



**FY 2024**

Manager's Recommended Budget

June 14, 2023

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## **FY 2023-2024 Budget Message**

**To:** The Honorable Mayor Smith and Town Board, and Topsail Beach Property Owners

**Date:** May 30, 2023

On behalf of the entire Topsail Beach staff, I am pleased to submit to you the Manager's Recommended Budget for FY 2023 – 2024 for your review and consideration. The development of this proposed budget is consistent with the requirements set forth in the North Carolina General Statutes, particularly with respect to the Local Government Budget and Fiscal Control Act. It combines the goals and vision of the Board with the sound financial principles the Town has followed over the years. This year's proposed budget considers impacts from the local, state, and federal levels as the nation continues to deal with the recovery from a global pandemic, the rise of inflation and the associated increase in expenses, and supply chain concerns. Topsail Beach faces natural impacts as well, including sea level rise and increased intensity of storms. These issues can impact groundwater levels, nuisance flooding, and increased stormwater effects. These and many other issues impact how the Town prepares a budget to meet the needs of the entire community.

Budget workshops and the annual Retreat started in February as the Commissioners established their goals and priorities for the Town moving forward. The Department Heads started a review of the current budget and explored the needs for FY 2024 starting in January, as they considered the goals of their individual departments, coupled with the knowledge of both service and regulatory needs. The Finance Director reviewed revenue sources and trends to determine the expected funding totals. Based on the goals and priorities established by the Board of Commissioners at the annual retreat in February, the staff prepared the departmental needs focusing on the provision of services in the most efficient and cost-effective manner. Once draft documents were prepared, the Board held three workshops starting in April to review and modify the proposed budget figures. The proposed budget considers specific mandates from the state and federal governments, as well as the current proposed changes in legislation that could affect state shared revenues and levels of service.

In developing this budget, staff focused on the top priorities established by the Commissioners in the February Retreat. These priorities helped to guide the development of a comprehensive budget for FY 2024 and position the Town for future budgets. Below is a brief overview of the priorities.

PRIORITY	DESCRIPTION
Water System Improvements	Review existing water system strengths and weaknesses to determine short- and long-term improvements. Address water quality issues and identify water supply options
Improved Fire Service	Continued efforts to provide 24/7 coverage with adequate number of personnel. Provide for the necessary staffing & related needs. Identify necessary fire protection improvements such as hydrant maintenance, major capital improvement needs.
Detailed Emergency Plan	Update and expand the existing Emergency Plan to include multiple hazard scenarios. Coordinate with key agencies and communities for a comprehensive plan
Staff Requirement / Retention	Identify plans / options to assist all departments in recruiting for vacant positions with the Town. Identify benefits and needs to help retain current employees
Wastewater System Planning	Continue efforts to review potential options for wastewater treatment for the Town to eventually replace septic systems. Identify desired collection and treatment systems and capital /operations costs
Sound Side Planning	Address growing concerns for sound side planning including impacts from King Tides, erosion control, water quality, recreational potential at public accesses. Coordinate with the BIS Committee's goals
Storm Water / Flooding Issues	Identify critical areas of need to address increased flooding impacts resulting from storm events and/or higher than normal water events. Consider both physical improvement needs and policy changes to mitigate water impacts affecting safe travel
Facilities Planning	Plan and prioritize future infrastructure needs due to aging infrastructure and the need for additional infrastructure.
Financial Planning	Engage a Financial Advisor and develop plans for future spending on capital needs, to include equipment and facilities.

With these priorities as a guideline, an aggressive budget was prepared designed to implement strategies to address these growing concerns. Topsail Beach recognizes that while our goal is to remain the quiet, family-friendly community we all desire, we must plan for and take the necessary steps to meet the changes we are faced with on a regular basis. These changing dynamics help determine the service levels necessary to maintain the high standards for Topsail Beach.

The Town and its staff make every effort to plan for fiscal responsibility in the utilization of all tax dollars. We consistently look to provide for the needs of our residents and property owners while being cognizant of how these funds are spent. But to meet the increasing costs of the daily operations of the Town, as well as to address the needs

listed in the priorities, this budget proposes a tax increase of \$0.06 per \$100 valuation. This proposed budget increases the tax rate from \$0.34 per \$100 to \$0.40 per \$100. The entire amount of the increase will go to the General Fund, with a rate of \$0.3185, \$0.0675 to the BIS, and \$0.014 going to the newly created CIP. This budget does not propose any increase to the solid waste/recycling fees, but it does propose an increase to the water facility fee to \$36 (from \$32) and the water rate fee to \$7.09 (from \$6.60) as a base starting rate (see fee schedule for additional information on the last page).

Taking all these factors into account, this year’s recommended General Operating Budget is a balanced budget totaling \$30,322,850.13 for the General Fund, BIS Funds, Special Funds, and the Utility Enterprise Funds. This compares to \$9,957,743. in FY 2022 – 2023. There is a scheduled major Channel Dredging in this year’s BIS Fund, accounting in part for the increased budget total. A closer look at the breakdown of the budget by fund shows the following:

	<b>FY 2023 Amended</b>	<b>Proposed FY 2024</b>
General Fund	\$6,646,459.00	\$5,331,846.13
BIS Fund	\$1,679,100.00	\$21,740,304.00
Utility Fund	\$1,021,100.00	\$1,752,484.00
Session Law 2019-75	\$ 475,000.00	\$325,000.00
Session Law 2021-180		\$1,070,000.00
ARPA	\$136,084.00	
Capital Improvement Projects		\$103,216.00

It should be noted that of the \$0.06 tax increase, \$0.032 was already committed in previous budgets with the decision to purchase land (and the subsequent annual payment for that loan) and the salaries for certain staff that had previously been paid for with grant funds that have since expired.

In addition to the funding received through taxes, state-shared revenues, fees, and related sources, the Town has also received grant funding in the past. This current year saw some new funding available through grants and related sources from both the federal government and the state legislators. We are also seeing some grant funding expire that will be made up this year through the General Fund. Many of these grants have an impact as to how the FY 2024 Budget was prepared, either directly or indirectly depending on availability and timing of the grants. Each grant has its own guidelines and requirements on how the money is received, how it can be used, and the reporting requirements to the state or local agency overseeing the grant. In some cases, the FY 2024 Budget includes the grant dollars. Other grants will have to be added to the budget if they are awarded to the Town. In all, the Town has received or requested grant funds in the amount of \$56,816,100. It is important to note that there is no guarantee that all funds will be awarded to the Town, or that all the money will be spent in FY 2024.

Below is an overview of the various grants that have been received or an application submitted.

