

TOWN OF ATLANTIC BEACH

Town Council

FY2007-08 Budget Work Session
May 30, 2007

Presented by:
David Harvell – Town Manager/Budget Officer
Sabrina Simpson – Administrative Services

TOWN OF ATLANTIC BEACH FY2007-08 BUDGET

- Budget (Goal Setting) Retreat April 4
- Budget Work Session May 9
- Budget Work Session May 14
- **Budget Work Session May 30**

TOWN OF ATLANTIC BEACH FY2007-08 BUDGET

Town Staff by Department

62 Full Time Employees

- Town Manager (1 staff)
- Town Clerk (1 staff)
- Police and Communications (21 staff)
- Fire (14 staff)
- Public Services and Utilities (16 staff)
- Building Inspections (3 staff)
- Planning (2 staff)
- Administrative Services (4 staff)

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.

TOWN OF ATLANTIC BEACH FY2007-08 BUDGET

General Fund

Unreserved Fund Balance (Historical Trend)

2006 – 2007 – 2008

Presented by: Sabrina Simpson Admin. Services

TOWN OF ATLANTIC BEACH FY2007-08 BUDGET

June 30, 2006	15% (excluding Circle Infrastructure)
	24% (including Circle Infrastructure)
June 30, 2007	12.5%
June 30, 2008	21.2%*

* Incorporates first year of Five Year Financial Plan

TOWN OF ATLANTIC BEACH FY2007-08 BUDGET

FY2006-07 approved budget included:

- \$635K loan to General Fund from Circle Infrastructure Fund
- \$370K appropriation from Fund Balance (to balance 2006-07 budget)

General Fund expenditures were \$1,005,000 over expected revenues for FY2006-07.

TOWN OF ATLANTIC BEACH FY2007-08 BUDGET

FY2006-07 approved budget included:

- **Three (3) additional Full-time employees**
 - **Deputy Fire Chief**
 - **Mechanical / Electrical Inspector**
 - **Public Services Administrative Assistant (1/2 Water)**

TOWN OF ATLANTIC BEACH FY2007-08 BUDGET

FY2006-07 Budget Amendments:

- \$10,433 ~ Police Software
- \$26,209 ~ Comm. Promo, CAMA Land Use Plan, Misc. under funded items
- \$99,700 ~ Environmental Assessment Study
- \$26,000 ~ ADA Beach Access Project
- \$8,000 ~ Demolition Project

Total \$170,342

Total: \$170,342 above the 2006/07 budget which included \$1,005,000 transfers from unreserved fund balance **\$370k** and **\$635k** from Circle Infrastructure Fund.

TOWN OF ATLANTIC BEACH FY2007-08 BUDGET

Unreserved General Fund Balance

- 2006 = \$1,450,037 / 15% (G/F Expenses)
- 2007 = \$887,165 / 12.5% (G/F Expenses)
- 2008 = \$1,332,395 / 21.2% (G/F Expenses)
(With unreserved fund balance – Five (5) Year Financial Plan)

TOWN OF ATLANTIC BEACH FY2007-08 BUDGET

Town Managers ~ Budget Recommendation

TOWN OF ATLANTIC BEACH

FY 2007-08 BUDGET

Recommended CIP Requests ~ Plan

During the Goal Setting Retreat and multiple Budget Work Sessions, several capital improvement items were identified by Department Heads, totaling \$1,146,583:

• 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 Five Year Plan	<u>\$445,230</u>
Total Capital Improvements	\$1,146,583

* Loan payments starts: 2008-09

TOWN OF ATLANTIC BEACH FY 2007-08 BUDGET

General Fund CIP – **Excluded:**

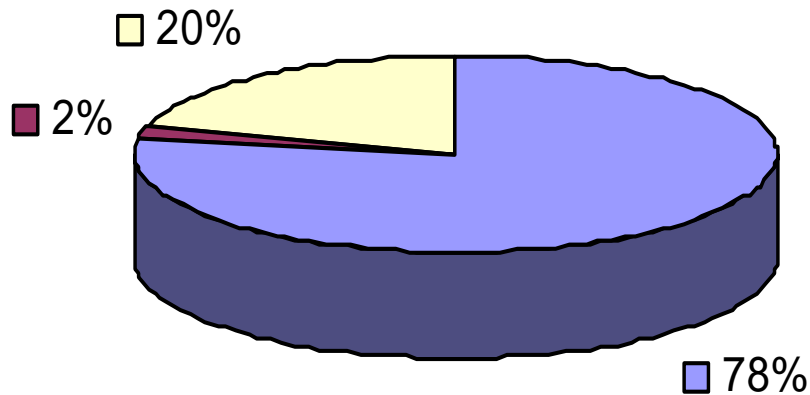
• Replacement Beach Wheelchairs:	\$5,500 (Donations)
• Emergency Notification Sirens:	\$31,000 (Researching Grants)
• Replacement Banners:	\$4,000
• Replacement Wave-Runner	\$9,800
• Replacement Truck Public Services	\$22,000
• New Bern Beach Access Sidewalk	\$20,000
• Dredging and Hauling Equipment	\$115,000
• Causeway – ABC Store Sidewalk	\$250,000

