

Town of Atlantic Beach



ANNUAL BUDGET **Fiscal Year 2007-08**

To: Honorable Mayor Vinson and Members of the Town Council
From: David M. Harvell, Town Manager and Budget Officer
Re: Recommended Budget for Fiscal Year 2007-08
Date: May 30, 2007, as amended

In accordance with the North Carolina Budget and Fiscal Control Act, the Town of Atlantic Beach's budget for the fiscal year beginning on July 1, 2007 and ending June 30, 2008 is presented herewith for your review and consideration. On this day that the budget is submitted to the Town Council, a copy of same was posted on the Town's website, www.atlanticbeach-nc.com, and filed in the office of the clerk where it shall remain for public inspection until the Budget Ordinance is adopted. North Carolina General Statutes (GS 150-13(a)) direct that the Budget Ordinance and Tax Rate adoption take place by July 1, 2007.

A public hearing date has been scheduled for June 18, 2007 at 6:00 PM in the Atlantic Beach Town Board Room. North Carolina General Statute 159-12 requires this date to be published and said hearing held before the Town Council adopt a Budget Ordinance. In addition, North Carolina General Statute 159-16 directs that if the budget ordinance is not adopted by July 1st, the governing body must adopt "interim appropriations for the purpose of paying salaries, debt service payments and the usual ordinary expenses" of the unit until the ordinance is adopted.

Town of Atlantic Beach Organization and Services

The Town of Atlantic Beach provides a wide range of services to its citizens and visitors. The Town has a Town Council/Manager form of government that is governed by an elected Mayor and five Town Council members that all serve for two year terms. The Town operations are organized into departments to provide the following major services:

- Town Manager (1 staff) – provides overall management of Town functions including serving as Finance and Budget Officer
- Town Clerk (1 staff) – provides Town records and legal documents management and support for Town Council statutory functions
- Police (21 staff) – provides crime prevention including community outreach and enforcement; communications and dispatch services; and animal control
- Fire (14 staff) – provides fire suppression and rescue; fire inspections; EMS including paramedic services; and lifeguard services
- Public Services (16 staff) – provides public works including buildings, grounds and beach access maintenance, and landscaping; solid waste collection; roadways maintenance; and water utility services
- Building Inspections (3 staff) – provides code enforcement, building permits and inspections services
- Planning (2 staff) – provides long-range planning; and code enforcement, zoning and mapping services
- Administrative Services (4 staff) – provides administrative support for all Town departments including budgeting, accounting, purchasing, personnel and other administrative support

It is the intent of the Town Manager to make organizational structure changes within FY 2007-08. These changes will not impact the proposed level of funding or the total number of full-time employees.

The Town also contracts for legal services and independent auditing services from local professional firms.

Budget Organization and Format

The FY 2007-08 Budget is organized by the Budget Officer and staff to provide to the Mayor and Council an informative presentation format to facilitate the decision making process and to provide citizens with a clearer picture of the cost of the services being provided. Key elements that are included in this Budget document include:

- The Town's budgeted funds include the General Fund, Beach Nourishment Fund, Circle Infrastructure Fund, Powell Bill Fund, and Public Utilities Fund that segregate and account for the diverse activities of the Town and assure adherence to statutory spending requirements.

- All department heads identified and created budgets for their departments based on activities that demonstrate the primary deliverables that they provide to the citizens of Atlantic Beach. All department heads manage and track expenses during the year against these budgeted activities.
- Detailed revenue and expense accounts are standardized across all funds and organized into logical groupings of Summary Accounts allowing a more focused and informed analysis of budget changes, impacts, and comparisons among the departments.
- The Funds and Summary Accounts are the Town Council’s budget approval level, which makes the control and management of the budget more efficient.
- The Chart of Accounts is standardized across all departments to provide effective control and presentation capabilities. The Chart of Accounts implemented in the Town’s accounting system on July 1, 2005 remains in effect and has provided effective reporting capabilities to the Town. It is the intent of the Town Manager to change the format of the Chart of Accounts during the FY 2007-08 year, to be effective in FY 2008-09.
- During the Goal Setting Retreat and multiple Budget Work Sessions, several capital improvement items were identified by Department Heads, totaling \$1,146,583. Many of the requested items totaling \$457,300 are not included in the FY 2007-08 recommended proposed budget. The key items that were identified and are included in the FY 2007-08 recommended proposed budget are:

○ Four replacement police cars	\$139,500
○ Replacement ATV	\$ 12,000
○ Replacement recorder	\$ 6,000
○ Replacement server	\$ 12,000
○ Unified Development Ordinance (UDO)	\$ 50,000
○ Replacement technical rescue truck	\$385,000
○ Town Hall facilities	\$ 96,853
○ Unreserved Fund Balance Plan	<u>\$445,230</u>
Total Capital Improvements	\$1,146,583

Expenditure estimates were compiled and formulated by the Budget Officer and staff of the Administrative Services department based upon written requests submitted by the various department heads, discussions between the department heads and the Budget Officer, and extensive Budget Workshop discussions among the Budget Officer, Mayor and Town Council members. Each department's request was given consideration based on current year expenditures, proposed work program needs, inflationary trends and a review of each department's operations.