GRANT	DESCRIPTION	AMOUNT
Asset Inventory & Assessment Grant ( <b>NCDEQ</b> )	The <i>scope-of-work</i> for the overall Asset Inventory Assessment (AIA) project consists of four (4) major components: GPS-GIS Mapping, Hydraulic Analysis, Evaluation of Wells and preparation of the AIA/CIP/Water Asset Management Plan (WAMP). The anticipated duration for completing the AIA is twenty months.	<b>\$180,000</b>
Water Supply Grant ( <b>NCDEQ</b> )	The project will study potential system expansion to meet future needs. This could include expansion of our existing system, or alternative projects that create a new interconnection between systems not previously interconnected. The study will include the information regarding all aspects of regionalization. The outcome of the study could be a recommendation for one or a combination of alternatives.	<b>\$185,000</b>
SAFER Grant ( <b>FEMA</b> )	The <b>Staffing for Adequate Fire and Emergency Response Grants (SAFER)</b> was created to provide funding directly to fire departments and volunteer firefighter interest organizations to help them increase or maintain the number of trained, "front line" firefighters available in their communities.	<b>\$194,000/Year for 3 years (Estimated based on 3 approved positions)</b>
S.L. 2021-180 ( <b>NCGA / NC DEQ/Division of Water Infrastructure</b> )	The 2021 American Rescue Plan (ARP) provides funds, through the State Fiscal Recovery Fund, that the NC General Assembly allocated as 100% grants. Topsail Beach received appropriated fund amounts as part of this bill for water system improvements. Topsail Beach will receive funds on a reimbursement basis after the recipient awards a division-approved construction contract. These funds will be put toward changing out our existing water meters to smart water meters.	<b>\$1,070,000</b>

NCLM Safety Grant	The NCLM Safety Grant program is provided exclusively for Municipalities' participating in the workers compensation and property and casualty insurance pool programs. The NCLM has allotted \$100,000 in each pool to help members purchase equipment and services that will significantly reduce the potential for future workers' compensation, property/casualty, or liability insurance claims.	<b>\$5,000</b>
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**SUMMARY**

The Topsail Beach FY 2024 Budget is a **Plan and a Commitment** for the future. While it establishes a spending plan for the next fiscal year, it also establishes commitments moving forward beyond one year. It represents a commitment to improved fire services, to providing high quality and reliable water system, to developing advanced protocols for emergency operations, and to address both storm water issues, and “sunny day” flooding caused by continuing rising sea waters. It identifies funding sources to help meet the expenses that the Town anticipates for FY 2024 and beyond.

The FY 2024 budget reflects the priorities of the Town Board of Commissioners and staff and we are committed to providing a high level of service to our residents, property owners, and visitors while maintaining a strong sense of fiscal responsibility. We cannot always control the environment surrounding us, but we can plan to always address our needs with the best interests of our community in mind. As a resort community we face unique challenges, particularly during the tourist season. While we are home to a little over 460 permanent residents, our community is also a place for many second homes and investment rental properties as a resort town. We know that Topsail Beach will continue to be a destination location and as such we must be prepared to provide the critical services. The number of day trippers to the island is certainly expected to increase as growth in the Wilmington area, and particularly Hampstead and Surf City, which will certainly impact the Town and the services we provide.

We are committed to providing excellent core services like police and fire, public works and sanitation services, clean water, and safe access while maintaining strong amenities such as Town Center Park and Bush Marina. We are committed to preserving and protecting our beaches and our waterways, as reflected in the completion of our Storm Damage Reduction Plan and Beach Nourishment Project. We are committed to face the challenge of increased impacts from flooding, particularly on the sound side of the island. But mostly, we are committed to providing our residents and property owners with the best services in a fiscally responsible manner. We must continue to be vigilant in our efforts and dedicated to the overall goal of providing a safe, affordable,



and attractive place for our residents, property owners, and our businesses while managing the growth in Topsail Beach. The budget is a tool to help us achieve our goals.

This annual budget provides details of the spending plan for the year and sources of revenue to meet those obligations. The tables on the following pages highlight both the revenues and expenditures proposed for FY 24 in comparison with the FY 23 budget. Again, this budget represents a forecast of the revenues and expenses for the upcoming fiscal year. As such, it is subject to change because of unforeseen events and should therefore be looked at as a fluid document. Although every effort is made to anticipate all needs, the budget is monitored throughout the year and appropriate amendments are brought to the Board's attention for consideration.

In closing, I would like to recognize and thank the elected officials and entire Town staff for their efforts in developing this budget. Particularly I would like to thank Connie Forand and Rose Patane for their work on this budget as they guide me in my first year as Manager. Budget preparation involves many difficult decisions, with needs often greater than resources available. Commissioners and staff have and will continue to devote countless hours to review of the details within the proposed budget to shape the best document possible. This budget is not successful without the help of each department head, whose diligence and willingness to be part of this process helped in the preparation of this budget.

We look forward to the implementation of another successful budget and financial operations in Fiscal Year 2024.

Respectfully submitted,



Doug Shipley  
Town Manager

## **BUDGETARY AUTHORITY**

State law defines an annual budget as "a proposed *plan* for raising and spending money for specified programs, functions, activities or objectives during a fiscal year." While this definition may seem simple, budgets usually contain a considerable amount of detailed information. The fact remains, however, that a budget exists as the single most comprehensive annually updated financial guide to the services provided to the citizens of a community.

The Town of Topsail Beach, like all local governments throughout North Carolina, prepares, adopts, and administers its budget in accordance with the Local Government Budget and Fiscal Control Act (LGBFCA). This Act establishes responsibilities in the adoption of the budget and most importantly, requires that the budget be *balanced*. In other words, the estimated revenues must equal the proposed spending. North Carolina local governments operate under a July 1 - June 30 fiscal year. A budget must be adopted by June 30<sup>th</sup> of each year, or interim provisions must occur.

The spending for the coming year is authorized through the Town Board's adoption of a *budget ordinance*. This action authorizes the spending, assures that the budget is balanced, levies the property tax for that budget year, and formally authorizes related fee schedules. Under North Carolina law, local property taxes may not be changed at any point in the year once adopted without input from the State government.

By law, each year a public hearing is held by the Town Board to receive comments from citizens and taxpayers on the recommended budget. That hearing is usually held after the Town Manager formally presents the recommended budget to the governing body. Throughout the budget review period, copies of the recommended budget are kept on file for public review in the Town Finance Director's office and with the Town Clerk.

### ***PUBLIC DOCUMENT***

The Fiscal Year 2023 Budget is a public document and is available for viewing on the Town's website at [topsailbeachnc.gov/](https://topsailbeachnc.gov/). The public hearing date for the FY 2023 Budget is set for June 14, 2023.

### ***BUDGET OFFICER***

The Town's Manager serves as the budget officer and is authorized to amend the budget within departments and present the amendments for Board approval within the fiscal year.

### ***AUTHORIZATION***

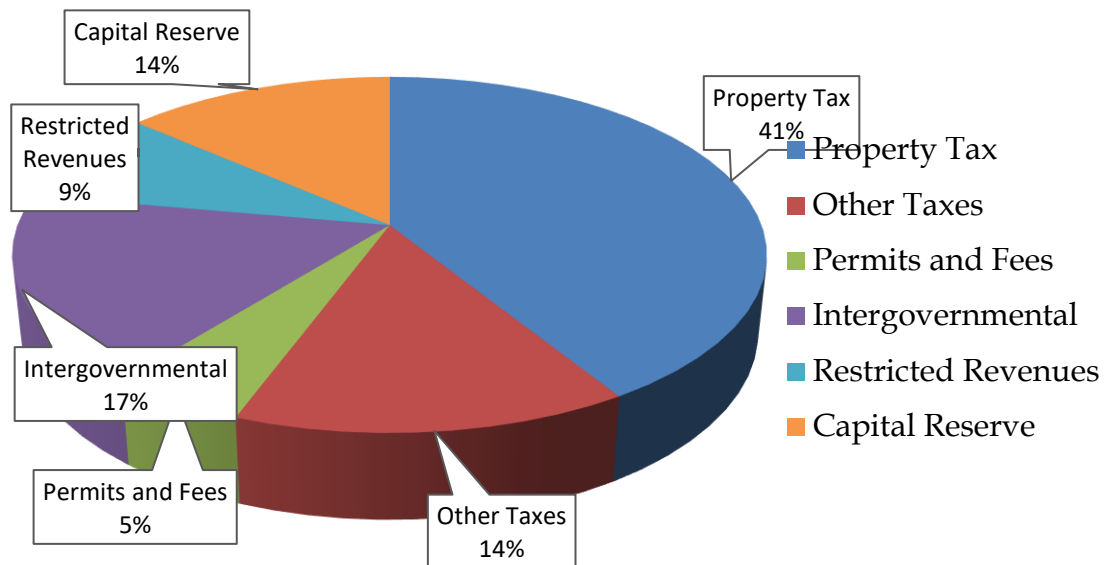
The approved budget authorizes the Town Manager to oversee the use of the approved appropriations in accordance with the Town Board's policies and relevant statutes and regulations.