Total

\$457,300

TOWN OF ATLANTIC BEACH FY2007-08 BUDGET

Proposed FY 2007-08 Budget Allocation Breakdown of Expenses



General Fund	\$6,299,539
Gen/Powell Bill	\$ 200,000
Utility Fund	\$ 1,646,933

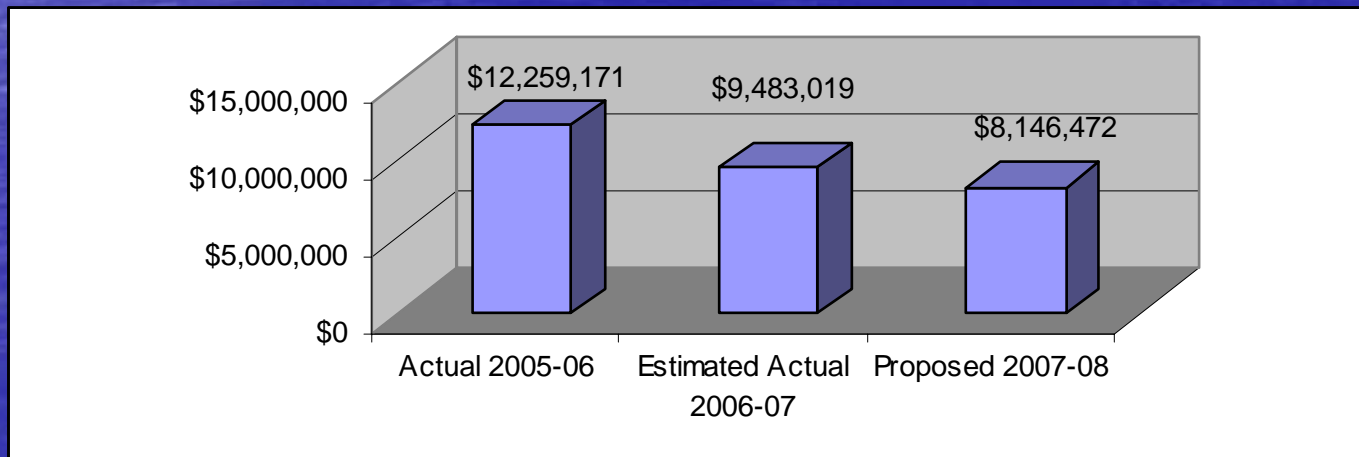
\$8,146,472

TOWN OF ATLANTIC BEACH

FY2007-08 BUDGET

Budget Year Comparisons

	<u>Actual</u> 2005-06	<u>Estimated</u> Actual 2006-07	<u>Proposed</u> 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



TOWN OF ATLANTIC BEACH

FY2007-08

RECOMMENDED BUDGET

Revenue Neutral Tax Rate: .1063 cents

Proposed Property Tax Rate: .15 cents

Increase above Revenue Neutral : .0437 cents

TOWN OF ATLANTIC BEACH

FY2007-08 BUDGET

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).
- Property Tax Base: **\$2,248,633,850** (as of May 22, 2007)
- New Valuation equals a **247% increase** over 2006 property values
- 2007 – 08 Recommended Budget Property Tax Revenue requested: **\$3,339,221**
- **\$3,339,221** = \$2,248,633,850 divided by 100 multiply by 99% (collection rate) multiply by: **.15 (15 cents per \$100)**

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

TOWN OF ATLANTIC BEACH FY2007-08 BUDGET

Tax Rate Comparison From FY2006-07 to FY2007-08:

VALUE	0.26	0.1063	0.15
\$ 200,000	\$520	\$213	\$300
\$ 400,000	\$1,040	\$425	\$600
\$ 800,000	\$2,080	\$850	\$1,200
\$ 1,000,000	\$2,600	\$1,063	\$1,500
\$ 1,600,000	\$4,160	\$1,701	\$2,400

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

TOWN OF ATLANTIC BEACH FY2007-08 BUDGET

Key Highlights of General Fund (2007-08)

- The Unreserved Fund Balance for the General Fund is estimated to be \$1,332,395, which is 21.2% at June 30, 2008.
- North Carolina Unreserved Fund Balances for like cities in FY 2006-07 averaged 65%.
- **The Unreserved Fund Balance for the General Fund at June 30, 2007 is projected to be 12.5%.**

TOWN OF ATLANTIC BEACH

FY2007-08 BUDGET

Key Highlights of General Fund

- **Estimated - Projected Total G/F Revenues for FY 2007-08: \$6,299,539.**
 - 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 / ABC Revenue
 - Proposed 4% increase in solid waste fees, and permit and fine increases as outlined in the Fee Schedule.