All revenue estimates in the budget were based upon recommendations provided by the North Carolina League of Municipalities, current statutory distributions and contracts, figures provided by various department heads who have revenue collection responsibility, and experiences gained from the collection of actual revenues during the 2006-07 fiscal year.

As required by North Carolina General Statute, the budget is balanced by a like amount of revenues and expenditures.

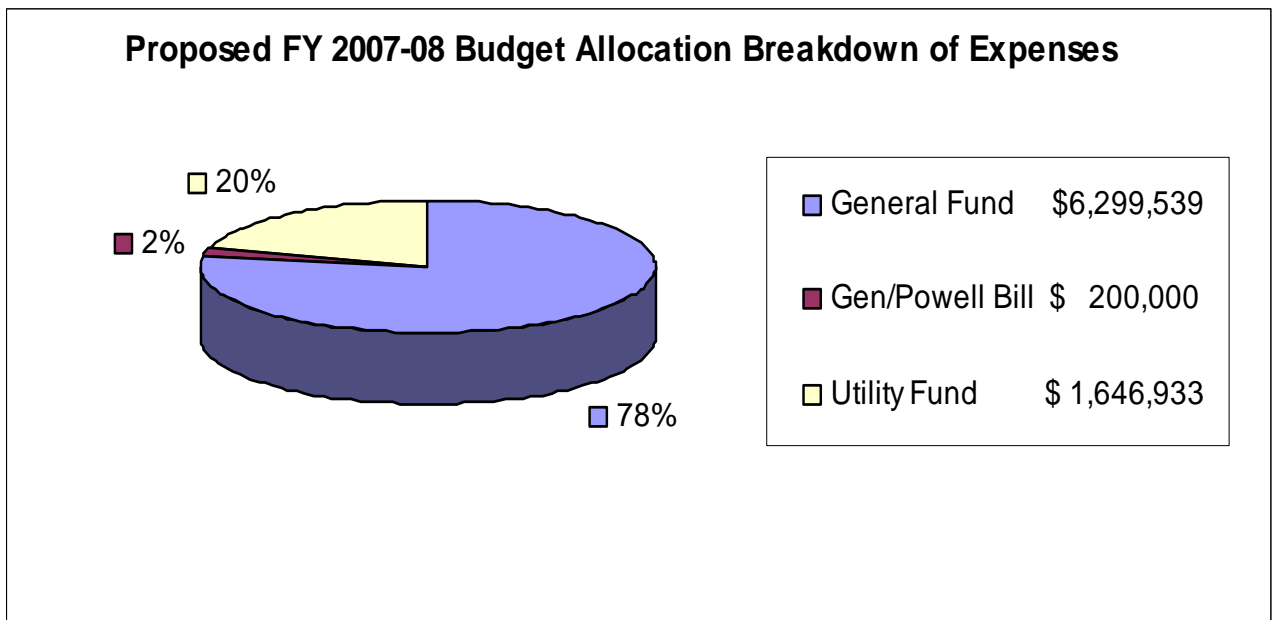
2007 Revaluation – Remaining Appeals and Uncertainty about Total Assessed Valuation

The Town Council should note that the recommended proposed tax rate and the total assessed valuation referenced in this memo and the FY 2007-08 recommended budget are still being adjusted by the Carteret County Tax Office. As of the writing of this Budget Message, the County Tax Office had completed 100% of the informal appeals and is still in the process of hearing the formal appeals for Atlantic Beach. This process of appeals may impact the recommended proposed FY 2007-08 budget.

The estimated total assessed valuation used to calculate tax rates and revenues is somewhat conservative in nature, and includes allowances for further adjustments by the County Tax Office. The Town will need to carefully monitor the County's appeals process through June to insure that the adopted tax rates are not based on total assessed valuation that is likely to decrease after the adoption of the budget. Updated information will be provided to the Town Council throughout your review of the FY 2007-08 recommended budget and appropriate adjustments to the tax rate will be recommended.

