AMENDED 2018 BUD.	2019 BUDGET	DIFF. 2019 & ORIG. 2018	% CHG.	DIFF. 2019 & AMENDED 2018	% CHG.	SIGNIFICANT CHANGES FY 2019 VS. FY 2018
Property Taxes	\$2,491,300	\$2,491,300	\$2,920,300	\$429,000	17.2%	\$429,000	17.2%	Assumes a \$0.045 Increase in the tax rate (new rate will be \$0.33) and an increase in property valuation.
Sales Tax	\$850,075	\$850,075	\$886,000	\$35,925	4.2%	\$35,925	4.2%	Actual growth in FY 2018 greater than budgeted. FY 2019 estimated to be moderate increase over FY 2018 forecast.
Garbage & Recycle Fees	\$382,350	\$382,350	\$429,900	\$47,550	12.4%	\$47,550	12.4%	Includes a 16.67% garbage collection rate increase and a 2.7% recycle fee increase.
TDA	\$205,650	\$205,650	\$235,000	\$29,350	14.3%	\$29,350	14.3%	FY 2019 budget is for lifeguards, Pleasure Island Chamber of Commerce concerts & some OFP activities.
Franchise & Utility Taxes	\$234,500	\$234,500	\$225,000	(\$9,500)	-4.1%	(\$9,500)	-4.1%	State-wide forecasts are for decline in electricity sales tax, telecommunications & video programming taxes for FY 2019.
Communication Tower Rent	\$79,125	\$79,125	\$81,924	\$2,799	3.5%	\$2,799	3.5%	FY 2019 includes annual increase for existing leases.
Building Permits, CAMA, Impact Fees, Fire Inspections	\$61,600	\$61,600	\$76,750	\$15,150	24.6%	\$15,150	24.6%	Upward trend in building related fees.

## EXHIBIT A

### GENERAL FUND REVENUE BUDGET FY 2019 VS. FY 2018 (as of 5/15/2018)

REVENUE TYPE	ORIGINAL 2018 BUD.	AMENDED 2018 BUD.	2019 BUDGET	DIFF. 2019 & ORIG. 2018	% CHG.	DIFF. 2019 & AMENDED 2018	% CHG.	SIGNIFICANT CHANGES FY 2019 VS. FY 2018
Sales Tax Refund	\$54,000	\$54,000	\$59,000	\$5,000	9.3%	\$5,000	9.3%	Estimated sales tax refund based on sales tax paid in prior fiscal year.
Community Center/ Parks & Rec/ Street Festival/Bluefish	\$31,500	\$31,500	\$34,700	\$3,200	10.2%	\$3,200	10.2%	Estimated increase in bluefish sales.
Town Facility Rentals	\$15,000	\$15,000	\$18,000	\$3,000	20.0%	\$3,000	20.0%	Upward trend in facility rentals (Community Center & Ocean Front Park).
ABC Revenue	\$14,600	\$14,600	\$15,900	\$1,300	8.9%	\$1,300	8.9%	Upward trend in ABC revenue.
Motor Vehicle License Tax	\$9,500	\$9,500	\$9,750	\$250	2.6%	\$250	2.6%	
Beer & Wine Tax	\$9,500	\$9,500	\$9,300	(\$200)	-2.1%	(\$200)	-2.1%	Forecasted state-wide decreases for FY 2018 & 2019.
Re-Entry Decal Sales	\$5,500	\$5,500	\$4,500	(\$1,000)	-18.2%	(\$1,000)	-18.2%	FY 2019 estimated to be lower due to more people electing not to purchase decals.

