

Joann M. McDermon, Mayor
Mike Benson, Mayor Pro Tem



Alice Derian, ICMA-CM
Town Manager

Aldermen:
Fred Fontana
Richard Grant
Tom Leonard
Connie Pletl

Nancy Avery
Interim Town Clerk

June 14, 2023

To the Honorable Mayor McDermon and Town Board of Aldermen: With this letter, I am pleased to present the proposed 2023-2024 fiscal year budget for your review and consideration.

This budget is the culmination of efforts by the Mayor, Board, and Staff, with department head meetings that go back to February 2023. This budget reflects a strategic approach which provides for the Town to continue to deliver high quality services while planning and providing for its future.

Priorities established for the FY 2023-24 Budget are as follows:

- ✓ Remain fiscally sound with a healthy fund balance
- ✓ Continue to provide and enhance public safety
- ✓ Maintain a high level of preparedness to respond to and recover from emergencies
- ✓ Continue to support and balance the demands of new residential development
- ✓ Continue to provide high service levels and quality of life amenities (our beach!)
- ✓ Employ technology to engage, improve and expand service and public safety opportunities

The budget was prepared in accordance with North Carolina General Statutes, and the North Carolina Local Government Budget and Fiscal Control Act. All funds in the proposed budget are balanced, and all revenues and expenditures are identified for the fiscal year 2023-24.

REVENUES & EXPENDITURES

Revenue projections are conservative. The Town's largest source of revenue comes from ad valorem property taxes. The budget is proposing the total tax rate remain the same at forty-three cents (\$0.43). This will allow the Town to continue to provide and expand necessary services, as well as plan for upcoming improvements and purchases. The total levy for next year is \$1,612,500,000, provided by the Onslow County Tax Department. This makes the estimated revenue at \$6,933,750. The budget assumes a 95% collection rate, totaling \$6,587,062.50 which will be divided among the town's three funds as follows:

General Fund - \$0.26
Capital Improvement Fund - \$0.07
Shoreline Protection Fund - \$0.10

The second largest source of revenue comes from the local sales tax which is estimated at \$2,644,292. This revenue source is also divided among funds – the General Fund as well as the Shoreline Protection Fund.

It is estimated that we will collect \$448,500 in parking revenue. The budget reflects 25% going into the General Fund and 75% into the Shoreline Protection Fund.

Our Accommodations Tax rate remains 3% for this upcoming fiscal year and the revenues collected will solely go towards the Shoreline Protection Fund. Staff is anticipating a conservative 10% increase in revenue collections to total \$1,650,000.

The Budget Officer (Town Manager) and the Finance Officer compiled and formulated the expenditures based on requests and justifications submitted by department heads, guidance provided at the budget workshops, current contracts, as well as reviewing historical data.

The Town is committed to provide professional services to include police and fire, inspections, permitting, public works and town planning. Our employees are the number one asset for the Town and account for 52% of the operating budget.

This year the Town has one new position that has been added. The position of Planner 1 is new to this operating budget. Also, IT salaries and expenses have been moved from the Administration Department to its own Department. I continue to monitor and will make recommendations as deemed necessary in regards to staffing. A priority is to ensure we have resources to be proactive vs reactive.

The budget also provides for a 4% COLA and a 2% Merit maximum opportunity for employees.

An additional mandatory increase for the Town's portion of the contribution to the North Carolina Local Government Retirement System will go into effect this fiscal year. General Class employees' contribution rates will increase to 12.96% and Law Enforcement Officers rate will increase to 14.04%. This increase was established by the Board of Trustees for the Local Government Employees Retirement System (LGERS). The Town's rates that are contributed to employee's 401(k) accounts remain the same at 3% and 5% for general class and law enforcement, respectively.

This year we are continuing to make investments to the Capital Improvements Fund, or Fund 12. Seven cents (\$0.07) of the proposed tax rate will be exclusively allocated to this fund for the planning and preparation of future needs for the town. Specifically, Police Department expansion, an off-site EOC location/storage, South End Fire Department replacement, as well as

preparation for the need of new fire trucks in years to come. This fund allows the Town to fiscally prepare for upcoming needs.

The American Rescue Plan Fund, or Fund 15 was created when President Biden signed the ARP into law as of March of 2021 which distributed funding to North Carolina cities and towns. Per guidance from the US Treasury as well as the State of North Carolina, a separate fund was created for the revenues to be kept separated from normal town operations and funds. This Fiscal Year, these funds will be transferred to the General Fund for Revenue Replacement, one of the allowable ways to use the funds given to the Town.

This budget reflects the diligent work of both Staff and the Board of Aldermen in its preparation. The budget is a solid plan and commitment for the Town's future. It represents the priorities of the Board and Staff as we move forward as a Town. It makes every effort to keep costs at a minimum and provide the necessary services to the citizens of North Topsail Beach in the most efficient and effective manner possible while also preparing for future needs. I would like to give special thanks to all the departments for their assistance in contributing to the budget process.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Alice Derian". The signature is fluid and cursive, with a large initial "A" and "D".

Alice Derian, ICMA-CM
Town Manager