Summary of Funds

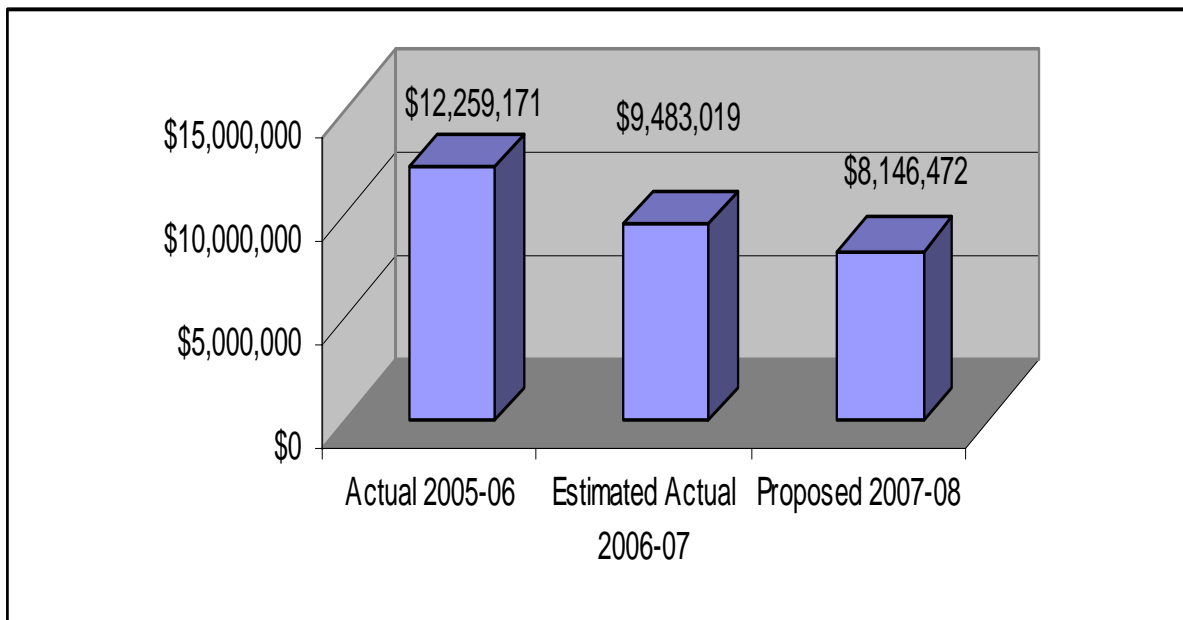
The recommended proposed FY 2007-08 Budget consists of expenses from the General Fund, Powell Bill Fund, and Public Utility Fund. The total expenses in the FY 2007-08 recommended proposed budget are \$8,146,472. The following chart shows the expenses allocated within each fund.



In comparison to the present FY2006-07 budget amended as of February 2006, the proposed budget is presented at a 16.4 overall decrease.

Budget Year Comparisons

	Actual 2005-06	Estimated Actual 2006-07	Proposed 2007-08
General Fund	\$11,609,217	\$7,079,782	\$6,299,539
Gen/Powell Bill	\$0	\$239,990	\$200,000
Gen/Circle Fund	\$0	\$635,874	\$0
Beach Nourishment	\$0	\$142,500	\$0
Utility Fund	\$649,954	\$1,384,873	\$1,646,933
Totals	\$12,259,171	\$9,483,019	\$8,146,472



FY 2006-07 Completed Projects and Capital Outlay

General Fund

- 1.2 miles of sidewalk installed from Ocean Ridge to Sheraton (Grant assistance)
- Property purchased for Tom Doe Beach Access (Grant assistance)
- Sand fence installed (FEMA reimbursed)
- Jet dock for police boat
- RMS software system purchased and implemented in Police Dept
- Fire Department Deputy Chief position implemented
- Public Services Administrative Assistant position implemented
- 2 vehicles in Public Works, 1 vehicle in Inspections, 3 vehicles with MDTs in Police
- 2 Segways (Grant assistance)

Powell Bill Fund

- Commerce drainage project completed

Water Fund

- Rebuild controlling valves
- Redesign and rebuild chlorinator

It is apparent that the Town of Atlantic Beach faces both cyclical and structural budget challenges. Cyclical problems are typically caused by temporary economic down turns (i.e. tourism, substantial fuel cost increases, redevelopment, etc.), whereas structural is caused by long-term gaps between revenue growth projections and “realistic” cost to provide service/infrastructure. When dealing with a cyclical fiscal problem, more traditional budget balancing methods, such as delay purchases, cut costs, delay maintenance and use one-time reserve funds will likely work. However, in a structural situation, these same traditional balancing methods will only postpone a day of reckoning and make fiscal matters worse. Thereby, should the Town consider higher taxes and/or fees to be further applied towards those under funded structural (capital) budget and unacceptable General Fund Unreserved Fund Balance needs not addressed in this proposed budget?

