



Town of Holden Beach
Board of Commissioners
Special Meeting

Friday, April 6, 2018
9:00 AM

Holden Beach Town Hall
Public Assembly



**TOWN OF HOLDEN BEACH
BOARD OF COMMISSIONERS' SPECIAL MEETING
HOLDEN BEACH TOWN HALL – PUBLIC ASSEMBLY
FRIDAY, APRIL 6, 2018– 9:00 A.M.**

1. Call to Order
2. Discussion and Possible Action for Audit Committee (Page 1)
3. Report and Discussion on Final Environmental Impact Statement and Related Terminal Groin Issues - Attorney Clark Wright, Legal Advisor to the Board with Respect to Beach Protection and Other Environmental Issues
4. Budget Workshop (Pages 2 – 25)
 - a. Revenues
 - b. Follow-up on Solid Waste Report
5. Adjournment

To be included in the agenda packet for the April 6th Special meeting.

The Audit Report with respect to the Town's Annual Financial Statements for the year ended June 30, 2017 disclosed two "significant deficiencies" with respect to the Town's internal accounting and financial controls, financial staff competence and procedures for financial statement preparation and presentation. The Audit Committee had discussions with the Auditor about these matters and the audit process and, as part of that discussion, the Audit Partner recommended that the Town engage a consultant to perform a comprehensive review of its internal accounting and financial controls. The North Carolina Local Government Commission recommends such an external review be accomplished periodically. The current external audit firm has conducted the annual audit for six consecutive years. It is recommended by the LGC and it is common practice to rotate audit firms periodically to increase the likelihood of independence of the auditor.

Accordingly, the Board of Commissioners should, as early as possible, be asked to:

- (a) Direct the Chair of the Audit Committee to (1) select an appropriate Accounting firm to conduct an independent comprehensive evaluation of the Town's financial and accounting internal controls and (2) select an approved accounting firm (subject to confirmation by the Board of Commissioners) to conduct the 2017-2018 annual audit of the annual financial statements. The firm that conducts the internal control review should also be eligible to bid for the annual audit contract. The internal control evaluation should be completed as soon as possible.
- (b) Direct the Audit Committee to review any financial documentation the Chair of the Audit Committee deems appropriate to enable further review of the financial internal control system.
- (c) Direct the Town Manager to provide the Audit Committee with any and all requested financial documentation.
- (d) Direct the Town manager to cooperate fully with the accounting firm selected to conduct the internal control review.
- (e) Direct the Town Clerk to call for applications for the assignment to conduct the annual audit of the 2017-2018 year-end financial statements.

Revenue Workshop

April 6, 2018

REVENUE BUDGET WORKSHOP

April 6, 2018

-
- The purpose of this workshop is to explore revenue streams for the Town's 18-19 budget year.
 - Presentation of the four funds and potential revenues projected.

Budget Schedule 2018

-
- 16 January: BOC Workshop Goals/ Capital Programs ✓
 - 23 February: Canal Dredging Working Group ✓
 - 9 March: Department input to Manager ✓
 - 6 April: Revenue Workshop
 - 13 April: Expense Workshop
 - 31 May: Budget Message
 - 13 June: Public Hearing 9:00 a.m.
 - 19 June: Regular Board Meeting- Ordinance Consideration
 - 30 June: Budget adopted (no later than)

Revenues by Fund

- General
- Water
- Beach, Park, Access and Recreation Tourism Fund
- Capital Dredging

State Revenue Distribution

Revenue sources that are determined by the state and based on North Carolina's current economic climate.

- Local Sales Tax
- Powell Bill
- Franchise Utility Tax
- Telecommunications Sales Tax
- Solid Waste Disposal
- Local Video Programming Revenues
- Beer and Wine Taxes

Town Generated

- Property Tax
- Building Fees
- Recycling Fees
- Rents and Concessions

Property Tax

Budget formula

- $(\text{Estimated tax base}/100) \times (\text{prior collection rate} \times \text{tax rate})$
- Estimated tax base as of February 2018 = 1,226,336,685
- Collection rate as of June 30, 2017 = 98.54%
- Tax rate = 22 cents
- Estimated Revenue for FY 18-19 is \$2,658,551
- If tax rate = 20 cents, estimated revenue would be 2,416,864
- Difference between two cents = 241,686 and one penny = 120,843

Building Fees

- Based on building trends throughout the county there may be an upward projection of revenues in the next fiscal year.
- Budgeted revenues cannot be greater than budgeted expenses
- Revenues = \$225,680 vs. Expenses = \$297,000

Recycling Fees

- The Town's recycling program has continued to grow incrementally.
- There are now approximately 350 residents using curbside recycling.
- Collected revenue to date is roughly \$19,656.
- As the town grows it is anticipated that this revenue will increase marginally.

