

FY 26-27
BUDGET WORK
SESSION #1

MARCH 26, 2026



INITIAL FY 2027 BUDGET ASSUMPTIONS

1. No changes in services provided or level of services provided
2. No change to tax rate
3. No change to General Fund fees
4. No changes to water & sewer rates
5. Inclusion of projects requested at Council Retreat (e.g., paving, boardwalk, water/sewer improvements, etc.)
6. No General Fund Contingency
7. No transfer from the General Fund to the Beach Protection Fund
8. No changes to full-time headcount
9. Employee Compensation
 - COLA: 2.8%
 - Merit: 1.5%



**FY 2026/2027 BUDGET SUMMARY
AS OF MARCH 26, 2026**

FUND	FY 2027 REVENUE BUDGET	FY 2027 EXPENSE BUDGET	OVER/(SHORT)	COMMENTS
General Fund	\$9,075,790	\$10,028,935	(\$953,145)	Does not include a transfer to the Beach Protection Fund or Contingency
Water/Sewer Fund	\$2,794,090	\$3,653,956	(\$859,866)	Includes \$1.14 million for capital improvements and equipment
Storm Water Fund	\$611,150	\$451,605	\$159,545	
Powell Bill Fund	\$180,750	\$180,750	\$0	Includes fund balance appropriation of \$95,000 for paving projects
SERF Fund	\$20,945	\$20,945	\$0	
Beach Protection Fund	\$14,500	\$14,500	\$0	Does not include a transfer from the General Fund
Asset Forfeiture Fund	\$25,000	\$25,000	\$0	
TOTAL	\$12,722,225	\$14,375,691	(\$1,653,466)	

**TOTAL FY 2027 EXPENSE BUDGET BY FUND
VS. FY 2026 APPROVED BUDGET
AS OF MARCH 26, 2026**

FUND	APPROVED FY 2026 BUDGET	REQUESTED FY 2027 BUDGET	DIFF. FY 2027 & FY 2026	% CHANGE
General	\$9,072,630	\$10,028,935	\$956,305	10.5%
Water/Sewer	\$2,912,080	\$3,653,956	\$741,876	25.5%
Storm Water	\$1,374,154	\$451,605	(\$922,549)	(67.1%)
Powell Bill	\$84,125	\$180,750	\$96,625	114.9%
Sewer Expansion Reserve	\$20,610	\$20,945	\$335	1.6%
Beach Protection	\$14,500	\$14,500	\$0	0.0%
Federal Asset Forfeiture	\$25,000	\$25,000	\$0	0.0%
TOTAL - ALL FUNDS	\$13,503,099	\$14,375,691	\$872,592	6.5%

FY 2027 IMPACT OF 2.4% STATE HEALTH PLAN SURCHARGE

<u>FUND & DEPARTMENT</u>	<u>AMOUNT</u>	<u>% of F/T Personnel Expense Increase</u>	<u>% of Dept. Operating Expense Increase</u>
<u>GENERAL FUND</u>			
Police	\$32,456	27.3%	21.2%
Fire	\$22,129	27.8%	23.0%
Streets & Sanitation	\$12,557	27.3%	4.2%
Ocean Rescue	\$4,249	19.8%	10.8%
Parks & Recreation	\$4,074	26.6%	2.5%
Administration	\$3,643	22.6%	12.2%
Development & Compliance	\$3,581	25.5%	18.8%
Finance	<u>\$3,053</u>	27.5%	16.2%
TOTAL GENERAL FUND	<u>\$85,742</u>		
<u>WATER/SEWER FUND</u>			
Operations	\$9,887	24.0%	N/A
Finance	\$3,732	27.5%	17.8%
Administration	<u>\$2,445</u>	21.1%	8.6%
TOTAL WATER/SEWER FUND	<u>\$16,064</u>		
<u>STORM WATER FUND</u>			
Operations	<u>\$2,316</u>	24.5%	13.3%
GRAND TOTAL - ALL FUNDS			
	<u>\$104,122</u>		

GENERAL FUND BUDGET BY DEPARTMENT FY 2027 VS. FY 2026

DEPARTMENT	DEPT. NO.	APPROVED FY 2026 BUD.	REQUESTED FY 2027 BUD.	DIFF. FY 2027 & FY 2026	% CHG.	SIGNIFICANT CHANGES FY 2027 VS. FY 2026
Streets & Sanitation	550	\$1,701,469	\$2,327,312	\$625,843	36.8%	<p><i>Increases:</i> F/T Personnel-Related Costs: \$46,058 / 6.3% Beach Access/Boardwalk Repairs: \$275,000 / 1100% Capital Outlay - Improvements: \$250,000 / 250% Capital Outlay - Vehicles: \$60,000 / NEW Capital Outlay – Equipment: \$17,000 / NEW Recycling: \$11,000 / 4% Equipment Maintenance: \$2,000 / 14%</p> <p><i>Decreases:</i> Professional & Consulting Fees: \$26,000 / 57% Building Maintenance: \$10,000 / 50%</p> <p><i>Summary:</i> Operating Costs: \$298,843 / 18.7% Capital Outlay: \$327,000 / 327%</p>