FY 2007-08 Significant Changes to Departmental Requests to O&M

Admin Services

- Increased costs for full-time clerk’s salary and benefits compared to part-time clerk in FY 2006-07. Town Manager health insurance budgeted for FY 2007-08, whereas benefits were waived in FY 2006-07.

Community Development

- FY 2006-07 included costs to a consulting company for planning services and Land Use Plan, decreasing FY 2007-08 budget requests as position will be filled by a full-time Town Planner.

Public Services

- FY 2006-07 O&M included large projects, decreasing FY07-08 budget requests.

General Fund

The General Fund is established to account for the majority of all the Town's activities, services and expenses (Police, Fire, Public Services except public utilities services, Community Development (Building Inspections and Planning), and Administrative Services). Ad valorem property taxes represent the largest revenue source in the General Fund and are based on a property tax base of **\$2,248,633,850** (as of 5/22/07) in Atlantic Beach, which is an increase of **247%** over last year's valuation. To arrive at the \$3,339,221 ad valorem property tax revenue estimated for FY 2007-08, the tax base of \$2,248,633,850 is multiplied times a tax rate of **.15/\$100** valuation times a tax collection rate of 99.0%.

One penny, or 0.01/\$100, of property tax therefore generates \$222,615 in revenues.

The general reappraisal of real property for the Town of Atlantic Beach currently occurs once every four (4) years. State law requires that units of local government, including public authorities, publish a revenue-neutral tax rate in the budget immediately following the completion of the general reappraisal of real property. The purpose of the revenue-neutral tax rate is to provide citizens with comparative information.

The FY 2007-08 operating budget follows the general reappraisal of real property for Atlantic Beach. The revenue-neutral tax rate, as defined by General Statute 159-11(e), is the rate that is estimated to produce property tax revenue for the next fiscal year equal to the property tax revenue for the current fiscal year if no reappraisal had occurred. The rate is then adjusted by a growth factor equal to the average annual percentage increase in the tax base due to improvements since the last general reappraisal. **The revenue neutral tax rate for the Town of Atlantic Beach for FY 2007-08 is 10.63 cents (as of 5/22/07).**

The reappraisal produced a tax base of **\$2,248,633,850** for Atlantic Beach. This tax base represents an increase of 247% over last year's valuation. The tax value for the current fiscal year is \$908,835,044 and the growth factor since the last general reappraisal is 2.2%. Using the formula mandated by state law, the revenue-neutral tax rate for Atlantic Beach is 10.63 cents. **The proposed property tax rate for FY 2007-08 is 15 cents, which represents a decrease from the property tax rate of 26 cents for FY 2006-07.** This reduction does not represent a true tax decrease due to the tax revaluation.

Tax Rate Comparison from FY 2006-07 to FY 2007-08:

VALUE	0.26	0.1063	0.15
\$ 200,000	\$520	\$213	\$300
\$ 400,000	\$1,040	\$425	\$600
\$ 600,000	\$1,560	\$638	\$900
\$ 800,000	\$2,080	\$850	\$1,200
\$ 1,000,000	\$2,600	\$1,063	\$1,500
\$ 1,200,000	\$3,120	\$1,276	\$1,800
\$ 1,400,000	\$3,640	\$1,488	\$2,100
\$ 1,600,000	\$4,160	\$1,701	\$2,400
\$ 1,800,000	\$4,680	\$1,913	\$2,700
\$ 2,000,000	\$5,200	\$2,126	\$3,000

Example 1:

\$200,000	FY 2006-07 @ 0.26/\$100 = \$520
x 247%	
\$494,000	FY 2007-08 @ 0.15/\$100 = \$741
	Increase of \$221

Example 2:

\$400,000	FY 2006-07 @ 0.26/\$100 = \$1,040
x 247%	
\$988,000	FY 2007-08 @ 0.15/\$100 = \$1,482
	Increase of \$442

Key highlights of the General Fund budget for FY 2007-08 include:

- The Unreserved Fund Balance for the General Fund is estimated to be \$1,332,395, which is 21.2% at June 30, 2008. The North Carolina average for Unreserved Fund Balances in FY 2006-07 is 65%. **The Unreserved Fund Balance for the General Fund at June 30, 2007 is projected to be 12.5%.**
- Projected revenues for FY 2007-08 are estimated to be \$6,299,539. This is an increase over last year primarily due to the following:
 - Increases in the Property Tax valuation
 - \$.0437 increase in the ad valorem tax rate above the \$0.1063 revenue neutral tax rate
 - Increases in Sales Tax collections
 - Increases in ABC Revenue
 - The FY 2007-08 budget recommends a 4% increase in solid waste fees, as well as other minor fee, permit and fine increases as outlined in the Fee Schedule.
- The recommended \$0.437 ad valorem tax increase reflects the recognition by the Town Manager of the growing need to properly fund critical services for the Citizens of Atlantic Beach. Many of these services are expected and represent the “core public services” to the Citizens of the Town of Atlantic Beach. Such services include police protection, fire prevention and EMS, solid waste collection, road maintenance, grounds and beach maintenance, building inspections and zoning services. Additionally, it is the Town Manager’s

recommendation to undertake many additional projects to better address citizen requests for services, including:

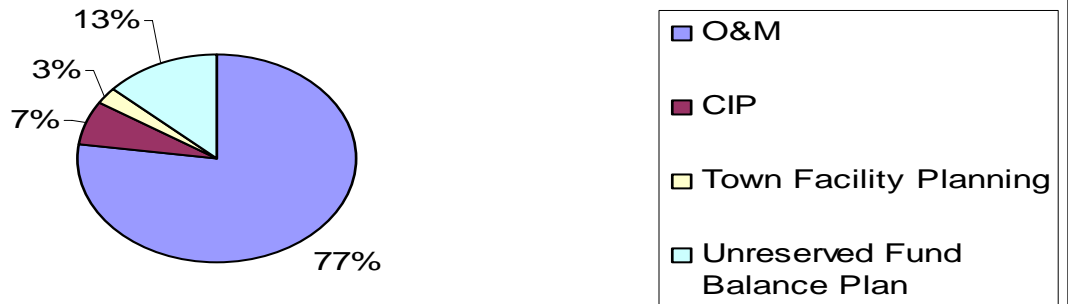
- o Establish an acceptable Unreserved Fund Balance of approximately 40% within the following five (5) years. This fund level should be maintained to protect the Town against unforeseen economic expenditures, hurricanes, substantial decline in tourism and for tax rate stabilization purposes.

**Estimated Unreserved General Fund Balance
Five Year Plan**

	Balance	Percentage
June 30, 2007	\$ 887,165	12.5%
June 30, 2008	\$ 1,332,395	21.2%
June 30, 2009	\$ 1,692,725	28.2%
June 30, 2010	\$ 1,993,060	32.9%
June 30, 2011	\$ 2,232,801	36.5%
June 30, 2012	\$ 2,411,342	39.0%

Out of the 0.0437 recommended ad valorem tax increase, 2 cents represents the Unreserved Fund Balance Plan.

FY 2007-08 General Fund Distribution of Expenses



**FY 2007-08 Recommended 0.0437 Tax Increase
Above 0.1063 Revenue Neutral Rate**

- **0.1063** **Revenue Neutral Tax Rate**

- **0.1158** **O&M Budget (Includes COLA, Does
Not Include CIP)**

- **0.1257** **O&M and CIP Budget**

- **0.13** **O&M, CIP, and Town Facilities
Planning Budget**

- **0.15** **O&M, CIP, Town Facilities Planning,
and Unreserved Fund Balance
5 Year Plan**

- FY 2007-08 Additional Recommended Planned Projects continued:
 - Annual maintenance Dredging program and funding for dredging the IntraCoastal Access Channel and other key channel blockages (\$50,000).
 - Engineering services related to development of a comprehensive stormwater and wastewater management plan.
 - Consulting services to develop a unified development ordinance (UDO).
 - Replacement of key Town equipment has received significant funding to address the backlog of departmental requests for the necessary assets to assure continuation of key Town services.
 - Funding for the planning, engineering, and design for new Town facilities.
- Expenses related to departmental operations for FY 2007-08 are estimated at \$6,299,539, an increase over last year primarily due to funding employee salary related cost of living adjustments, funding of a portion of the backlog of departmental requests for replacement equipment and new initiatives, funding the beginning stages of planning for new Town facilities, funding a major effort to determine the appropriate strategies for addressing the Town's sewer and stormwater master plan, and funding to **establish an acceptable unreserved fund balance**.
- Funding of new departmental requests include:
 - Administrative Services – Town-wide computer operation server replacement.
 - Police – Four replacement patrol vehicles, a replacement all-terrain vehicle (ATV), and a replacement recorder.
 - Fire – Replacement of technical rescue truck. Financial impact to occur in FY 2008-09.
 - Community Development – Development of a unified development ordinance (UDO).
- The budget reflects a **2.5% cost of living adjustment** for all staff and elected officials to allow for equity among surrounding municipalities. The recommendation of 2.5% is based on the most recent Southeastern April 2007 report. This recommendation is to assure that the Town can be competitive in the recruitment and retention of employees. In addition, the budget reflects an almost unheard of decrease in health insurance rates of approximately 10%. The budget also reflects a travel allowance for the elected officials and the removal of health coverage for elected officials.
- All major services are maintained at levels consistent with last year's budget and operational plans. This proposed FY 2007-08 budget reflects the transfer of animal control services to Carteret County with an enhanced Atlantic Beach Police Department controlled animal trap loan program which should not have a significant negative impact the current level of service.