## General Fund

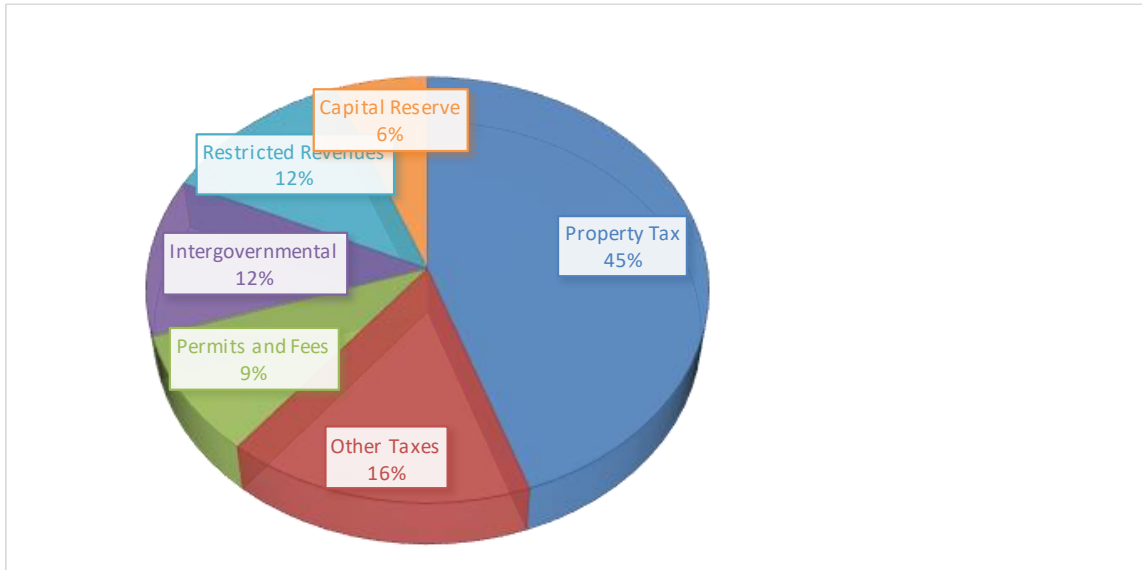
### REVENUES

Revenues for the Town's General Fund are divided into several different major categories: Property Tax, Other Taxes (Accommodations Tax and Solid Waste Fees), Permits and Fees, Unrestricted Intergovernmental Revenues, Restricted Revenues (Powell Bill and Grants) and Capital Reserve Funds. This does not include the revenues related to the BIS or Utility Enterprise or specific grants such as SL 2019-75, SL 2021-80 or CIP (Capital Improvement Fund), which have been established as separate funds. Within each of these categories are several sources of revenue which are described below. Property Tax (44%) makes up the largest segment of the revenue generation, followed by Other Taxes (16%), Intergovernmental Revenues (12%), and Restricted Revenues (14%). Of these, the Town controls property tax levies and some fee schedules, but much of the State-Shared revenues are determined by other actions in the NC General Assembly or other external factors. Below you will find a breakout of revenues budget for FY 2023, followed by those proposed for FY 2024.

#### FY 2023



## FY 2024



### FY 2023 PROPOSED TAX RATE

The recommended budget is based on changing the tax rate from \$0.34 per \$100 valuation to \$0.40 per \$100 as mentioned earlier. The increase for the General Fund represents the efforts of the Town and the Commissioners to meet the growing demands on our services provided, the changing economic status of our nation, and our plans to meet the priorities listed above.

Other revenue highlights include:

- According to the Pender County Tax Assessor's Office, the total assessed value for property in Topsail Beach for FY 2023 is \$752,299,760. This represents real and personal property.
- Each penny on the tax rate is worth approximately \$75,229. (based on 98% collection rate).
- Accommodations tax (both for Topsail Beach and Pender County) are anticipated to remain strong based on industry estimates. The proposed budget for FY 2024 is a total amount of \$1,400,000. Of this amount, \$350,000 is allocated to the General Fund. (The rest is for the BIS Fund). The continued rentals made through third parties such as AirBnB have increased significantly as a percentage of overall collections. It is important to note that these revenues are less controlled by local entities in terms of tax collection. Revenues received are often lump-sum payments with no way to identify the rental properties to which they relate. This lack of detail makes it almost impossible to know if these third parties are satisfying their occupancy tax obligations.

- In FY 2017 the Town established a policy to fund the Capital Reserve Fund which is designed to plan for larger one-time capital needs in the future. This preliminary budget includes approximately \$315,082. transferred from the Capital Reserve Fund to meet this year's needs.

## REVENUE REVIEW

Revenues are shown by sources and by funds. Revenue projections can be made more accurately when revenues are segregated by source and managed accordingly. The major revenues by source are as follows:

### PROPERTY TAX

- **Ad Valorem Tax:** Pender County performs all calculations of assessed property valuations, real and personal, including the recent reappraisal. The total property tax is calculated based upon a compilation of projected assessed value from the Pender County Tax Assessor's Office and current year levy as set by Town Board. The proposed property tax rate currently is set at \$0.40 per one hundred dollars (\$100) of assessed valuation: \$0.3185 of which is for general government and \$0.0675 of which is designated for the BIS Fund and \$0.014 which is designated for CIP. There is a total assessed value of \$752,299,760 inside the town limits.
- **DMV Tax:** The DMV, or automobile tax is calculated based on an average local fair market value as set by Pender County at the Town Board adopted property tax rate.
- **Interest – Ad Valorem Taxes:** The revenue generated by penalties and interest is estimated with the use of trend analysis. Penalties are assessed on payments made after January 5. For the period from January 6 to February 1, interest accrues at the rate of 2%. Thereafter, interest accrues at the rate of 3/4% per month until outstanding balances are paid in full.

### TAXES AND FEES

- **Topsail Accommodations Tax:** The Town imposes a tax levy of three percent (3%) of the gross receipts of any person, firm, corporation, or association derived from the rental of any sleeping room or lodging. This includes both hotel/motel facilities and private residences. By law, all accommodation taxes received shall be used for "tourism-related" expenditures, which include but is not limited to public safety, public facilities, and solid waste collection. This budget allocates fifty percent (50%) of the revenue collected the BIS Fund and fifty percent (50%) is allocated to General Fund. The total amount budgeted is \$700,000 for FY 24. Of this amount, \$350,000 is allocated to the General Fund. (The rest is for the BIS Fund).

- **Tower Lease:** The Town leases property behind Town Hall for a communications tower. Space on the tower is leased for a fee to the following: T-Mobile, Verizon, CenturyLink and AT&T. These are based on existing lease agreements that are reviewed and considered for extensions upon contract.
- **Solid Waste Fees:** Solid Waste fees are charged to each resident to cover the cost of contracted services in the Town. Currently there is a fee of \$17/month for one cart, with additional fees charged for additional carts if requested by the property owner. The recycling fee of \$5/month per residential unit and \$10/month for businesses is in place to cover the costs to operate the Recycling Center located on Carolina Avenue.
- **Fees and Receipts:** Several of the departments charge various fees for services, rentals, or other activities. These include, but are not limited to, zoning and building permit fees, temporary permits, compliance permits, and similar items. Also included are the boat ramp and boat slip fees, as well as the beach access fees for vehicles. These fees are designed to cover much of the costs incurred for the provision of related services.