Rents and Concessions

- The town generates annual revenue by renting out the water tank to cell phone providers.
- Current providers are listed below. Their combined revenues are approximately \$105,000 yearly.
 - AT&T
 - Verizon
 - US Cellular
 - T-Mobile

GENERAL FUND REVENUES

	FY17-18 BUDGET	FY 17-18 A/O 3.15.17	FY18-19 BUDGET
CREDIT CARD SITE FEE GENERAL	1,000	1,376	1,000
AD VAL TAXES - CURRENT	2,658,551	2,582,150	2,658,551
AD VAL TAXES - PRIOR	20,000	17,924	19,000
VEHICLE TAXES	16,030	18,725	16,500
IRRFNC - INSURANCE CLAIMS			
PNLTY & INT - AD VAL TAX	7,500	6,012	6,000
VEHICLE STICKERS	700	1,275	500
CABLE TV FRANCHISE FEES			
INTRST ON SAV & INVEST			
TAX PMTS TO BE REFUNDED	100		100
MISCELLANEOUS	7,000	15,950	6,000
SIDEWALK DEPOSIT	500		500
HOUSE MOVING SECURITY DEP	100		
BRIDGE FEE	100		
PLUMBING SCREEN SALES	250	132	150
BLUE CAN HOME RECYCLING	14,040	19,656	
DONATIONS	500		
CHRISTMAS DECORATIONS	500		500
UTILITIES FRANCHISE TAX	157,850	111,272	155,060
SALES ON TELECOMM-UTIL FR	8,550	3,985	8,337
SALES TAX ON VIDEO PROGRM	38,137	19,072	37,520
BEER &/OR WINE TAX	2,600		2,600
POWELL BILL	34,303	35,071	34,512
LOCAL SALES & USE TAX	148,185	116,672	145,256
CAMA CONTRACT	3,300	1,760	3,000

COURT COSTS	200	50	200
PARKING VIOLATIONS	100	1,050	100
ORDINANCE VIOLATIONS	1,200	1,200	1,200
Mosquito Contract	1,250		1,250
BUILDING PERMITS	138,403	116,808	149,469
CAMA PERMITS	5,142	3,100	3,000
ZONING FEES	9,694	7,780	9,699
ELECTRICAL INSPECTION	21,810	17,710	22,106
MECHANICAL INSPECTION	28,165	21,755	28,106
PLUMBING INSPECTIONS	13,457	9,975	12,699
ADMINISTRATIVE FEE-INSP	614		600
HOMEOWNERS RECOVERY FUND	500	310	350
REINSPECTION FEE	200	100	200
SALES TAX REFUND	7,500	9,008	7,500
DEMOLISH PERMIT	500	350	450
SALE OF MATERIALS	500		500
SALE OF TOWN FLAGS	100	80	100
SALE OF FIXED ASSETS	5,000		5,000
RELOCATION - POWER LINES			
INT ON SPECIAL ASSESS			
TRANSFER FROM BPART FUND			
TRANSFER FROM WATER/SEWER			
Transfers from SRF Canal Dredging	50,940		
TRANSFER FROM USDA LOAN			
FUND BALANCE APPROPRIATED			
Total for Revenue	3,405,071	3,140,307	3,337,615

Enterprise Fund

Revenue generated from water/ sewer billings and capital sewer charges.

- Capital Sewer Fee Charge
- Water and sewer billing
- Water Tap fees
- Consideration for HB 436

Water Rate Structure

CURRENT

- **Base Charge - \$18 for the first 2000 gallons or less**
- \$3.10 for every 1000 gallons from 2000-6000
- \$4.10 for every 1000 gallons over 6000

This information is subject to change based on HB 436

Sewer Rate Structure

CURRENT

Base charge -\$14.10 for the first 2000 gallons or less

-\$6.45 for every 1000 gallons from 2000-6000

-\$7.45 for every 1000 gallons over 6000

This information is subject to change based on HB 436

WATER AND SEWER FUND REVENUES

	FY17-18 BUDGET	FY17-18 AO3.15.18	FY18-19 BUDGET
CREDIT CARD SITE FEE WATER	900	961	900
INTEREST ON INVESTMENTS	1,500	121	500
INTEREST-CAPITAL RESERVE			
SHARE FUND INTEREST			
RENTS & CONCESSIONS	100,759	72,578	105,044
ADMINISTRATIVE FEES WATER	750	135	750
MISCELLANEOUS REV SEWER FUND		173,850	
RESIDENTIAL IMPACT FEE	42,765	41,280	46,325
CAPITAL CHARGES CTY-SEWER	950,000	88,148	950,000
INTEREST ON CAPITAL CHRGS	15,000	5,612	15,000
SEWER CAPITAL FEE 2008		995	
SEWER CAPITAL FEE 2007			
SEWER CAPITAL FEE 2005&2006			
SEWER CAPITAL FEE 2009			
SEWER CAPITAL FEE 2010		497	
SEWER CAPITAL FEE 2011 & 2012		1,989	
SEWER CAPITAL FEE 2013 & 2014		14,988	
CAPITAL CHARGES TOWN-SEWR	617,616	620,961	617,616
SHARE PAYMENTS	22,000	6,800	
SALES TAX REFUND WATER		21,969	
WATER USE CHARGES	883,760	659,683	883,760