**EXHIBIT A****GENERAL FUND REVENUE BUDGET****FY 2019 VS. FY 2018****(as of 5/15/2018)**

REVENUE TYPE	ORIGINAL 2018 BUD.	AMENDED 2018 BUD.	2019 BUDGET	DIFF. 2019 & ORIG. 2018	% CHG.	DIFF. 2019 & AMENDED 2018	% CHG.	SIGNIFICANT CHANGES FY 2019 VS. FY 2018
Interest & Investment Earnings	\$1,250	\$1,250	<b>\$4,100</b>	\$2,850	228%	\$2,850	228%	Increase in CD interest rates & NCCMT earnings.
All Other Revenue	\$2,635	\$2,635	<b>\$2,885</b>	\$250	9.5%	\$250	9.5%	Largest other revenue is fines & citations (\$1,650).
CAMA Grant - Beach Access Paving	\$89,332	\$89,332	<b>\$78,523</b>	(\$10,809)	-12.1%	(\$10,809)	-12.1%	The project related to this grant, paving of E & I Avenue beach access parking lots, is being extended into FY 2019.
Appropriation of Fund Balance	\$0	\$460,386	<b>\$0</b>	\$0		(\$460,386)	-100%	FY 2018 amended budget included fund balance appropriations for capital project transfers & new loan payments.
Other Financing Sources	\$70,000	\$70,000	<b>\$115,000</b>	\$45,000	64.3%	\$45,000	64.3%	Financing for new Police vehicle (\$35,000) & one-half of street sweeper (\$80,000).
<b>TOTAL GENERAL FUND</b>	<b>\$4,607,417</b>	<b>\$5,067,803</b>	<b>\$5,206,532</b>	<b>\$599,115</b>	<b>13.0%</b>	<b>\$138,729</b>	<b>2.7%</b>	



# EXHIBIT B

## GENERAL FUND BUDGET BY DEPARTMENT

### FY 2019 VS. FY 2018

(as of 5/15/2018)

DEPARTMENT	DEPT. NO.	ORIGINAL 2018 BUD.	AMENDED 2018 BUD.	PROPOSED 2019 BUD.	DIFF. 2019 & ORIG. 2018	% CHG.	DIFF. 2019 & AMENDED 2018	% CHG.	SIGNIFICANT CHANGES FY 2019 VS. ORIGINAL FY 2018
Governing Body	410	\$38,505	\$38,505	\$38,994	\$489	1.3%	\$489	1.3%	<u>Increases:</u> Telephone/IPad: \$489 / 32%
Committees	412	\$120,010	\$120,010	\$100,115	(\$19,895)	-16.6%	(\$19,895)	-16.6%	<u>Increases:</u> SLABP Committee: \$2,365 / 45% FY 19 includes \$4,740 for beach access signs & \$2,925 for sea oats <u>Decreases:</u> Capital outlay: \$22,260 / 19%
Finance	415	\$150,786	\$150,786	\$157,937	\$7,151	4.7%	\$7,151	4.7%	<u>Increases:</u> F/T personnel-related costs: \$6,151 / 8% Auditor/Actuary fees: \$901 / 8% Telephone: \$360 / 100% Financial Software: \$288 / 5% Equipment Rental: \$250 / 6% <u>Decreases:</u> Unemployment insurance: \$549 / 13% Travel & Training: \$150 / 6% Bank Charges & Fees: \$100 / 4%
Community Center	421	\$23,300	\$23,300	\$23,300	\$0	0.0%	\$0	0.0%	

# EXHIBIT B

## GENERAL FUND BUDGET BY DEPARTMENT FY 2019 VS. FY 2018 (as of 5/15/2018)

DEPARTMENT	DEPT. NO.	ORIGINAL 2018 BUD.	AMENDED 2018 BUD.	PROPOSED 2019 BUD.	DIFF. 2019 & ORIG. 2018	% CHG.	DIFF. 2019 & AMENDED 2018	% CHG.	SIGNIFICANT CHANGES FY 2019 VS. ORIGINAL FY 2018
Administration	420	\$407,848	\$583,848	\$556,408	\$148,560	36.4%	(\$27,440)	-4.7%	<u>Increases:</u> F/T personnel-related costs (includes new employee beginning 7/2018 – split with W/S Fund): \$24,675 / 20.5% Relocation costs: \$88,000 / new expense Retiree medical insurance: \$8,064 / 30% Recycle service: \$8,000 / 6% P&L/WC insurance: \$7,500 / 11% Utilities: \$2,400 / 80% Computer services: \$2,103 / 12% Building maintenance: \$1,900 / 24% Codification costs: \$1,500 / 100% Advertising: \$1,000 / 50% Travel & training: \$1,000 / 33% Supplies: \$1,000 / 14% Minor equipment: \$800 / 80%
Elections	430	\$3,000	\$3,000	\$1,000	(\$2,000)	-66.7%	(\$2,000)	-66.7%	FY 2018 was a local election.
Emergency Mgmt.	446	\$100	\$100	\$100	\$0	0.0%	\$0	0.0%	
Tax Collection	460	\$27,000	\$27,000	\$28,800	\$1,800	6.7%	\$1,800	6.7%	Collection costs increase due to proposed tax rate increase.
Legal	470	\$28,950	\$28,950	\$29,850	\$900	3.1%	\$900	3.1%	<u>Increases:</u> Professional legal service: \$1,000 / 11%