GENERAL FUND BUDGET BY DEPARTMENT FY 2027 VS. FY 2026

DEPARTMENT	DEPT. NO.	APPROVED FY 2026 BUD.	REQUESTED FY 2027 BUD.	DIFF. FY 2027 & FY 2026	% CHG.	SIGNIFICANT CHANGES FY 2027 VS. FY 2026
Police	510	\$2,418,209	\$2,594,416	\$176,207	7.3%	<p><u>Increases:</u> F/T Personnel-Related Costs: \$118,754 / 6.4% Capital Outlay - Vehicles: \$15,000 / 11% Computer Software/Support: \$13,000 / 31% Capital Outlay - Equipment: \$8,000 / 27% Contracts: \$7,500 / 11% Uniforms: \$5,000 / 33% Building Maintenance: \$4,000 / 15% Public Relations: \$2,000 / 80% Travel & Training: \$2,000 / 10% Workers Comp. Insurance: \$1,042 / 4%</p> <p><u>Decreases:</u> None</p> <p><u>Summary:</u> Operating Costs: \$153,207 / 6.8% Capital Outlay: \$23,000 / 13.9%</p>

GENERAL FUND BUDGET BY DEPARTMENT FY 2027 VS. FY 2026

DEPARTMENT	DEPT. NO.	APPROVED FY 2026 BUD.	REQUESTED FY 2027 BUD.	DIFF. FY 2027 & FY 2026	% CHG.	SIGNIFICANT CHANGES FY 2027 VS. FY 2026
Fire Dept.	530	\$1,553,902	\$1,590,005	\$36,103	2.3%	<p><u>Increases:</u> F/T Personnel-Related Costs: \$79,543 / 6.9% P/T Personnel-Related Costs: \$7,317 / 9.8% Medical Exams: \$3,475 / 48% Equipment Rental: \$3,166 / 317% Workers Comp. Insurance: \$820 / 4% Uniforms: \$500 / 7% Telephone/Postage: \$500 / 5% Supplies: \$500 / 4%</p> <p><u>Decreases:</u> Capital Outlay – Truck: \$60,000 / 100%</p> <p><u>Summary:</u> Operating Costs: \$96,103 / 6.4% Capital Outlay: (\$60,000) / 100%</p>
Ocean Rescue	531	\$609,436	\$648,940	\$39,504	6.5%	<p><u>Increases:</u> F/T Personnel-Related Costs: \$21,506 / 9.0% Seasonal Personnel-Related Costs: \$16,198 / 4.9% Telephone: \$1,180 / NEW</p> <p><u>Decreases:</u> None</p> <p><u>Summary:</u> Operating Costs: \$39,504 / 6.6% Capital Outlay: \$0 / 0.0%</p>

GENERAL FUND BUDGET BY DEPARTMENT FY 2027 VS. FY 2026

DEPARTMENT	DEPT. NO.	APPROVED FY 2026 BUD.	REQUESTED FY 2027 BUD.	DIFF. FY 2027 & FY 2026	% CHG.	SIGNIFICANT CHANGES FY 2027 VS. FY 2026
Development & Compliance	540	\$245,341	\$264,427	\$19,086	7.8%	<p><u>Increases:</u> F/T Personnel-Related Costs: \$14,072 / 6.8% Vehicle Allowance: \$1,800 / NEW Supplies: \$1,500 / 150% Computer Software/Support: \$1,400 / 16%</p> <p><u>Decreases:</u> None</p> <p><u>Summary:</u> Operating Costs: \$19,086 / 7.8%</p>
Parks & Recreation	532	\$518,092	\$528,391	\$10,299	2.0%	<p><u>Increases:</u> F/T Personnel-Related Costs: \$15,291 / 6.6% Professional/Consulting Fees: \$150,000 / 300%</p> <p><u>Decreases:</u> Capital Outlay: \$150,000 / 100% Sponsorship Maintenance: \$3,000 / 60% Bluefish Purchases: \$2,000 / 100%</p> <p><u>Summary:</u> Operating Costs: \$160,299 / 43.5% Capital Outlay: (\$150,000) / (100%)</p>

GENERAL FUND BUDGET BY DEPARTMENT FY 2027 VS. FY 2026

	DEPT.	APPROVED	REQUESTED		DIFF. FY 2027	%	
DEPARTMENT	NO.	FY 2026 BUD.	FY 2027 BUD.		& FY 2026	CHG.	SIGNIFICANT CHANGES FY 2027 VS. FY 2026
Community Center	421	\$37,000	\$37,000		\$0	0.0%	<p><i>Increases:</i> Capital Outlay: \$15,000 / NEW</p> <p><i>Decreases:</i> Maintenance: \$15,000 / 60%</p> <p><i>Summary:</i> Operating Costs: (\$15,000) / (60%) Capital Outlay: \$15,000 / NEW</p>
Administration	420	\$528,783	\$558,740		\$29,957	5.7%	<p><i>Increases:</i> F/T Personnel-Related Costs: \$16,116 / 7.9% P&L Insurance: \$9,550 / 10% Computer Service: \$7,100 / 15% Minor Equipment: \$2,480 / 35% Building Maintenance: \$1,200 / 3%</p> <p><i>Decreases:</i> P/T Personnel-Related Costs: \$2,153 / 100% Retiree Medical: \$4,463 / 13%</p> <p><i>Summary:</i> Operating Costs: \$29,957 / 5.7%</p>

