

Budget Overview and Economic Outlook

The draft budget we are presenting today has been slightly amended since our previous budget workshop on April 13th. Noteworthy changes include:

- ✓ COLA / Merit: 4% and 2%, Respectively
- ✓ Increased ORBIT Percentages
- ✓ Increased Employee Insurance
- ✓ New Line item in Administration for IT
- ✓ New Line item in Fund 30 for 30-year beach plan
- ✓ Special Event Expense

In April we discussed COLA and Merit being 6% with the decision left to me on the split. A decision was made to do a 4% COLA and 2% Merit. I have included for tonight's meeting survey information obtained from the NC League of Municipalities to show where we stand in comparison beyond what the surrounding municipalities were implementing. I have included in the next two slides some results of that survey. You can see in the pie chart that 46% of the respondents are planning to offer both COLA and Merit. The bar chart shows the breakdown by population group. NTB would be comparable to the first bar labeled "A" for population below 2,500. 77.3% Offer COLA and/or Merit in this population group. The second slide shows a COLA Summary and Merit Increase Summary. There is a reported 4.7% statewide average for COLA and again in the bar chart you can see where it is broken down for the average planned % increase by population group. You can see in our population group that 2% was at the low end and 4.7% was reported as average. In regard to the Merit Increase Summary, 57% reported they are planning to provide merit increases. These ranges varied by region, with a statewide average of 1.8% to 3.7%. Again, you can see in our population group that a low-end average is 2%.

The second item is the increased ORBIT percentages which is our state retirement allocation. The increase was minimal at .07% that equates to \$2,000.

The third item is the increase for Employee Insurance. Since our last meeting we have been meeting and receiving new rate estimates. A 7.3% increase is included which equates to \$21,000.

The fourth item is the addition of a line item in Administration to account for IT expenses in the amount of \$6,500. Funds were reduced on the contracted services side. This is essentially a wash but wanted to convey this as it is a new line item in your budget.

The fifth item is a new line item in Fund 30 for an engineer developed 30-year beach plan. An estimate to do a concept plan, to work out the logistics and finances is about \$100-\$150K. We allocated what is estimated we would need in the first year 1/5 of the cost at \$30K

If BISAC is going to develop an engineer-focused 30-yr beach plan we need to put a 'placeholder' amount in the budget for 2022-2023.

The final item is the Special Event Expense. The line item for Parks and Recreation was increased per direction at the last budget meeting to account for \$10k for the concert and we discussed \$15k for a Christmas Tree. Since the last meeting we approved \$18k for a concert and will need the remaining allocation for logistics, such as portable toilets, electrical, trash removal and shuttle service if the board desires to continue to move forward with this event.

Another item of note is we had already temporarily increased our property and liability insurance by 8% as a place holder. We have met with the provider and requested quotes to increase coverage for flood and building contents. This line item increased 48%, which provides for cyber insurance and flood insurance for Town Hall and we doubled town hall replacement values. These are still subject to change; however, this is the latest information received from our carrier late today.

We discussed initial tax estimates from Onslow County and North Topsail Beach which showed a 58% increase from last year and reported that the projected levy is subject to change as the County works through the appeal process. We received an updated levy that increased to 60.59%, which equated to an additional \$25 million.

The County will still be adjusting values from appeals after June 10th, and will not provide initial levy numbers until annual bills are generated in early July. The appeals board will continue to meet and hear appeals that were filed before the June 10th adjournment date. That date is just the deadline for filing an appeal. As you can see in the next slides that Caitlin is reviewing, she has broken out each tax rate and it is recommended we budget for 90% of receivables of whichever tax rate you decide on. This will account for the possibility of a decrease in levy from the appeals process.