# EXHIBIT B

## GENERAL FUND BUDGET BY DEPARTMENT

### FY 2019 VS. FY 2018

(as of 5/15/2018)

DEPARTMENT	DEPT. NO.	ORIGINAL 2018 BUD.	AMENDED 2018 BUD.	PROPOSED 2019 BUD.	DIFF. 2019 & ORIG. 2018	% CHG.	DIFF. 2019 & AMENDED 2018	% CHG.	SIGNIFICANT CHANGES FY 2019 VS. ORIGINAL FY 2018
Police Dept.	510	\$1,308,960	\$1,315,160	\$1,372,757	\$63,797	4.9%	\$57,597	4.4%	<u><b>Increases:</b></u> F/T personnel-related costs (includes a total of \$606 for potential Longevity Pay policy changes): \$51,100 / 5% Contracts: \$9,000 / 64% Utilities: \$6,500 / new expense Telephone/postage: \$6,500 / 48% Vehicle gas & oil: \$5,000 / 17%  <u><b>Decreases:</b></u> Computer software/support: \$8,000 / 27% Minor equipment: \$3,000 / 20% Exams/Screenings: \$2,500 / 42%
Fire Dept.	530	\$701,867	\$695,667	\$740,482	\$38,615	5.5%	\$44,815	6.4%	<u><b>Increases:</b></u> F/T personnel-related costs (includes a total of \$604 for potential Longevity Pay policy changes): \$21,848 / 4.5% Part-Time pay & taxes: \$13,402 / 18.5% Drill fees & taxes: \$3,229 / 8.4% Minor equipment: \$29,300 / 586% Safety program: \$2,000 / new expense Uniforms: \$400 / 6%  <u><b>Decreases:</b></u> Capital outlay - equipment: \$30,000 / 100% Travel & Training: \$800 / 8%
Lifeguards	531	\$196,850	\$196,850	\$200,088	\$3,238	1.6%	\$3,238	1.6%	<u><b>Increases:</b></u> Personnel-related costs: \$3,238 / 2%

# EXHIBIT B

## GENERAL FUND BUDGET BY DEPARTMENT

### FY 2019 VS. FY 2018

(as of 5/15/2018)

DEPARTMENT	DEPT. NO.	ORIGINAL 2018 BUD.	AMENDED 2018 BUD.	PROPOSED 2019 BUD.	DIFF. 2019 & ORIG. 2018	% CHG.	DIFF. 2019 & AMENDED 2018	% CHG.	SIGNIFICANT CHANGES FY 2019 VS. ORIGINAL FY 2018
Parks & Rec.	532	\$146,027	\$146,027	\$187,268	\$41,241	28.2%	\$41,241	28.2%	<u>Increases:</u> F/T personnel-related costs (includes new employee beginning 1/2019): \$39,544 / 57% Boardwalk fish: \$6,000 / 120% Children/family programs: \$500 / 9% <u>Decreases:</u> Part-Time pay & taxes: \$2,153 / 20% Island Day: \$1,000 / 40% Instructor fees: \$750 / 100% P&R Activity Exp.: \$500 / 7% Other Town Events: \$500 / 6%
Bldg. Inspection	540	\$135,201	\$135,201	\$139,165	\$3,964	2.9%	\$3,964	2.9%	<u>Increases:</u> F/T personnel-related costs: \$4,319 / 4.5% Computer software/support: \$1,000 / 50% <u>Decreases:</u> Building maintenance: \$1,000 / 100% Beach nourishment: \$400 / 5%
Debt Service	560	\$360,615	\$564,042	\$708,050	\$347,435	96.3%	\$144,008	25.5%	New Loans in FY 2018 for Fire Station & Town Hall renovation (\$5 mil.) & Police vehicle (\$31,668).