GENERAL FUND BUDGET BY DEPARTMENT FY 2027 VS. FY 2026

DEPARTMENT	DEPT. NO.	APPROVED FY 2026 BUD.	REQUESTED FY 2027 BUD.	DIFF. FY 2027 & FY 2026	% CHG.	SIGNIFICANT CHANGES FY 2027 VS. FY 2026
Governing Body	410	\$85,700	\$88,843	\$3,143	3.7%	<p><i>Increases:</i> Council Pay/Allowances/Taxes: \$743 / 3.6% Contributions: \$1,000 / 2% Travel & Training: \$600 / 20% Gov. & Volunteer Relations: \$500 / 3%</p> <p><i>Decreases:</i> None</p> <p><i>Summary:</i> Operating Costs: \$3,143 / 3.7%</p>
Legal	470	\$99,300	\$98,300	(\$1,000)	(1.0%)	<p><i>Increases:</i> None</p> <p><i>Decreases:</i> Travel: \$1,000 / 100%</p> <p><i>Summary:</i> Operating Costs: (\$1,000) / (1.0%)</p>
Elections	430	\$7,340	\$0	(\$7,340)	(100%)	No local election in FY 2027.
Emergency Management	446	\$2,500	\$2,500	\$0	0%	

GENERAL FUND BUDGET BY DEPARTMENT FY 2027 VS. FY 2026

	DEPT.	APPROVED	REQUESTED	DIFF. FY 2027	%	
DEPARTMENT	NO.	FY 2026 BUD.	FY 2027 BUD.	& FY 2026	CHG.	SIGNIFICANT CHANGES FY 2027 VS. FY 2026
Committees	412	\$20,625	\$21,192	\$567	2.7%	<p><u>Shoreline Access & Beach Protection (\$11,192):</u> Replace Lost/Damaged Signs - \$6,000 SLABP Brochure - \$900 Sea Oats (4,000 sq. ft.) - \$2,667 Education Giveaway Items - \$1,625</p> <p><u>Bike/Ped (\$10,000):</u> Education for Members - \$2,000 Public Education Information - \$2,800 Education Events- \$3,500 Bike Rack/Service Stand/Parking Pads – \$1,200 Spot Lane Connector Beautification - \$500</p> <p><u>Summary:</u> Operating Costs: \$567 / 2.7%</p>
Finance	415	\$299,233	\$318,069	\$18,836	6.3%	<p><u>Increases:</u> F/T Personnel-Related Costs: \$11,100 / 6.5% Bank/Payroll/Credit Card Fees: \$6,950 / 19% Audit & Actuarial Fees: \$1,000 / 6%</p> <p><u>Decreases:</u> Unemployment Taxes: \$890 / 36%</p> <p><u>Summary:</u> Operating Costs: \$18,836 / 6.3%</p>

GENERAL FUND BUDGET BY DEPARTMENT FY 2027 VS. FY 2026

	DEPT.	APPROVED	REQUESTED		DIFF. FY 2027	%	
DEPARTMENT	NO.	FY 2026 BUD.	FY 2027 BUD.		& FY 2026	CHG.	SIGNIFICANT CHANGES FY 2027 VS. FY 2026
Tax Collection	460	\$35,100	\$35,100		\$0	0.0%	
Paid Parking Program	570	\$240,000	\$245,000		\$5,000	2.1%	Increase based on budget and forecast provided by Premium Parking.
Debt Service	560	\$670,600	\$670,700		\$100	0.0%	
TOTAL GENERAL FUND		\$9,072,6303	\$10,028,935		\$942,146	10.5%	

WATER/SEWER FUND BUDGET BY DEPARTMENT FY 2027 VS. FY 2026

	DEPT.	APPROVED	REQUESTED	DIFF. FY 2027	%	
DEPARTMENT	NO.	FY 2026 BUD.	FY 2027 BUD.	& FY 2026	CHG.	SIGNIFICANT CHANGES FY 2027 VS. FY 2026
W/S Operations	810	\$2,215,961	\$2,907,465	\$691,504	31.2%	<p><u>Increases:</u> F/T Personnel-Related Costs: \$41,210 / 7.2% Capital Outlay - Improvements: \$690,000 / 223% Capital Outlay - Equipment: \$75,000 / 500% Dues/Subscriptions/Permits: \$1,000 / 3% Supplies & Materials: \$500 / 0.3%</p> <p><u>Decreases:</u> Engineering Fees: \$90,000 / 64% System Maintenance: \$21,000 / 16% Equipment/Building Maintenance: \$5,000 / 25% Medical Exams: \$500 / 50%</p> <p><u>Summary:</u> Operating Costs: (\$73,536) / (4.8%) Capital Outlay: \$765,000 / 204%</p>

WATER/SEWER FUND BUDGET BY DEPARTMENT FY 2027 VS. FY 2026

DEPARTMENT	DEPT. NO.	APPROVED FY 2026 BUD.	REQUESTED FY 2027 BUD.	DIFF. FY 2027 & FY 2026	% CHG.	SIGNIFICANT CHANGES FY 2027 VS. FY 2026
Administration	720	\$352,888	\$381,239	\$28,351	8.0%	<p><u>Increases:</u> F/T Personnel-Related Costs: \$11,615 / 8.5% P&L Insurance: \$9,550 / 10% Computer Service: \$4,900 / 16% Retiree Medical: \$2,010 / 35% Minor Equipment: \$1,520 / 32% Building Maintenance: \$800 / 3%</p> <p><u>Decreases:</u> P/T Personnel-Related Costs: \$2,153 / 100%</p> <p><u>Summary:</u> Operating Costs: \$28,351 / 8.0%</p>
Governing Body	710	\$20,549	\$21,644	\$1,095	5.3%	<p><u>Increases:</u> Council Pay/Allowances/Taxes: \$495 / 3.6% Travel & Training: \$400 / 20%</p> <p><u>Decreases:</u> None</p> <p><u>Summary:</u> Operating Costs: \$1,095 / 5.3%</p>