SPECIAL CHARGES FOR UTIL	2,750	2,328	2,750
Irrigation Meter Inspection Fees	14,760	11,174	14,760
SEWER USE CHARGES	797,315	575,344	797,315
AVAILABILITY FEE SEWER	1,750	377	1,750
TAP & CONNECTION FEES	65,000	44,200	65,000
TAP & CONNECT FEES-SEWER	13,500	12,500	13,500
RECONNECTION FEES	750	300	750
PNLTY & INTRST - BILLINGS	12,500	10,225	12,500
SHARE FUND PENALTY PAYS	45,000	17,450	45,000
SALE OF FIXED ASSETS			
Transfer from General Fund			
Fund Balance Appropriated	1,552,429		84,050
Transfer to BPART Fund			
Total for Revenue	5,140,804	2,384,466	3,657,270

Bpart Fund

- The Beach, Parks, Access and Recreation Tourism Fund is a special revenue fund authorized by the General Assembly to collect a 6% accommodation tax.
- Occupancy Tax estimated revenue as of March 2018= \$1,795,249
- Grant monies are going away
- Local programs- yoga, tide dye, and summer day camps

Capital Reserve Fund Beach Re-nourishment and Inlet Mngt Fund

- The intent is to escrow capital funds until the Town's Special Obligation Bond is retired in Fiscal Year 2026/2027.
- Monies will be accumulated for approximately 9 years.
- 3 million dollar transfer from the BPART fund.
- Subsequent amounts will be sourced from the General Fund pending fund balance reserves reach above 70% as amended in the resolution.

BPART REVENUES

	FY17-18 BUDGET	FY17-18 AO 3.15.18	FY 18-19 BUDGET
ACCOM TAX	1,800,000	1,795,249	1,920,000
BRUNSWICK CO REFUND CRP	13,080	13,080	39,240
ACCOMMODATIONS TAX PENLTY	250	120	200
INTEREST ON INVESTMENTS	5,000	7,083	6,500
MISCELLANEOUS BPART	14,000	5,848	8,000
RECREATION PROGRAMS	15,000	11,176	13,000
FEMA MATTHEW	5,996,227	735,664	174,000
USFW/DENR BIG			
DEQ MARINE SEWAGE GRANT			
EAST END SHORE PROTECTION	69,973		25,540
PARTF PROJECT 797	123,500	49,776	
FEMA IRENE PW-559 GRANT		22,274	101,490
SALES TAX REFUND	1,500	3,230	1,500
TRANSFER FROM GENERAL FUND	806,576	806,576	806,576
FUND BALANCE APPROPRIATED	123,500		30,000
Total for Revenue	8,968,606	3,450,076	3,126,046

Canal Dredging

- Enabling legislation allows the town to manage three canal dredging districts
- Through a working group process, representatives from each district decide how to annually assess their dredging needs for the budgeting year.
- Harbor Acres \$320/lot = \$952k current estimate
- Heritage Harbor \$400/lot = \$355k current estimate
- Holden Beach Harbor \$400/lot = \$718k current estimate

**HBH Special Revenue Fund
REVENUE**

	FY17-18 BUDGET	FY 17-18 AO 3.15.17	FY 18-19 BUDGET
BALANCE FORWARD	576,005	576,983	716,334
HBH MISC REVENUE			
SRF HBH INTEREST	250	1,210	250
SRF HBH ASSESSMENTS	139,280	138,078	139,138
SRF HBH PRIOR ASSESSMENTS	900	2,175	900
Total	716,435	718,446	856,622

**HH Special Revenue Fund
REVENUE**

	FY17-18 BUDGET	FY 17-18 AO 3.15.17	FY 18-19 BUDGET
BALANCE FORWARD	237,254	238,821	375,421
SRF HH INTEREST	250	2,877	250
SRF HH ASSESSMENTS	136,518	113,776	136,379
SRFHH PRIOR YEAR ASSESSMENTS	1,500	54	1,000
TRANSFER FROM HH CAP PROJ FUND			
Total	375,522	355,528	513,050

**HA Special Revenue Fund
REVENUE**

	FY17-18 BUDGET	FY 17-18 AO 3.15.17	FY 18-19 BUDGET
BALANCE FORWARD	860,514	861,184	953,814
SRF HA INTEREST	300	111	300
SRF HA ASSESSMENTS	92,801	91,130	92,706
SRF HA PRIOR ASSESSMENTS	300	523	
Total	953,915	952,948	1,046,820