## UNRESTRICTED INTERGOVERNMENTAL REVENUES

- **Utilities Franchise Tax:** As a result of tax reform legislation passed by the North Carolina General Assembly, the distribution method for electricity sales tax, telecommunications tax, local video program tax and piped natural gas changed in FY 2015, creating a greater distribution of revenue to the municipalities. According to the NCLM, these fees are anticipated to slightly decline overall in FY 2024. Revenue from the electricity sales tax is highly sensitive to weather; cool summers and mild winters can dramatically affect these receipts.
- **Alcohol Beverage:** Cities share in the tax on sales of both beer and wine based upon municipal population levels. The State of NC typically distributes this revenue source late in May. In addition, Pender County collects revenues from gross receipts of ABC sales for the county and distributes thirty-five percent (35%) of the revenue to the six municipalities based on a per capita distribution.
- **Local Sales Tax:** The State collects and distributes the proceeds from locally levied tax on retail sales to local governments. This revenue source is subject to further significant swings related to the population of the Town of Topsail Beach as compared with other Pender County local governments. Any significant change (increase or decrease) in other governments' population can result in significant changes to the Town's share of local sales tax distributions. It is anticipated that we will experience an increase in revenues based on information provided by the NCLM. A conservative estimate based on recent trends has been applied to this budget.

- **County Option 4 Tax:** Distribution for Article 40 and 42 Sales Tax is determined by the County. In 1992, special legislation was enacted creating an equitable method for distribution known as the “Option Four Redistribution” for Pender County. The State distributes the sales tax revenues on a per capita basis. The formula then allocates to the beach communities the amount they would receive using an ad valorem basis. The cost is then redistributed on a pro-rata basis to the County, School Board, and the municipalities. As a result, the beach communities receive more than they would using per capita basis, but less than under the ad valorem system. As with Local Option Sales Tax, it is anticipated that we will experience an increase in revenues.

## RESTRICTED REVENUES

- **Powell Bill** The Town of Topsail Beach receives an annual distribution from the North Carolina Department of Transportation of prior year gas tax receipts. Municipal Powell Bill distributions are based upon population and number of municipal street miles maintained. Although gas purchases are volatile during this period of increased prices, this budget estimates revenues to remain stable.
- **Session Law 2019-75:** In FY 21-22 Topsail Beach received \$1,666,667 for Hurricane Recovery and Resiliency. Those funds have been used for the development of Living Shorelines, purchasing land and an existing building for Emergency Operations Center on the mainland. Future uses of this fund include improvements of EOC to expand the septic system, adding additional office space and outside area for parking and fencing. For FY 2024 there is \$325,000 remaining to accomplish these projects.

## CAPITAL RESERVE FUNDS

Capital Reserve Funds are monies earmarked for the purchase or acquisition of vehicles and/or equipment needs for the Town as well as the potential studies related to the capital program. The money is set aside on an annual basis and allocated by the Board as part of the budget process. Capital items generally have a value of \$5,000 or more with an expendable life of more than one year.

## Expenses

The General Fund is the daily operating account for the Town. Most services available to the residents and visitors of Topsail Beach fall under the General Fund. For this budget, the General Fund consists of the following departments and the service they provide:

- Administration (includes Town Board, Administration, and Inspections/Planning)
- Police
- Fire
- Public Works
- Powell Bill Funds (State-Restricted)
- Solid Waste
- Bush Marina
- Beach Management and Tourism

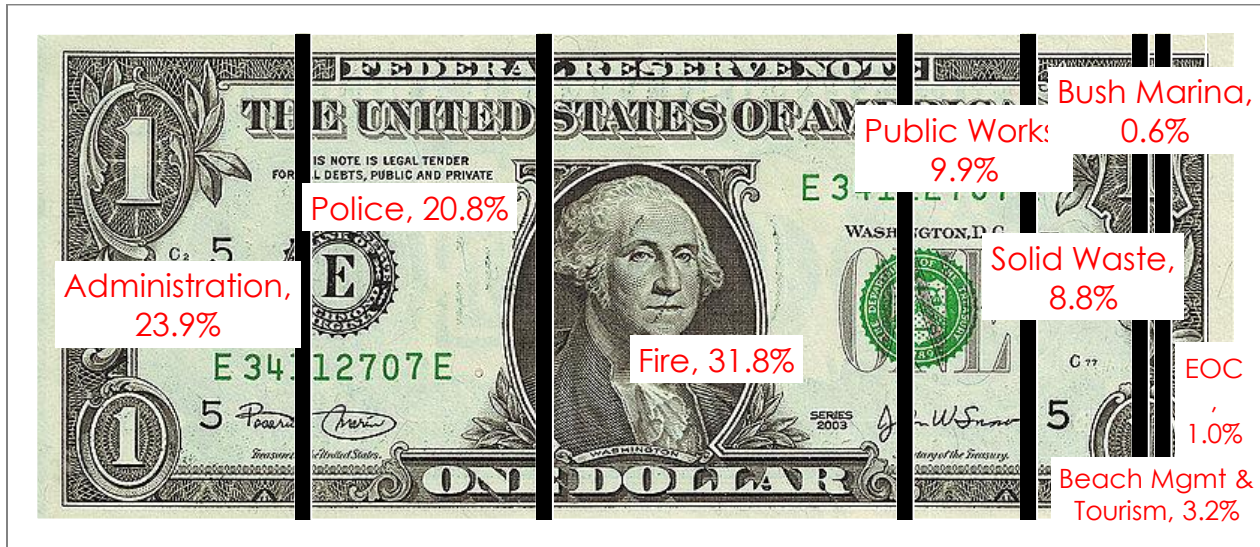
As part of this budget process, department heads were charged with the task of keeping operational costs as close to previous years as possible, recognizing that material costs, contractual agreements, and similar expenses are on the rise. There are certain fixed annual expenses that must be budgeted and are often dictated by outside considerations, such as health care coverage, state mandated retirement contributions, property and liability insurance, and general inflationary costs. The Town is still dealing with recruitment and retention of qualified staff as the market gets more competitive. The increased demand for municipal services as well as the strain on services resulting from increased numbers of visitors to the island require the Board to address these needs through staffing, equipment, and new regulations. This budget does address staffing needs moving forward for the Town, including three new positions in the Fire Department funded through the SAFER Grant (if received) and the associated costs related to the positions (housing, uniforms, equipment, etc...). It also includes a 5% salary adjustment for all Town employees as part of the Town's retention efforts. These additions are consistent with overall goals of increasing our levels of public safety as our community and the surrounding area continues to grow.

Capital items within the budget (those large item purchases that are not re-occurring) are included in each department's budget. For the most part, the budget tries to hold the line on most of the operational costs, such as departmental supplies, maintenance and repair needs, staff development, and vehicle operations. Detailed line-item expenses are shown in the budget by department later in this document. Funds are appropriated at adequate levels to maintain or improve the quality and the level of service that has been provided historically.