WATER/SEWER FUND BUDGET BY DEPARTMENT FY 2027 VS. FY 2026

	DEPT.	APPROVED	REQUESTED	DIFF. FY 2027	%	
DEPARTMENT	NO.	FY 2026 BUD.	FY 2027 BUD.	& FY 2026	CHG.	SIGNIFICANT CHANGES FY 2027 VS. FY 2026
Legal	770	\$20,440	\$20,440	\$0	0.0%	<p><u>Increases:</u> None</p> <p><u>Decreases:</u> None</p> <p><u>Summary:</u> Operating Costs: \$0 / 0.0%</p>
Finance	715	\$302,242	\$323,168	\$20,926	6.9%	<p><u>Increases:</u> F/T Personnel-Related Costs: \$13,569 / 6.5 % Bank/Payroll/Credit Card Fees: \$6,110 / 23% Audit & Actuarial Fees: \$1,000 / 6%</p> <p><u>Decreases:</u> None</p> <p><u>Summary:</u> Operating Costs: \$20,926 / 6.9%</p>
TOTAL WATER/ SEWER FUND		\$2,912,080	\$3,653,956	\$741,876	25.5%	

STORM WATER FUND BUDGET BY EXPENSE TYPE FY 2027 VS. FY 2026

	DEPT.	APPROVED	REQUESTED	DIFF. FY 2027	%	
DEPARTMENT	NO.	FY 2026 BUD.	FY 2027 BUD.	& FY 2026	CHG.	SIGNIFICANT CHANGES FY 2027 VS. FY 2026
SW Operations	610	\$276,219	\$293,670	\$17,451	6.3%	<p>Increases: F/T Personnel-Related Costs: \$9,470 / 6.7% Engineering: \$80,000 / 800%</p> <p>Decreases: Professional Fees: \$70,000 / 100% Supplies: \$2,000 / 17%</p>
Debt Service	610	\$47,935	\$47,935	\$0	0.0%	
Capital Outlay	610	\$1,050,000	\$110,000	(\$940,000)	(89.5%)	<p>Increases: Capital Outlay - Equipment: \$50,000 / NEW</p> <p>Decreases: Capital Outlay - Improvements: \$990,000 / 94%</p>
TOTAL STORM WATER FUND		\$1,374,154	\$451,605	(\$922,549)	(67.1%)	

REQUESTS RECEIVED FROM OUTSIDE ORGANIZATIONS

ORGANIZATION	REQUEST REC'D FY 2027	REQUEST REC'D FY 2026	ACTUAL FY 2026	ACTUAL FY 2025	ACTUAL FY 2024	ACTUAL FY 2023
Pleasure Island Chamber of Commerce	\$36,000	\$30,000	\$30,000	\$30,000	\$25,000	\$19,380
Federal Point Historic Preservation Society	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$2,000
Island of Lights (1)	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
Federal Point Help Center	\$1,800	\$1,800	\$1,800	\$1,500	\$1,500	\$1,500
Katie B. Hines Senior Center (2)	\$0	\$5,000	\$5,000	\$5,000	\$2,000	\$2,000
North Carolina Aquarium Society	\$0	\$0	\$0	\$10,000	\$0	\$0
TOTAL GOVERNING BODY BUDGET	\$44,000	\$43,000	\$43,000	\$53,000	\$34,700	\$26,080
Pleasure Island Sea Turtle Project (3)	\$0	\$5,400	\$5,400	\$5,400	\$5,400	\$4,800
GRAND TOTAL	\$44,000	\$48,400	\$48,400	\$58,400	\$40,100	\$30,880
NOTES:						

(1) - Island of Lights request for FY 2027 (and FY 2023 - 2026) also includes \$900 of in-kind.

(2) - No request received for FY 2027.

(3) - Included in Development & Compliance budget.

GENERAL FUND REVENUE BUDGET FY 2027 VS. FY 2026

REVENUE TYPE	APPROVED FY 2026 BUD.	FY 2027 BUDGET	DIFF. FY 2027 & FY 2026	% CHG.	SIGNIFICANT CHANGES FY 2027 VS. FY 2026
Property Taxes	\$3,825,250	\$3,865,950	\$40,700	1.1%	Based on estimated tax base provided by NHC Tax Dept. and current tax rate of 17.2 cents per \$100 of valuation.
Sales Tax	\$1,750,000	\$1,907,000	\$157,000	9.0%	Based on forecasts of state-wide sales tax proceeds.
Parking Program Revenue	\$820,000	\$900,000	\$80,000	9.8%	Based on historical parking revenue and forecasts for FY 2026.
Garbage & Recycle Fees	\$657,700	\$662,700	\$5,000	0.8%	
TDA	\$795,000	\$648,940	(\$146,060)	(18.4%)	FY 2027 budget is for lifeguard expenses (\$648,940).
Franchise & Utility Taxes	\$309,600	\$306,700	(\$2,900)	(0.9%)	
Interest/Investment Earnings	\$177,000	\$171,000	(\$6,000)	(3.4%)	Forecasted decrease in interest rates.