TOWN OF ATLANTIC BEACH FY 2007-08 BUDGET

Key Highlights of General Fund

- 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.

TOWN OF ATLANTIC BEACH FY 2007-08 BUDGET

Key Highlights of General Fund

- **Additionally, it is the Town Manager's recommendation to undertake many additional projects to better address citizen requests for services, including:**
 - Establish an acceptable Unreserved Fund Balance within 5 years
 - Maintenance dredging program (\$50,000)
 - Public Utilities Master Plan – Engineering Services
 - Develop Unified Development Ordinance (UDO)
 - Replacement of key equipment - vehicles
 - Funding for planning, engineering, and design of new Town facilities

TOWN OF ATLANTIC BEACH FY2007-08 BUDGET

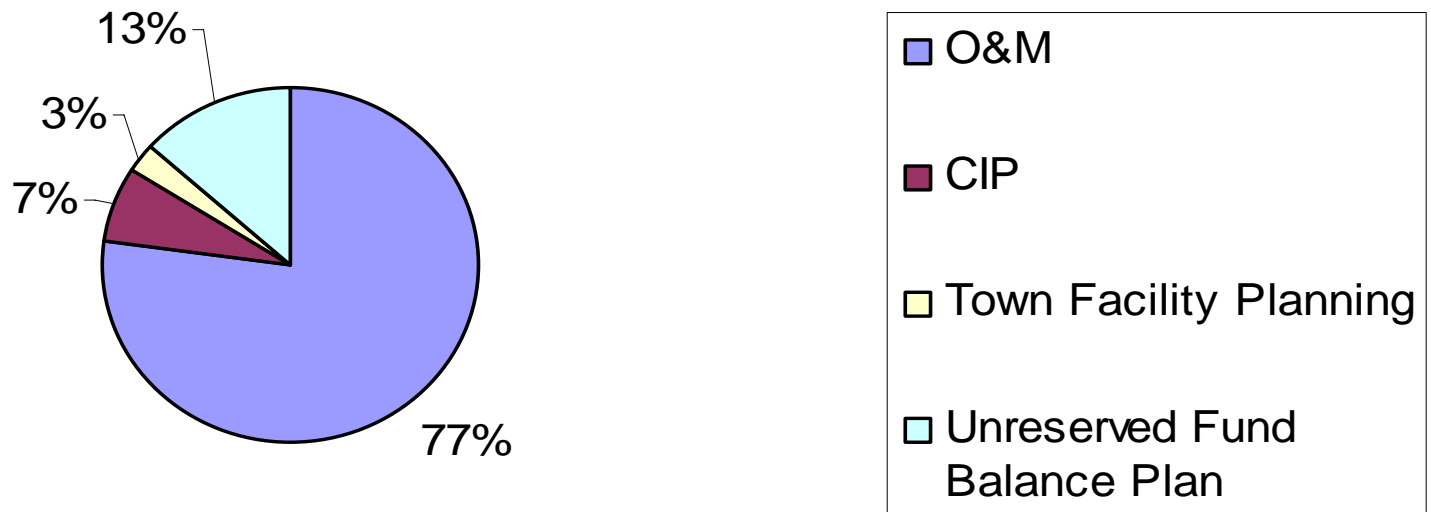
Undesignated Fund Balance – Five Year Plan
ATLANTIC BEACH GOAL: 40%