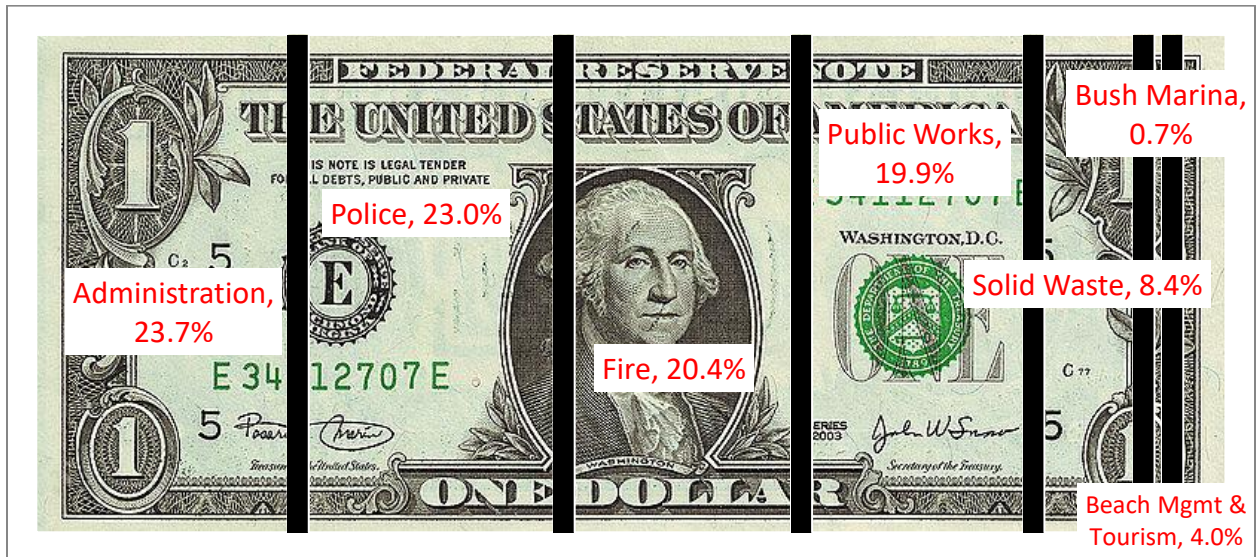
For FY 2024, Public Safety accounts for approximately 43.4% of the operating and capital budget within the General Fund. Much of the larger expense is in the capital as the Town provides vehicles and equipment necessary for the provision of services. Personnel costs are also a significant portion of the operational costs as both the police and fire provide protection to our citizens and businesses. Administration accounts for the next largest percentage of annual cost at 23.7%. The chart below highlights the General Fund expenses by department for FY 2023 followed by the highlights for the proposed expenses for FY 2024.



**FY 2023**



**FY 2024**



Expenses are divided into four major categories - personnel, operating expense, debt service, and capital outlay. These categories are summarized below:

**Personnel** - Expenses which can be directly attributed to the individual employee. These expenses include salaries, wages, insurance benefits, retirement, 401k, and FICA. The costs of such expenditures have been budgeted within each operating department to give a more accurate cost of departmental operations.

**Operating Expenses** - Costs other than personnel and capital outlay that are required for the operations of the Town. Operational line-item expenditures are directly affected by increasing costs of goods and materials, greater service demands and enforcement of government regulations. Examples of operating expenses include departmental

supplies, motor fuels, utilities, and equipment or vehicle maintenance. Operating expenses also include contracts with outside agencies.

**Debt Service** - North Carolina General Statutes also require that provisions be made to meet annual payments on debt issued within prior years and commitments of the current year's budget. The Town is contractually obligated to provide the annual funding to meet these obligations.

**Capital Outlay** - Capital outlay includes expenditures for the purchase and/or construction of land, buildings, vehicles, equipment, fixtures, and other infrastructure (including roads, sidewalks, storm water drainage) which are too permanent in nature to be considered expendable at the time of purchase. Generally capital items should have a value of \$5,000 or more with an expendable life of more than one year.

## EXPENSES BY DEPARTMENT

Every effort has been made by the various department heads to make fiscally sound decisions while continuing to provide a high level of service. Many expenses are impacted by the current national economy, including such things as gas prices, electricity, supplies and equipment, and related services. Additionally, state mandated costs have increased including the Town's contribution to the NC Retirement System. For the most part, the budget tries to hold the line on most of the operational costs, such as departmental supplies, maintenance and repair needs, staff development, and vehicle operations.

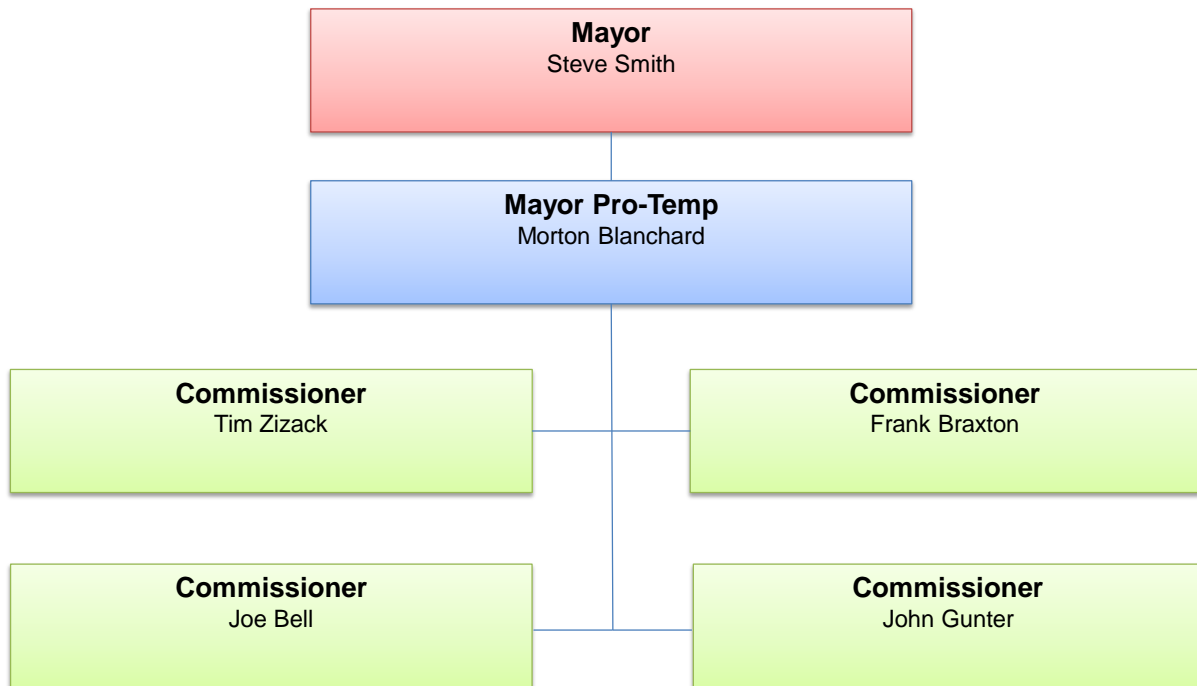
The following highlights are by department. A brief description of the various departments is provided, with highlights found within this proposed budget. More detailed line-item budgetary figures are also provided. The dollar amounts for each department represent comparisons for the FY 2022 budget and the current proposed budget for FY 2023. The following are general notes that apply to each of the departmental budgets:

- The General Operations and Maintenance, or **O&M** appropriations in each department provides the services with funds to carry out day-to-day activities including but not limited to: Salaries and Benefits, Building Maintenance and Repair, Vehicle / Equipment Maintenance and Repair, Departmental Supplies, Dues and Subscriptions, Staff Training, utility fees, IT requirements, and communications.
- As mentioned earlier, salary adjustments, including a 5% COLA, are included effective July 1, 2024, to remain competitive with municipalities throughout the region. This is consistent with the Commissioners efforts to focus on recruitment and retention of staff.

- Emergency Preparedness funds have been consolidated into a new fund. All departments will utilize these funds for emergency preparedness, as well as being used for our Emergency Operation Center maintenance.

## GOVERNING BOARD

The Governing Board consists of a Mayor and five Commissioners. The elected officials provide oversight on Town services and develop policies, goals, and ordinances designed to achieve orderly growth and development in the Town. The Board is responsible for legislative and legal actions as well.