GENERAL FUND REVENUE BUDGET FY 2027 VS. FY 2026

	APPROVED	FY 2027	DIFF. FY 2027 &	%	
REVENUE TYPE	FY 2026 BUD.	BUDGET	FY 2026	CHG.	SIGNIFICANT CHANGES FY 2027 VS. FY 2026
Building Permits, CAMA, Impact Fees, Fire Inspections	\$132,840	\$132,000	(\$840)	(0.6%)	FY 2027 based on FY 2026 forecast and expected level of construction activity.
Communication Tower Rent	\$93,621	\$92,450	(\$1,171)	(1.3%)	FY 2027 includes 3% annual increase for existing leases and loss of Dish sublease.
Sales Tax Refund	\$92,500	\$75,500	(\$17,000)	(18.4%)	Estimated sales tax refund based on sales tax paid in prior fiscal year.
Community Center/ Parks & Rec/ Street Festival	\$27,000	\$27,000	\$0	0.0%	
ABC Revenue	\$23,800	\$25,775	\$1,975	8.3%	FY 2027 based on FY 2026 revenue forecast.
Town Facility Rentals	\$18,000	\$20,000	\$2,000	11.1%	FY 2027 based on FY 2026 revenue forecast.
Motor Vehicle License Tax	\$10,875	\$10,675	(\$200)	(1.8%)	

GENERAL FUND REVENUE BUDGET FY 2027 VS. FY 2026

<u>REVENUE TYPE</u>	<u>APPROVED FY 2026 BUD.</u>	<u>FY 2027 BUDGET</u>	<u>DIFF. FY 2027 & FY 2026</u>	<u>% CHG.</u>	<u>SIGNIFICANT CHANGES FY 2027 VS. FY 2026</u>
Beer & Wine Tax	\$10,750	\$10,000	(\$750)	(7.0%)	
Parking Fines/ Civil Citations/ Court Fees	\$1,650	\$1,450	(\$200)	(12.1%)	
All Other Revenue	\$6,450	\$8,650	\$2,200	34.1%	Largest components are Surplus Property sales (\$5,000), Re-entry Decal sales (\$800), BOA/HPC fees (\$750), purchase card program rebate (\$750) and Special Events (\$500).
Appropriation of Fund Balance	\$125,594	\$0	(\$125,594)	(100%)	
Other Financing Sources	\$195,000	\$210,000	\$15,000	7.7%	Proposed financing for Police Dept. vehicles (\$150,000) and Public Works vehicle (\$60,000).
TOTAL GENERAL FUND	\$9,072,630	\$9,075,790	\$3,160	0.0%	

WATER/SEWER FUND REVENUE BUDGET FY 2027 VS. FY 2026

	APPROVED	FY 2027		DIFF. FY 2027	%	
REVENUE TYPE	FY 2026 BUD.	BUDGET		& FY 2026	CHANGE	SIGNIFICANT CHANGES FY 2027 VS. FY 2026
Water Charges	\$1,097,150	\$1,097,200		\$50	0.0%	FY 2027 budget based on FY 2026 forecast.
Sewer Charges	\$1,501,975	\$1,502,000		\$25	0.0%	FY 2027 budget based on FY 2026 forecast.
Water & Sewer Tap Fees	\$58,500	\$58,500		\$0	0.0%	Based on estimated building activity.
Cutoff & Reconnection Fees	\$7,200	\$7,800		\$600	8.3%	FY 2027 budget based on FY 2026 forecast.
Account Past Due Charges	\$21,500	\$18,500		(\$3,000)	(14.0%)	FY 2027 budget based on FY 2026 forecast.
New Account Setup Fees	\$4,000	\$4,500		\$500	12.5%	FY 2027 budget based on FY 2026 forecast.

WATER/SEWER FUND REVENUE BUDGET FY 2027 VS. FY 2026

	APPROVED	FY 2027		DIFF. FY 2027	%	
REVENUE TYPE	FY 2026 BUD.	BUDGET		& FY 2026	CHANGE	SIGNIFICANT CHANGES FY 2027 VS. FY 2026
Interest/Investment Earnings	\$106,020	\$104,500		(\$1,520)	(1.4%)	Forecasted decrease in interest rates.
Other Revenue/ Fees	\$735	\$1,090		\$355	48.3%	
AIA Grants – Water & Sewer Systems	\$115,000	\$0		(\$115,000)	(100%)	AIA projects projected to be completed in FY 2026.
TOTAL WATER/SEWER FUND	\$2,912,080	\$2,794,090		(\$117,990)	(4.1%)	