- No appropriation of fund balance is required to balance the revenues and expenses of the General Fund.

General Fund Capital Outlay Summary (Goal Setting Retreat and Multiple Budget Work Sessions)

FY 2007-08 General Fund CIP Items **Included** in Recommended Budget

Four replacement police cars	\$139,500
Replacement ATV	\$ 12,000
Replacement recorder	\$ 6,000
Replacement server	\$ 12,000
Unified Development Ordinance (UDO)	\$ 50,000
Replacement technical rescue truck*	\$385,000
Town Hall facilities	\$ 96,853
Unreserved Fund Balance Plan	<u>\$445,230</u>
	\$1,146,583

*Note: Technical rescue truck will have no financial impact in FY07-08.

FY 2007-08 General Fund CIP Items **Excluded** from Recommended Budget

Replacement beach wheelchairs	\$ 5,500	(Donation potential)
Two emergency notification sirens	\$ 31,000	(Grant potential)
Replacement banners	\$ 4,000	
Replacement waverunner	\$ 9,800	
Replacement Public Services vehicle	\$ 22,000	
Sidewalk at New Bern beach access	\$ 20,000	
Dredging and hauling equipment	\$115,000	
Sidewalk from Causeway – ABC Store	<u>\$250,000</u>	
	\$457,300	

FY 2007-08 General Fund Debt Service Items Included in Recommended Budget

Ford SUV (Installment purchase payoff)	\$ 7,537
GMC Pickup (Installment purchase payoff)	\$ 8,594
Firetruck (Installment purchase payment)	\$ 52,322
Coral Bay Land (2/3 loan payment)	<u>\$292,000</u>
	\$360,453

Beach Nourishment Fund

The Beach Nourishment Fund, a special reserve fund, was established to account for distributions from the Carteret County Hotel Room Tax that is defined by N.C. General Statute to be used for beach nourishment related expenses. The contributions to this fund ended with the FY 2005-06 distributions. The Fund Balance for this fund is estimated to be \$291,495 at June 30, 2007. Revenues for the FY 2007-08 will be from interest earnings anticipated at \$13,000 with expenses to be determined as appropriate needs are identified during the year. This will result in a Beach Nourishment Fund Balance of \$304,495 in FY 2007-08.

Beach Nourishment Fund Balance Historical Trend Analysis

Beach Nourishment June 30, 2006 Fund Balance	\$413,495
Beach Nourishment June 30, 2007 Fund Balance	\$291,495
Beach Nourishment June 30, 2008 Fund Balance	\$304,495

Circle Infrastructure Fund

The Circle Infrastructure Fund, a special reserve fund, was established in FY 2005-06 to account for the proceeds from the sale of Town property in the Circle Development District. This fund provides the opportunity for a clear accounting for the collection and use of these funds. The Fund Balance for this fund is estimated to be **\$1,039,611 at June 30, 2007**. In FY 2006-07, expenses were budgeted in the amount of \$635,874 for a loan to the General Fund to fund the wastewater portion of the wastewater and stormwater project for engineering, attorney, and other miscellaneous charges and a portion of the debt service payments related to the Coral Bay Shopping Center land purchase. This land has the potential to be utilized for the stormwater and wastewater master plan. Revenues for the FY 2007-08 will be from interest earnings anticipated at \$65,000. There are no expenses budgeted in the Circle Infrastructure Fund in FY 2007-08. This will result in a Circle Infrastructure Fund Balance of \$1,104,611 in FY 2007-08.