	<b>FY2023</b>	<b>FY2024</b>
<b>Governing Board</b>	<b>\$201,600.00</b>	<b>\$133,957.85</b>

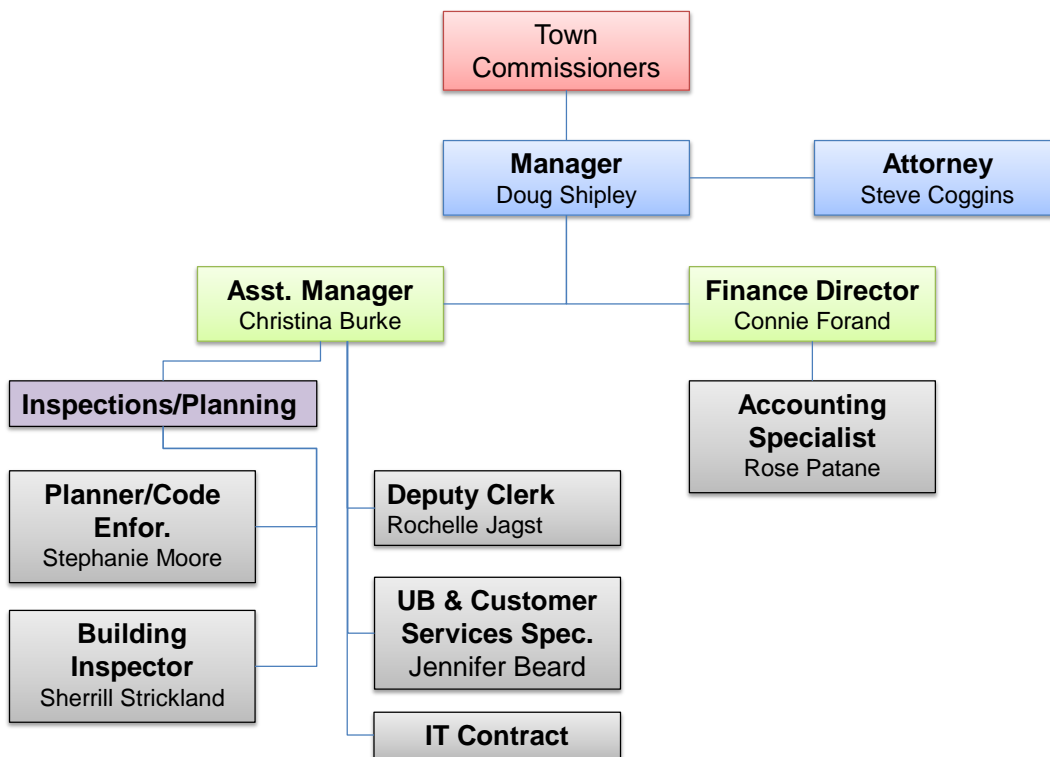
### *What's Included:*

- General Operations and Maintenance Costs
- \$71,500.00 for Professional Services
- \$36,857.85 for Special Projects

## ADMINISTRATION

The Administration Department provides oversight and staffing to all departments of the Town, as well as support services to the Governing Board. It includes the Manager's Office and the Finance Department, as well as support services. Among the responsibilities of the administrative staff are communications through the website, Facebook, and the sunshine list, custodian of all public records, oversight of daily operations, preparation of financial records, customer service for citizens and businesses, and oversight of personnel matters.

Planning and Inspections includes work related to building inspections, issuance of permits, and the review and interpretation of development ordinances such as the Zoning Ordinance and the Flood Damage Prevention Ordinance. This budget includes a new Zoning/Code Enforcement position in addition to the current part-time Building Inspector.



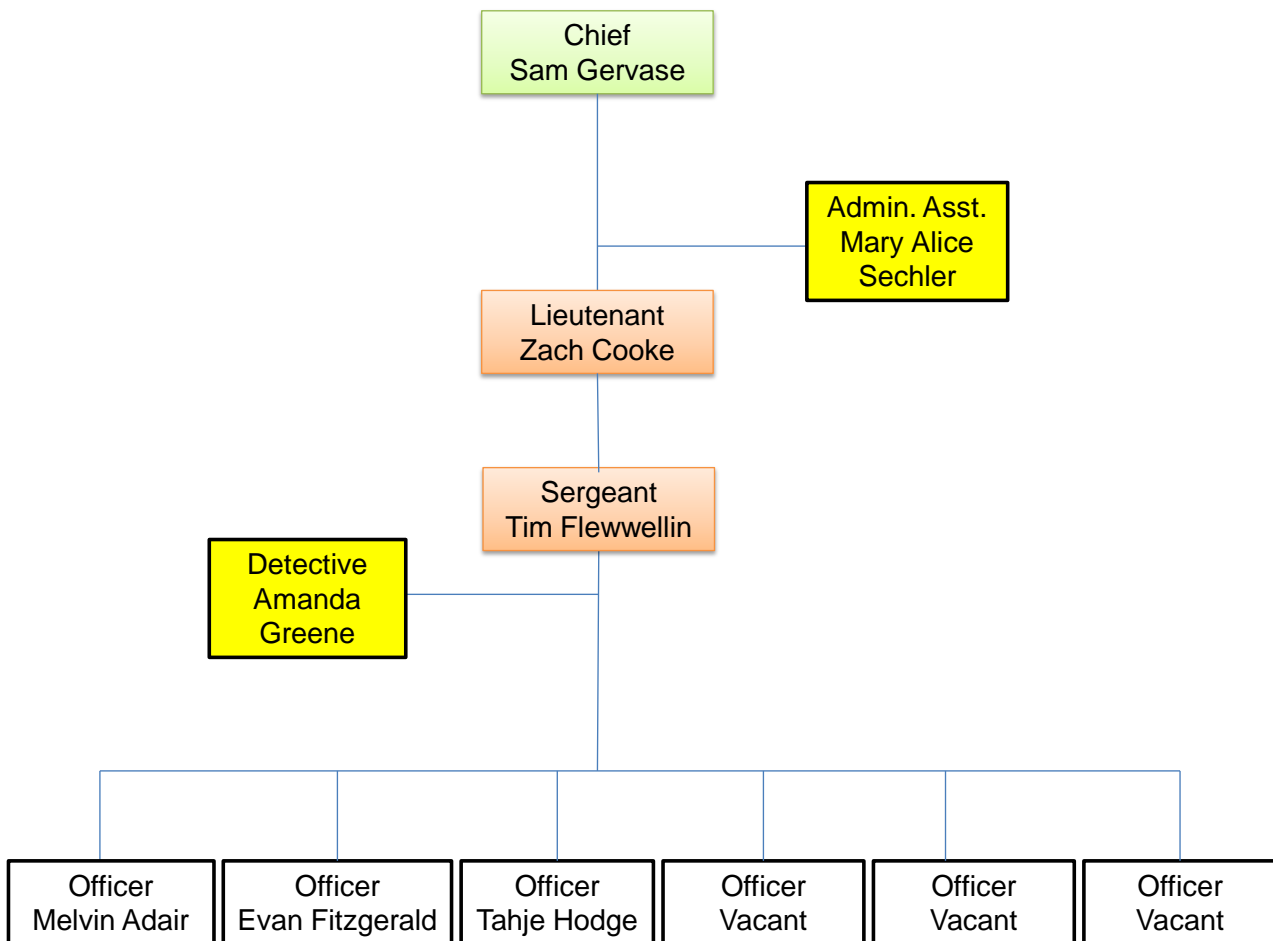
	<b>FY2023</b>	<b>FY2024</b>
<b>Administration</b>	<b>\$844,890.00</b>	<b>\$898,489.00</b>
<b>Inspections and Planning</b>	<b>\$143,800.00</b>	<b>\$214,015.00</b>