STORM WATER FUND REVENUE BUDGET FY 2027 VS. FY 2026

	APPROVED	FY 2027	DIFF. FY 2027	%	
REVENUE TYPE	FY 2026 BUD.	BUDGET	& FY 2026	CHANGE	SIGNIFICANT CHANGES FY 2027 VS. FY 2026
Storm Water Charges	\$531,275	\$535,000	\$3,725	0.7%	Increase in number of accounts.
Storm Water Building Fees	\$68,000	\$68,000	\$0	0.0%	FY 2027 based on FY 2026 forecast and estimated level of construction activity.
Interest/Investment Earnings	\$7,475	\$8,150	\$675	9.0%	
Appropriation of Fund Balance	\$767,404	\$0	(\$767,404)	(100%)	FY 2026 included significant appropriation of fund balance for capital projects (storm water outfalls).
TOTAL STORM WATER FUND	\$1,374,154	\$611,150	(\$763,004)	(55.5%)	

FY 2027 BUDGET

POTENTIAL RATE/FEE INCREASES

1. General Fund

- a. Property Taxes
- b. Garbage Collection Fees

2. Water & Sewer Fund

- a. Water Rates
- b. Sewer Rates

GENERAL FUND

POTENTIAL RATE/FEE CHANGES

a. Property Taxes

- Increase the current tax rate of 17.2 cents per \$100 of value by an amount to be determined by Town Council
- Current estimate of property tax increase, assuming no reductions to the expense budget and not implementing any other fee or rate increases:
 - Increase of 4.3 cents (25%) generating approximately \$963,000 of annual revenue

PROPERTY TAXES
INCREMENTAL REVENUE FROM VARIOUS INCREASE AMOUNTS

	TAX RATE INCREASE							
	1.0 Cent	1.5 Cents	2.0 Cents	2.5 Cents	3.0 Cents	3.5 Cents	4.0 Cents	4.3 Cents
Percentage Increase In Tax Rate	5.81%	8.72%	11.63%	14.53%	17.44%	20.35%	23.26%	25.00%
Tax Levy Related To Tax Rate Increase	\$226,238	\$339,357	\$452,476	\$565,595	\$678,714	\$791,833	\$904,952	\$972,823
Net Increase To Town Revenue	\$223,976	\$335,963	\$447,951	\$559,939	\$671,927	\$783,915	\$895,902	\$963,095
Tax Rate After Increase (\$0.172 + increase)	\$0.182	\$0.187	\$0.192	\$0.197	\$0.202	\$0.207	\$0.212	\$0.215
Impact on Household With Home Valued at \$800,000:								
Annual Increase	\$80	\$120	\$160	\$200	\$240	\$280	\$320	\$344
Monthly Increase	\$6.67	\$10	\$13.33	\$16.67	\$20	\$23.33	\$26.67	\$28.67
Total Annual Tax	\$1,456	\$1,496	\$1,536	\$1,576	\$1,616	\$1,656	\$1,696	\$1,720

ASSUMPTIONS:

- (1) - Starting point is revenue neutral tax rate of **\$0.172** per \$100 of valuation.
- (2) - Estimated tax base from NHC Tax Department as of 3/10/26 was: **\$2,262,380,000** (includes \$48,000,000 for motor vehicles)
- (3) - Estimated property tax collection rate is: **99%**

GENERAL FUND

POTENTIAL RATE/FEE CHANGES

b. Garbage Collection Fees

- Current cost estimate to provide in-house garbage collection is \$446,400
- Based on current garbage collection fees, estimated garbage collection revenue is \$330,000
- The garbage collection rate increase needed to fully fund in-house garbage collection is 35.3%