Circle Infrastructure Fund Balance Historical Trend Analysis

Circle Infrastructure June 30, 2006 Fund Balance	\$1,604,197
Circle Infrastructure June 30, 2007 Fund Balance	\$1,039,611
Circle Infrastructure June 30, 2008 Fund Balance	\$1,104,611

Powell Bill Fund

The Powell Bill Fund, a special reserve fund, was established to account for the State of N.C. Powell Bill distributions to counties and municipalities related to the maintenance of roadways. As roadway related projects are identified these funds are transferred to the General Fund where expenditures are properly accounted. The Fund Balance for this fund is estimated to be \$200,775 at June 30, 2007. Revenues for the FY 2007-08 are anticipated at \$86,000 (\$71,000 Powell Bill distributions and

\$15,000 interest earnings) with expenses of \$200,000 planned for roadway improvements in Atlantic Beach. This will result in a Powell Bill fund balance of \$86,775 in FY 2007-08.

Powell Bill Fund Balance Historical Trend Analysis

Powel Bill June 30, 2006 Fund Balance	\$355,530
Powel Bill June 30, 2007 Fund Balance	\$200,775
Powel Bill June 30, 2008 Fund Balance	\$86,775

Public Utilities Fund

The Public Utilities Fund, an enterprise fund, was originally established as the Water Fund to account for the management of the Town's water utility service. This fund was renamed to more accurately describe the expansion of Town enterprise services to include stormwater management (and ultimately wastewater management) in FY 2006-07. While the Town's water services are fully operational, the stormwater and wastewater services are currently in the planning and engineering stages. These activities will incur expenses in FY 2007-08 related to the development of the Town's plan to provide these critical services. The FY 2007-08 proposed budget estimates \$150,000 in expenses related to the stormwater and wastewater master planning and engineering services (\$100,000/General Fund, \$50,000/Utility Fund).

The Public Utilities Fund is a self-supporting enterprise activity of the Town, and as such, the activities of this fund are appropriately budgeted and accounted for in a separate fund. The FY 2007-08 budget recommends a **4% annual inflationary increase in water rates**, as well as some additional minor fee increases as outlined in the Fee Schedule. The rates charged for these services are intended to support current operations, as well as fund the maintenance and replacement of key utility infrastructure.

Key highlights of the Public Utility Fund for FY 2007-08 include:

- The unrestricted net assets at June 30, 2006 for the Water Fund was \$2.45 M.
- Revenues for FY 2007-08 are estimated to be \$1,321,200 from all Public Utilities Fund activities that include Water and Stormwater functions.
- The Stormwater Impact Fee (.5% of Building Permit values) will be levied against the value of building permits for construction projects in excess of \$20,000. The Town is researching the future addition of a Wastewater Impact Fee that will follow the same structure as the Stormwater Fee.
- Expenses for FY 2007-08 are estimated to be \$1,646,933. Key elements of the Public Utility expenses include:
 - A continuation of the Water utility services at current service levels with no major increases in costs.
 - Replacement SUV, replacement pickup, and replacement backhoe.

- Replacement program of water meters to gain accuracy of water usage.
- Upgrade 14 fire hydrants.
- Engineering services related to development of a comprehensive stormwater management plan and a portion of the debt service payments related to the Coral Bay Shopping Center land purchase. This land has the potential to be used for the stormwater and wastewater master plan.
- The budget reflects a **2.5% cost of living adjustment** for all staff to allow for equity among surrounding municipalities. The recommendation of 2.5% is based on the most recent Southeastern April 2007 report. This recommendation is to assure that the Town can be competitive in the recruitment and retention of employees.
- **A \$325,733 appropriation of fund balance is required to balance the revenues and expenses of the Public Utility Fund.**

FY 2007-08 Public Utility Fund CIP Items Included in Recommended Budget

Replacement pickup	\$ 20,000
Replacement SUV	\$ 26,000
Replacement backhoe	\$ 75,000
Replacement water meters	\$100,000
Fire Hydrant Upgrades	<u>\$ 70,000</u>
	\$291,000

FY 2007-08 Public Utility Fund Debt Service Items Included in Recommended Budget

Water '88 and '91 bonds	\$102,000
Coral Bay Land (1/3 loan payment)	<u>\$146,000</u>
	\$248,000