	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.**

TOWN OF ATLANTIC BEACH FY 2007-08 BUDGET

FY 2007-08 General Fund Distribution of Expenses



TOWN OF ATLANTIC BEACH FY 2007-08 BUDGET

**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 2.5% 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

TOWN OF ATLANTIC BEACH FY 2007-08 BUDGET

Beach Nourishment Fund

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

TOWN OF ATLANTIC BEACH FY 2007-08 BUDGET

Circle Infrastructure Fund

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

TOWN OF ATLANTIC BEACH FY 2007-08 BUDGET

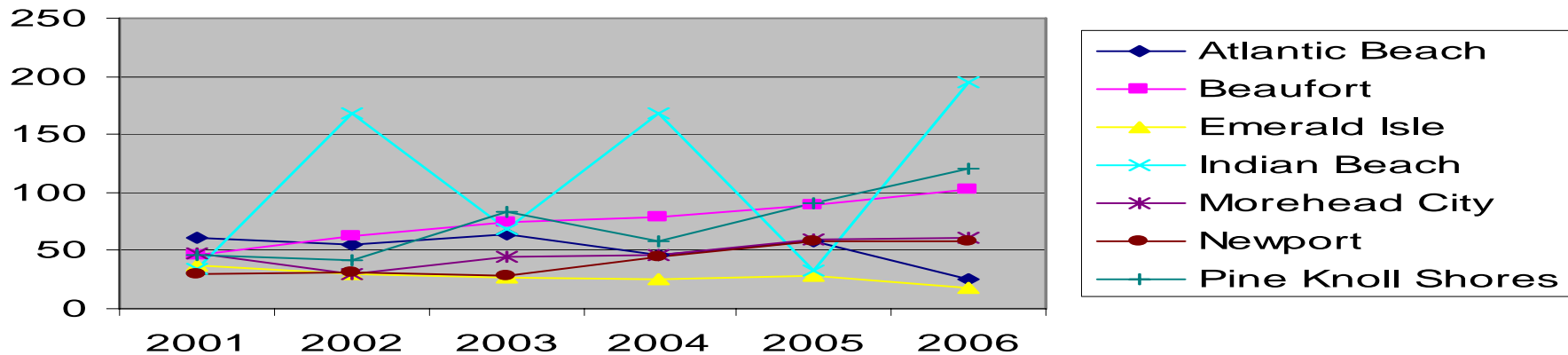
Powell Bill Fund

Powell Bill Fund Balance Historical Trend Analysis

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

TOWN OF ATLANTIC BEACH FY2007-08 BUDGET

Fund Balance Available (FBA) Percentages Comparison



	2001	2002	2003	2004	2005	2006
Atlantic Beach	60.78	55.58	64.17	46.66	57.78	<u>24.86</u>
Beaufort	46.57	62.24	74.98	78.45	89.11	103.3
Emerald Isle	36.54	29.6	27.24	24.86	27.66	17.12
Indian Beach	34.34	168.85	67.86	167.89	32.55	195.61
Morehead City	48.12	29.55	44.97	46.48	59.95	60.85
Newport	29.06	31.12	28.86	44.58	58.24	57.75
Pine Knoll Shores	46.72	42.36	83.27	58.22	90.52	120.38

Town of Atlantic Beach FY 2007-08 Budget

The Similar North Carolina Cities average Unreserved General Fund Balances in FY 2006-07 was **65%**.

The Town's unreserved General Fund Balance as of June 30, 2007 is estimated to be **\$887,165**, which will be **12.5%** of FY 2006-07 General Fund expenditures.

TOWN OF ATLANTIC BEACH FY2007-08 BUDGET

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.

The Town Manager proposes to establish the Unreserved Fund Balance to an acceptable (minimal) fiscally responsible rate of approximately 40% within a five (5) year financial plan (period).

TOWN OF ATLANTIC BEACH FY2007-08 BUDGET

Public Utilities

Water

Wastewater

Stormwater

TOWN OF ATLANTIC BEACH FY2007-08 BUDGET

Public Utility Fund

- The Public Utilities Fund, an enterprise fund includes water services, stormwater management (and ultimately wastewater management) in FY 2007-08.
- 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).

TOWN OF ATLANTIC BEACH FY2007-08 BUDGET

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

Notes:

- A **\$325,733** appropriation of fund balance is required to balance the revenues and expenses of the Public Utility Fund in the proposed FY 2007-08 budget.
- 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.

TOWN OF ATLANTIC BEACH FY2007-08 BUDGET

May 30, 2007 at 3:00 PM

Manager compiles all input and submits final Budget and Budget Message to Council and Council schedules public hearing for FY08 Budget

- G.S. 159.11 (Final budget and budget message must be submitted by June 1)
- G.S. 159.12 (Public Hearing requires 10 days notice. If public hearing is scheduled on

June 11, notice must be published on Friday, June 1, 2007 to meet advertising deadlines)

Requested Budget Schedule

June 18, 2007 (amended from 6/11/07 proposed date)

Public Hearing on FY07-08 Budget during Special Called Budget Meeting

- G.S. 159.12 (Must provide 10 days notice before public hearing)

June 18, 2007 (proposed, not scheduled)

Council adopts Budget, Budget Message, levy's Tax Rate and adopts Fee Schedule during regular Council meeting

- G.S. 159.12 (Must be completed by June 30)

TOWN OF ATLANTIC BEACH FY2007-08 BUDGET

CONCLUSION – DISCUSSION

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.”