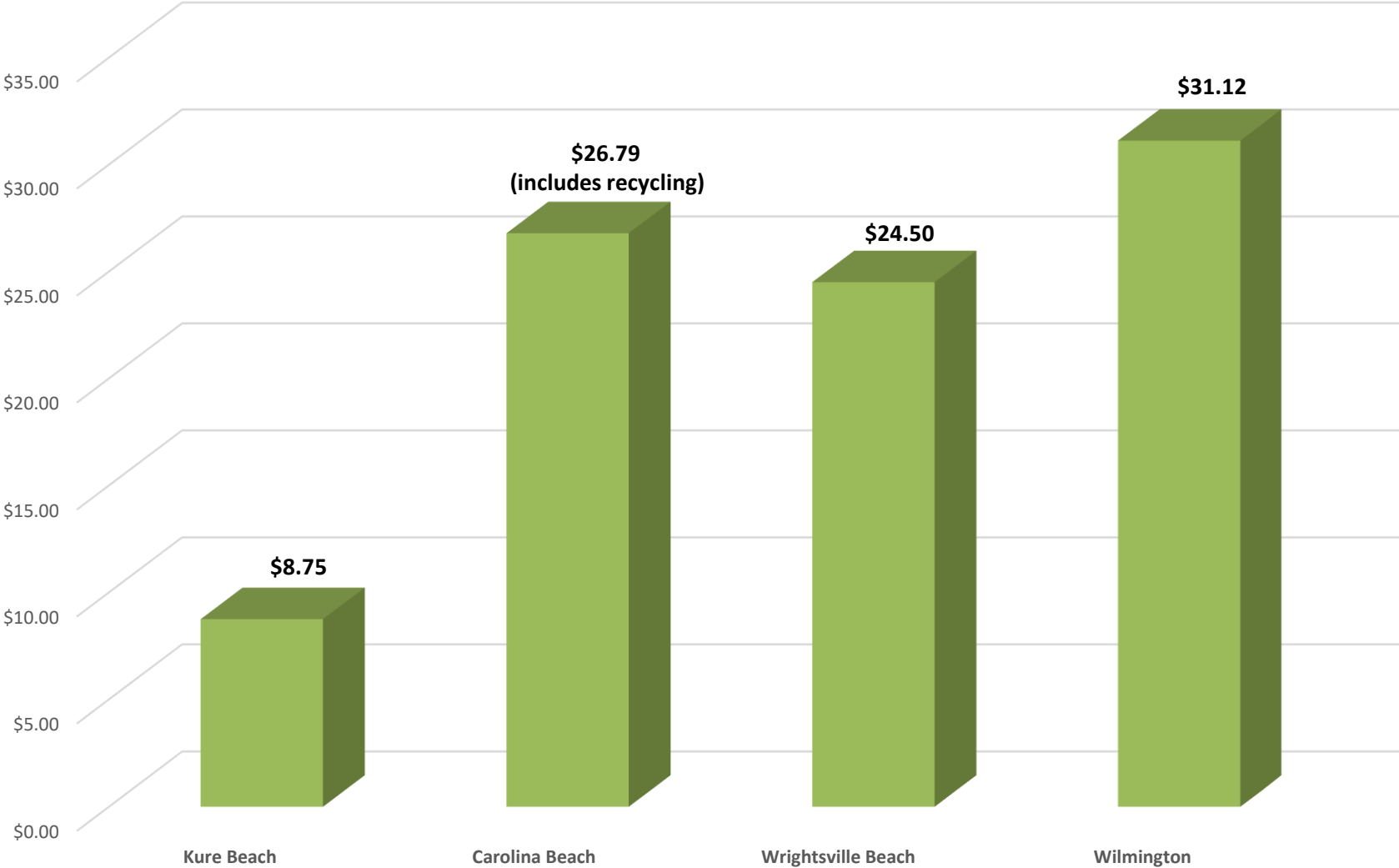
ESTIMATED ANNUAL COST OF IN-HOUSE GARBAGE COLLECTION SERVICE

<u>EXPENSE TYPE</u>	<u>ANNUAL COST</u>
Labor	\$184,500
Landfill Fees	\$83,500
Debt Service - 2 Trucks	\$131,400
Truck Maintenance	\$25,500
Fuel	\$9,000
Supplies	\$7,000
Truck Insurance	<u>\$5,500</u>
TOTAL ANNUAL COST	<u>\$446,400</u>

GARBAGE COLLECTION FEES POTENTIAL INCREASES & RELATED INCREASE IN REVENUE

SERVICE TYPE	CURRENT RATE/FEE	% INCREASE	RATE/FEE AFTER INC.	ADDITIONAL COST PER MONTH & YEAR PER CART	EST. INCREASE IN ANNUAL REVENUE	% INCREASE	RATE/FEE AFTER INC.	ADDITIONAL COST PER MONTH & YEAR PER CART	EST. INCREASE IN ANNUAL REVENUE
Residential - 1st Cart	\$8.75	25.0%	\$10.94	\$2.19 / \$26.28	\$60,181	35.3%	\$11.84	\$3.09 / \$37.08	\$84,913
Residential - Extra Carts	\$17.50	25.0%	\$21.88	\$4.38 / \$52.56	\$11,511	35.3%	\$23.68	\$6.18 / \$74.16	\$16,241
Total Residential					\$71,692				\$101,154
Commercial	\$38.29	25.0%	\$47.86	\$9.57 / \$114.84	\$10,565	35.3%	\$51.81	\$13.52 / \$162.24	\$14,926
TOTAL					\$82,257				\$116,080
Residential - 1st cart	2,290	No. of carts for 2/2026							
Residential - Extra	219	No. of carts for 2/2026							
Commercial	92	No. of carts for 2/2026							