# EXHIBIT B

## GENERAL FUND BUDGET BY DEPARTMENT FY 2019 VS. FY 2018

(as of 5/15/2018)

DEPARTMENT	DEPT. NO.	ORIGINAL 2018 BUD.	AMENDED 2018 BUD.	PROPOSED 2019 BUD.	DIFF. 2019 & ORIG. 2018	% CHG.	DIFF. 2019 & AMENDED 2018	% CHG.	SIGNIFICANT CHANGES FY 2019 VS. ORIGINAL FY 2018
Streets & Sanitation	550	\$863,848	\$863,848	\$902,561	\$38,713	4.5%	\$38,713	4.5%	<u>Increases:</u> Capital outlay – equipment: \$45,000 / 129% Christmas decorations: \$12,000 / 120% OFP maintenance: \$2,000 / 40% Garbage cart purchases: \$2,000 / 20% Special Events: \$500 / 20%  <u>Decreases:</u> Personnel-related costs (includes a total of \$604 for potential Longevity Pay policy changes): \$5,437 / 1.2% Joe Eakes Park maintenance: \$15,000 / 60% Utilities: \$1,500 / 3% Minor Equipment: \$800 / 8% Uniforms: \$500 / 13%
Transfers	580	\$46,450	\$127,409	\$9,807	(\$36,643)	-78.9%	(\$117,602)	-92.3%	Transfer to the Beach Protection Fund.
Contingency	490	\$48,100	\$48,100	\$9,850	(\$38,250)	-79.5%	(\$38,250)	-79.5%	
<b>TOTAL GENERAL FUND</b>		<b>\$4,607,417</b>	<b>\$5,067,803</b>	<b>\$5,206,532</b>	<b>\$599,115</b>	<b>13.0%</b>	<b>\$138,729</b>	<b>2.7%</b>	



**EXHIBIT C****WATER/SEWER FUND REVENUE BUDGET****FY 2019 VS. FY 2018****(as of 5/15/2018)**

REVENUE TYPE	2018 BUDGET	2019 BUDGET	DIFF. 2019 & 2018	%	SIGNIFICANT CHANGES FY 2019 VS. FY 2018
Water Charges	\$805,000	\$840,650	\$35,650	4.4%	New rate tiers as follows: Residential - usage over 12,000 gallons Commercial – usage over 70,000 gallons Fort Fisher – usage over 70,000 gallons
Sewer Charges	\$1,155,000	\$1,174,500	\$19,500	1.7%	New rate tiers as follows: Residential - usage over 12,000 gallons Commercial – usage over 70,000 gallons Fort Fisher – usage over 70,000 gallons
Water & Sewer Tap Fees	\$36,000	\$60,000	\$24,000	66.7%	Based on estimated building activity.
Cutoff & Reconnection Fees	\$1,200	\$1,500	\$300	25.0%	Upward trend in account cutoff & reconnections.
Account Past Due Fees	\$6,000	\$6,200	\$200	3.3%	
New Account Setup Fee	\$0	\$6,000	\$6,000		New fee effective in April 2018.

**EXHIBIT C****WATER/SEWER FUND REVENUE BUDGET****FY 2019 VS. FY 2018****(as of 5/15/2018)**

	2018	2019	DIFF. 2019 &	%	
REVENUE TYPE	BUDGET	BUDGET	2018	CHANGE	SIGNIFICANT CHANGES FY 2019 VS. FY 2018
Other Revenue/ Fees	\$315	\$215	(\$100)	-31.7%	
Interest Income	\$2,140	\$7,020	\$4,880	228%	Increase in CD interest rates & NCCMT earnings.
Other Financing Sources	\$145,000	\$100,000	(\$45,000)	-31.0%	Financing for service truck (\$40,000) and 2 mobile generators (\$60,000).
<b>TOTAL WATER/ SEWER FUND</b>	<b>\$2,150,655</b>	<b>\$2,196,085</b>	<b>\$45,430</b>	<b>2.1%</b>	

**EXHIBIT D****WATER/SEWER FUND BUDGET BY DEPARTMENT****FY 2019 VS. FY 2018**

(as of 5/15/2018)