*What's Included:*

- Salary and Benefits to include (Full-Time Building Inspector)
- General Operations and Maintenance Costs
- Increased Debt Service – Land Purchase
- Increased Insurance Costs / Property and Liability
- Computer Maintenance including Website Upgrades
- Capital Outlay – Continuation of CAMA Land Use Plan (under Inspections and Planning)

## **PUBLIC SAFETY**

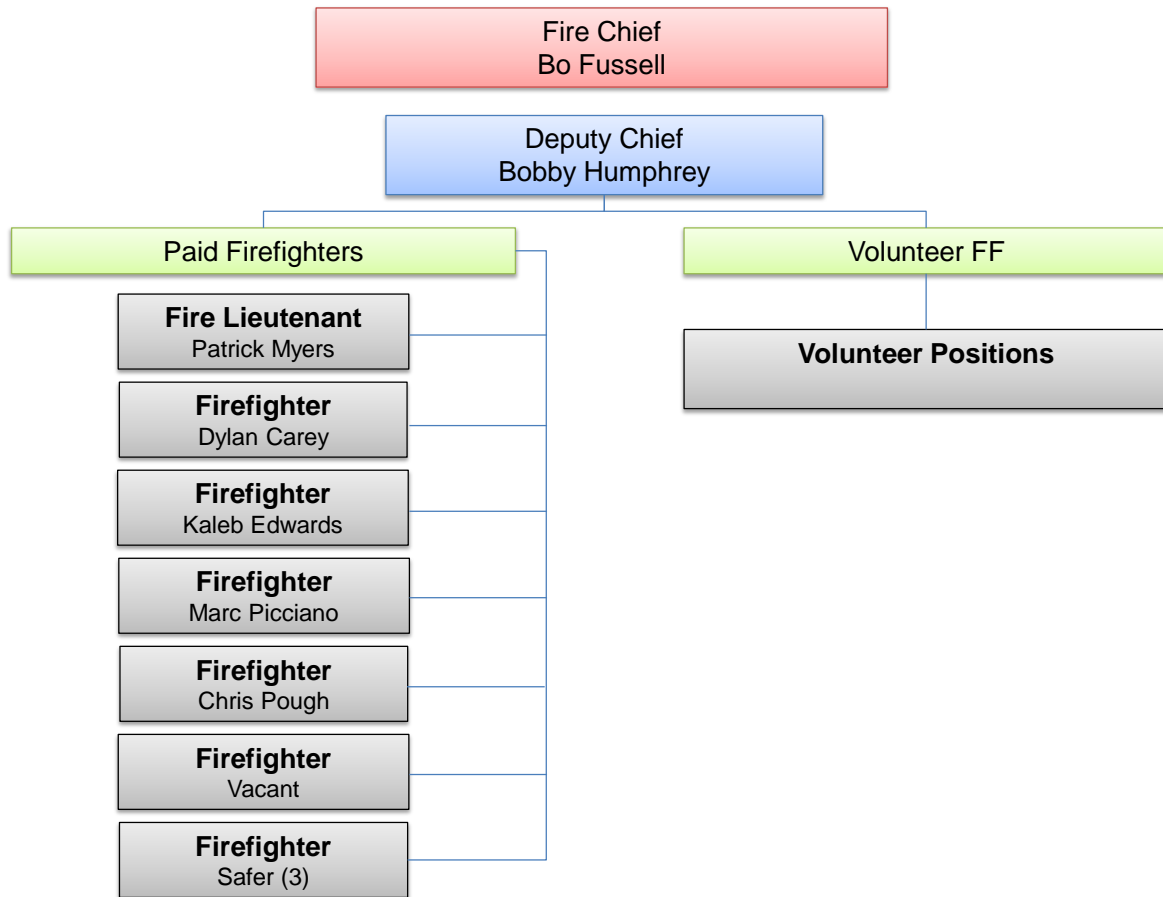
Public Safety includes the Topsail Beach Police Department and the Topsail Beach Fire Department. Both provide excellent coverage 24 hours a day, 7 days a week. The Police Department includes the Police Chief, Administrative Assistant, and 9 officers. The Fire Department includes the Fire Chief and six full-time positions, as well as many dedicated volunteers. This budget includes the potential for three additional firefighter positions if the Town receives the SAFER Grant, which provides 100% of the costs of salary and benefits for a three-year period.



	<b>FY2023</b>	<b>FY2024</b>
<b>Police</b>	<b>\$1,084,992.00</b>	<b>\$1,214,159.28</b>

*What's Included:*

- Salary and Benefits
- General Operations and Maintenance Costs
- Capital Outlay – Equipment and Bulletproof Vests



	<b>FY2023</b>	<b>FY2024</b>
<b>Fire</b>	<b>\$819,141.00</b>	<b>\$1,073,026.00</b>

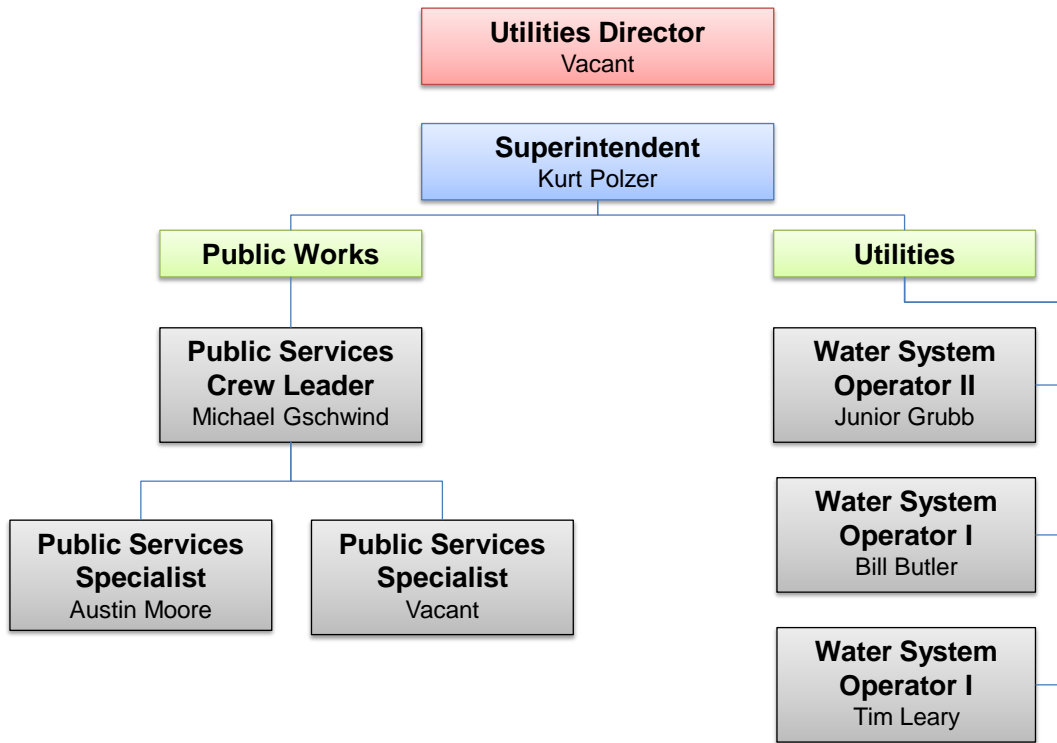
*What's Included:*

- Salary and Benefits
- General Operations and Maintenance Costs
- 3 New Firefighters (SAFER Grant)
- Capital Outlay – Turn Out Gear, Air Packs and Fire Hose
- Capital Outlay - Equipment



## PUBLIC WORKS

The Public Works Department is responsible for several different services including maintenance and upkeep of all town owned property and infrastructure, oversight of town-maintained streets and sidewalks, storm water services, sanitation, and related services. It is comprised of a Public Works Superintendent (who also oversees the Water Department) and three full-time employees.