RESIDENTIAL GARBAGE COLLECTION FEES NEW HANOVER COUNTY MUNICIPALITIES

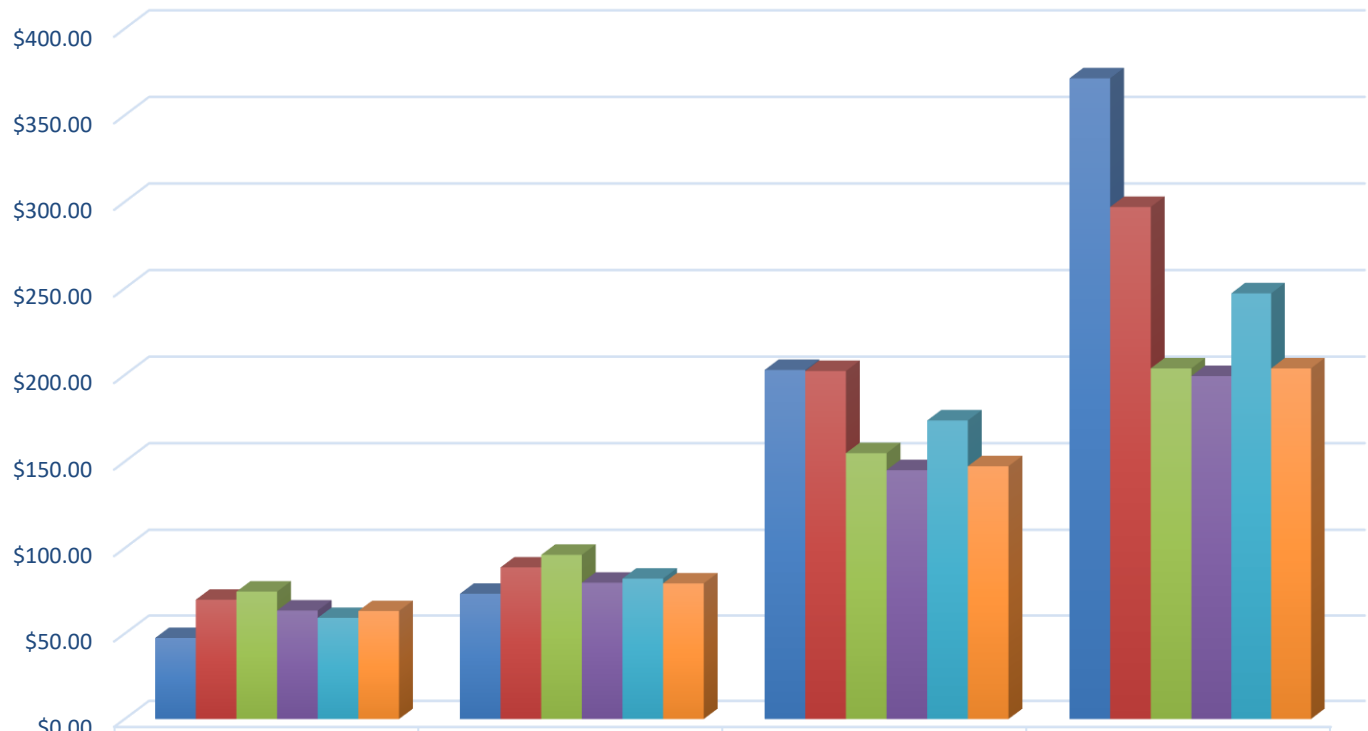


WATER & SEWER FUND

EXAMPLES OF POTENTIAL RATE/FEE INCREASES

OPTION		ESTIMATED ANNUAL REVENUE INCREASE			
NO.	RATE ACTION	RESIDENTIAL	COMMERCIAL	FORT FISHER	TOTAL
1	10% monthly minimum increase	\$109,175	\$3,285	\$430	\$112,890
2	25% monthly minimum increase	\$272,940	\$8,220	\$1,090	\$282,250
3	20% rate tier increase	\$166,790	\$33,340	\$47,470	\$247,600
4	30% rate tier increase	\$250,185	\$50,000	\$71,210	\$371,395
5	20% total rate increase (minimum rate & tiers)	\$385,140	\$39,900	\$48,335	\$473,375
6	40% total rate increase (minimum rate & tiers)	\$770,275	\$79,830	\$96,680	\$946,785

WATER AND SEWER RATE COMPARISONS AT VARIOUS USAGE LEVELS FOR NEW HANOVER COUNTY AND OTHER STATE-WIDE CATEGORIES



	2,500 Gals.	4,000 Gals.	10,000 Gals.	15,000 Gals.
■ Kure Beach	\$47.49	\$73.40	\$202.96	\$371.39
■ Carolina Beach	\$69.88	\$88.82	\$202.36	\$297.06
■ Wrightsville Beach	\$74.65	\$96.16	\$154.90	\$203.85
■ Cape Fear Public Utility	\$63.55	\$79.85	\$145.07	\$199.42
■ State-Wide 1,000 to 3,000 Accts. (103)	\$59.25	\$82.27	\$173.78	\$247.18
■ With-In 100 Miles (78)	\$63.25	\$79.46	\$147.37	\$203.85

KURE BEACH TOWN COUNCIL FISCAL YEAR 2026 GOALS

1. ***Work smarter to maintain and improve our quality of life in Kure Beach***
 - a. Implementation of approved CAMA Land Use Plan
 - b. Continue to work with Department of Defense Land Use Plan (MOTSU) to retain current town owned assets
 - c. Implement the Bike/Ped Master Plan
 - d. Implementation of approved Beach Management Plan
 - e. Continue to work with leaders of the General Assembly to address the needs of the Town

KURE BEACH TOWN COUNCIL

FISCAL YEAR 2026 GOALS

- f. Explore the following areas for funding for future capital projects (i.e. Bike/Ped, Sandman Park, Joe Eakes Park, Atlantic Avenue boardwalk, replacement of CAMA beach accesses). Council will prioritize each project based on potential source and community
 - 1. PARTF (state)
 - 2. CAMA grants (state)
 - 3. New Hanover County Endowment (county)
 - 4. Friends of Kure Beach (private)

2. Ensure the integrity of Town financial data and maintain financial stability in all Town funds

- a. Be fiscally responsible
- b. Set tax and water/sewer rates that support the expected level of service by the citizens of the Town

KURE BEACH TOWN COUNCIL

FISCAL YEAR 2026 GOALS

- 3. *Enable an optimum working environment for staff to produce high levels of service to the Town***
 - a. Ensure policies are fair (morale)
 - b. Enhance procedures to retain and attract Town personnel
 - c. Update and adjust the Salary Plan as needed to keep employees fairly compensated

- 4. *Provide all departments with the support to maintain a safe working and living environment***
 - a. Support camera program
 - b. Use technology to support Town functions
 - c. Continue to improve employee safety plan
 - d. Support K9 program
 - e. Provide necessary tools for safe working environment