<u>DEPARTMENT</u>	<u>DEPT. NO.</u>	<u>2018 BUDGET</u>	<u>PROPOSED 2019 BUD.</u>	<u>DIFF. 2019 &amp; 2018</u>	<u>% CHG.</u>	<u>SIGNIFICANT CHANGES FY 2019 VS. FY 2018</u>
Governing Body	410	\$17,505	\$17,994	\$489	2.8%	<u>Increases:</u> Telephone/iPad: \$489 / 32%
Finance	715	\$186,200	\$197,817	\$11,617	6.2%	<u>Increases:</u> F/T personnel-related costs: \$8,915 / 6.2% Telephone: \$1,080 / 300% Auditor/Actuary fees: \$875 / 8% Postage: \$360 / 4%
Administration	720	\$260,170	\$309,187	\$49,017	18.8%	<u>Increases:</u> F/T personnel-related costs (includes new employee beginning 7/2018 – split with General Fund): \$24,675 / 20.5% P&L/WC insurance: \$7,500 / 11% Retiree medical insurance: \$4,943 / 36% Utilities: \$2,400 / 80% Computer services: \$2,103 / 12% Building maintenance: \$1,900 / 24% Minor equipment: \$1,500 / 150% Codification costs: \$1,500 / 100% Advertising: \$1,000 / 50% Travel & training: \$1,000 / 33% Supplies: \$1,000 / 14%  <u>Decreases:</u> Special long-term disability: \$1,122 / 100%

# EXHIBIT D

## WATER/SEWER FUND BUDGET BY DEPARTMENT

### FY 2019 VS. FY 2018

(as of 5/15/2018)

DEPARTMENT	DEPT. NO.	2018 BUDGET	PROPOSED 2019 BUD.	DIFF. 2019 & 2018	% CHG.	SIGNIFICANT CHANGES FY 2019 VS. FY 2018
Legal	470	\$28,950	\$29,850	\$900	3.1%	<b>Increases:</b> Professional legal service: \$1,000 / 11%
W/S Operations	810	\$1,657,830	\$1,641,237	(\$16,593)	-1.0%	<b>Increases:</b> F/T personnel-related costs (includes a total of \$906 for potential Longevity Pay policy changes): \$17,086 / 4.4% Debt service: \$63,061 / 32% Capital outlay - equipment: \$53,000 / 113% Materials & supplies: \$10,000 / 11% Travel & training: \$2,000 / 40% <b>Decreases:</b> Capital outlay - improvements: \$126,740 / 76% Carolina Beach Treatment Exp.: \$25,000 / 7% Capital outlay – sewer rehab: \$10,000 / 9%
<b>TOTAL WATER/ SEWER FUND</b>		<b>\$2,150,655</b>	<b>\$2,196,085</b>	<b>\$45,430</b>	<b>2.1%</b>	

**EXHIBIT E****STORM WATER FUND REVENUE BUDGET****FY 2019 VS. FY 2018****(as of 5/15/2018)**

REVENUE TYPE	2018	2019	DIFF. 2019 &		%	SIGNIFICANT CHANGES FY 2019 VS. FY 2018	
	BUDGET	BUDGET		2018			
Storm Water Charges	\$223,000	\$227,500		\$4,500	2.0%	Increase in number of accounts.	
Storm Water Building Fees	\$40,000	\$48,000		\$8,000	20.0%	Based on estimated building activity.	
Interest Income	\$875	\$2,880		\$2,005	229.1%	Increase in CD interest rates & NCCMT earnings.	
Other Financing	\$35,000	\$80,000		\$45,000	128.6%	Financing for one-half of street sweeper.	
Appropriate Fund Balance	\$331,219	\$0		(\$331,219)	-100%	FY 2018 included fund balance appropriation as revenue source for infrastructure projects.	
<b>TOTAL STORM WATER FUND</b>	<b>\$630,094</b>	<b>\$358,380</b>		<b>(\$271,714)</b>	<b>-43.1%</b>		



**EXHIBIT F**

**STORM WATER FUND BUDGET BY EXPENSE TYPE**

**FY 2019 VS. FY 2018**

(as of 5/15/2018)

DEPARTMENT	DEPT. NO.	2018 BUDGET	PROPOSED 2019 BUD.	DIFF. 2019 & 2018	% CHG.	SIGNIFICANT CHANGES FY 2019 VS. FY 2018
SW Operations	610	\$145,254	\$154,247	\$8,993	6.2%	<u>Increases:</u> Personnel-related costs: \$8,993 / 7.8%
Debt Service	610	\$99,840	\$108,193	\$8,353	8.4%	New loan in FY 2018 for one-half of compact excavator.
Capital Outlay	610	\$385,000	\$95,940	(\$289,060)	-75.1%	<u>Increases:</u> Capital outlay - equipment: \$45,000 / 129% <u>Decreases:</u> Capital outlay - improvements: \$334,060 / 95%
<b>TOTAL STORM WATER FUND</b>		<b>\$630,094</b>	<b>\$358,380</b>	<b>(\$271,714)</b>	<b>-43.1%</b>	