Fund Balance Considerations

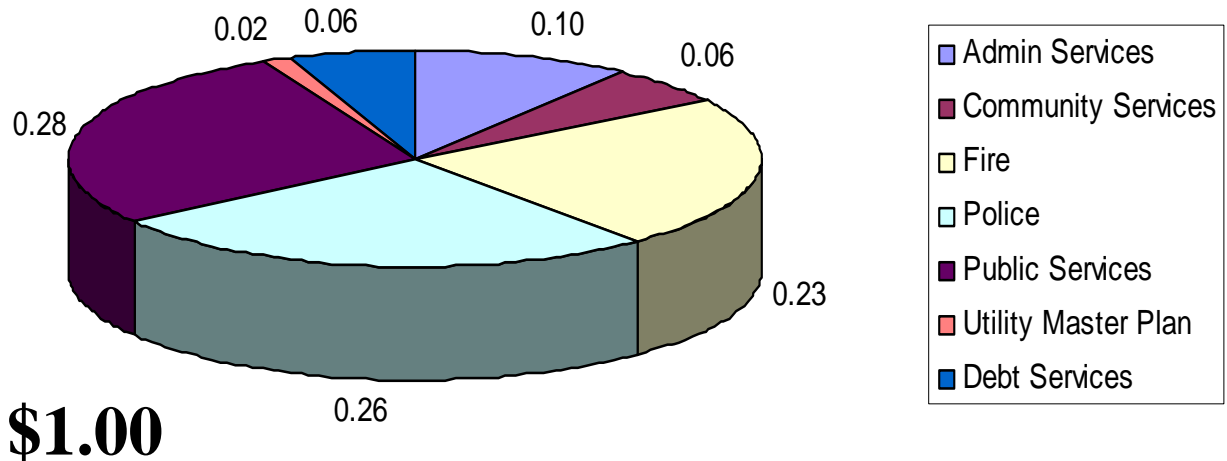
The North Carolina Local Government Commission (LGC) provides oversight and guidance to all local government in North Carolina. Their oversight has provided an element of security and stability for all our citizens and helped maintain our State's reputation for fiscal responsibility. The Town of Atlantic Beach works closely with the LGC to assure that our operations meet their standards and N.C. Statutory requirements. The LGC requires that all municipalities maintain a minimum General Fund balance of 8.0% as compared to current fund expenditures. **The North Carolina average for Unreserved General Fund Balances in FY 2006-07 is 65%. The Town's unreserved General Fund Balance at June 30, 2007 is estimated to be \$887,165, which will be 12.5% of FY 2006-07 General Fund expenditures.**

The FY 2007-08 Budget reflects an ad valorem property tax rate of .15/\$100 valuation. This is estimated to bring the Unreserved General Fund Balance to 21.2% of General Fund expenses at June 30, 2008. Fund balances available for use by the Town for unreserved purposes, beyond those accounted for in the General Fund, include the Circle Infrastructure fund balance which is accounted for in a reserve fund. The purpose of maintaining these reserves is to have the ability to withstand periods of revenue and expense inequity and still provide the service levels necessary to meet the Citizens' desires. This fund level should be maintained to protect the Town against unforeseen economic expenditures, hurricanes, substantial decline in tourism and for tax rate stabilization purposes. **The Town Manager proposes to establish the Unreserved Fund Balance to an acceptable fiscally responsible rate of approximately 40% with a five (5) year financial plan.** The Town staff is committed to delivering these "core public services" in the most cost effective and efficient manner possible.

Conclusion

It is the desire of the management and staff of the Town of Atlantic Beach to provide services at the levels that the citizens demand and deserve, while maintaining effective controls over the costs of those services. Through the policy setting actions of the Mayor and Town Council we strive to accomplish these goals/objectives. The proposed budget is a **financial plan** that realistically defines the financial structure to meet those objectives. The staff and I look forward to working with you in achieving these goals.

What Do You Get for Your Atlantic Beach Tax Dollar (\$1.00)?



In Atlantic Beach, our proposed tax rate is \$0.15 per \$100 of property valuation. A \$400,000 home generates \$600 in annual property taxes. This equates to \$50 per month for Town of Atlantic Beach taxes.

What could you purchase for \$50 a month?

ONE OF THESE...

- Two hardback books
- Two compact disks
- Dinner for two
- Movie and snacks for a family of four
- 15 gallons of gas

ALL OF THESE...

- 24 hour Police Protection
- 24 hour Fire Protection
- 24 hour Paramedic Service
- Paved and Maintained Town Streets and Sidewalks
- Street Lights
- Mowing and Landscaping
- Beach Cleaning
- Sand Fence Maintenance
- Public Beach Accesses and Bathhouses
- Seasonal Ocean Lifeguards
- Dredging maintenance program
- Community Planning and Zoning Service
- Special Events/Festivals

As we will be making important decisions for the Town of Atlantic Beach budget process, please find relayed the following quote from former University of Notre Dame President, Theodore Hesburgh: *“My basic principle is that you don’t make decisions because they are easy; you don’t make them because they are cheap; you don’t make them because they’re popular; you make them because they’re right.”*