	<b>FY2023</b>	<b>FY2024</b>
<b>Public Works</b>	<b>\$518,686.00</b>	<b>\$1,047,018.00</b>
<b>Solid Waste</b>	<b>\$441,000.00</b>	<b>\$441,000.00</b>
<b>Bush Marina</b>	<b>\$29,550.00</b>	<b>\$36,720.00</b>
<b>Powell Bill</b>	<b>\$18,500.00</b>	<b>\$19,500.00</b>
<b>Beach Management &amp; Tourism</b>	<b>\$159,000.00</b>	<b>\$210,461.00</b>

### *What's Included:*

- Salary and Benefits
- General Operations and Maintenance Costs
- Capital Outlay – Street and Sidewalk Repair (\$90,000)
- Capital Outlay – Storm Water Project (\$400,000)
- Donations to Non-Profit Organizations

- Increased Amount for Festival Planning

## BIS Funds

Topsail Beach recognizes the vital role that our beach, inlet and sound have as a recreational, environmental, and economic engine for our community. As such, this and the previous Board of Commissioners have been prudent stewards of these assets, aided by the Beach, Inlet and Sound (BIS) Committee. The BIS Committee evaluates beach and sound side project options and makes recommendations to the Board for future activities. It is also responsible for communication with the public on these matters including hosting several Community Forums.

The Town has been proactive in its efforts to maintain both the beach and the waterways, largely through the development and implementation of its 30-year Storm Damage Reduction Plan. To ensure that adequate funding would be available to supplement federal and state funds, the Town established a separate BIS Fund, utilizing a portion of the tax revenues generated as well as accommodation taxes collected. This allows the Town to be in a position to continue its scheduled maintenance projects as well as being prepared for unanticipated disasters such as hurricanes and nor'easters.

In FY 22, the BIS Committee began its focus on several projects, including an update of the Town's Beach Management Plan, Living Shoreline Projects, and similar projects. With the completion of the Beach Nourishment Project, the BIS Committee is focusing on other projects to help advance the Town. In a February Workshop, the Committee identified its goals and priorities moving forward, as highlighted in the chart below.

<b><u>BEACH</u></b>	<b><u>INLET</u></b>	<b><u>SOUND</u></b>	<b><u>ADMINISTRATIVE</u></b>
Beach Management Plan	Monitoring Depth and Shoaling	Sound Side Elevation Survey	Funding and Grants
Dune Planting/Vitex Eradication	Coordinate with USACE work plan	Aqua Farming	Staffing Needs
Public Access: Sand Fence Hatteras Ramps		Sound Side Flooding	Public Affairs: Policies and Recommendations
Construction Line		Living Shorelines	Public Education/Outreach/ Website Improvements
Monitoring/Beach Profile		Public Access	Environmental Issues: Protection of Maritime Forest



	<b>FY2023</b>	<b>FY2024</b>
<b>BIS Fund</b>	<b>\$1,679,100.00</b>	<b>\$21,740,304.00</b>

### **Revenues**

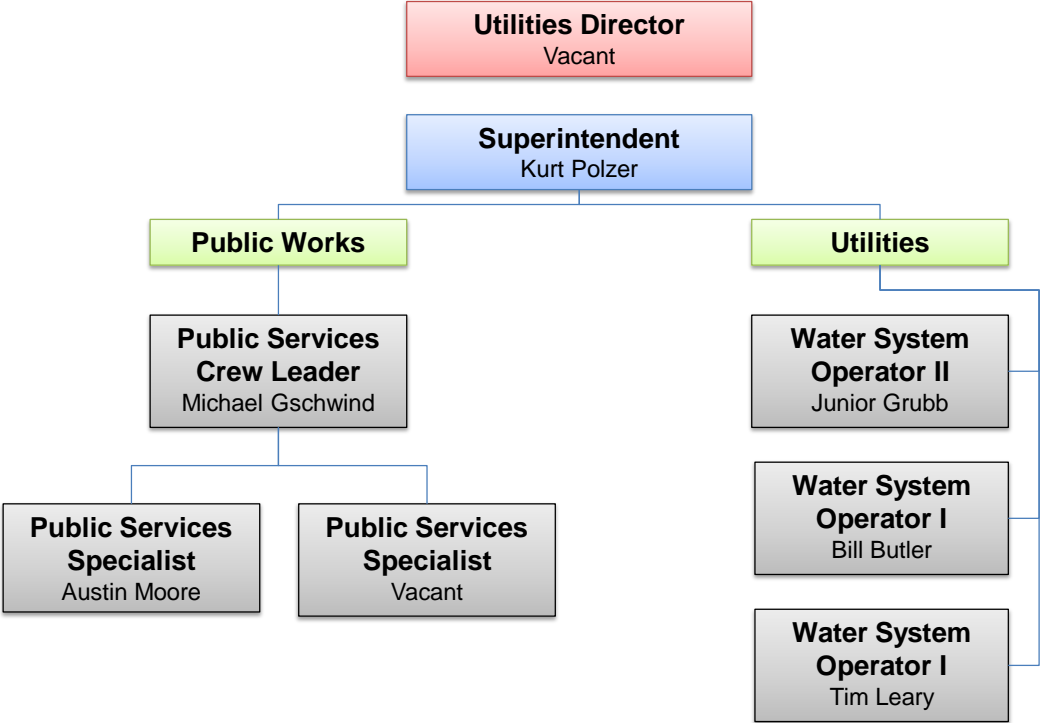
The Beach Inlet and Sound (BIS) Fund generates revenue from the following sources:

- Ad Valorem Tax Revenue - \$0.0675 per \$100 assessed value of real and personal property
- Pender County Accommodations Tax – Pender County provides 100% of the revenue generated from its accommodations tax to Topsail Beach which is allocated to the BIS Fund. The tax is collected in a similar manner as the Topsail Beach Accommodations Tax
- Topsail Beach Accommodations Tax – A proposed amount of 50% of the revenue collected (as stated earlier) is allocated to the BIS Fund as discussed earlier in this document.
- Pender County Funds – Pender County allocates additional funding to the Town towards the maintenance and repair of the beach. FY 2024 projects this figure to be \$180,000.00.

*What's Included:*

- Staff Development for Committee members and staff
- Maintenance and Repair of public crossovers
- Development of a Beach Management Plan
- \$737,762.00 reserved for future Beach Project needs

# Enterprise Funds



The FY 24 Utility Enterprise Fund budget focuses largely on the provision of water to our homes and businesses. This budget allows the Town to address not only current needs and demands, but also begins to prepare for future needs as well. Efforts to explore future options for both water and a wastewater service continue as the Town considers the impacts of both growth and environmental concerns. It is critical that the Town is proactive when it comes to planning for an essential service like water and wastewater management. The Town has made significant capital investment in water projects over the past several years, most notably the construction of the existing water tower. Those necessary improvements were funded through no-interest or low interest loans that created debt service for the fund.

The Town has been awarded two NCDEQ Grants totaling \$365,000 to provide and Asset Inventory and Assessment Study and a Water Supply Study. These efforts will help provide critical information moving forward regarding system needs and capabilities. These grants are included in the proposed Budget.

	<b>FY2023</b>	<b>FY2024</b>
<b>Utilities Enterprise Fund</b>	<b>\$1,021,100.00</b>	<b>\$1,752,484.00</b>

*What's Included:*

- Salary and Benefits (Includes ½ Year Utilities Director)
- General Operations and Maintenance Costs
- 10-year Elevated Tank Warranty Plan (Balloon Payment Water Tank (\$234,000))
- Debt Service