

ANNUAL BUDGET FISCAL YEAR 2008-2009

BUDGET MESSAGE

TO: Mayor Cooper and Members of the Town Council
FROM: Pete Allen, Town Manager
RE: Recommended Budget for Fiscal Year 2008-2009
Date: May 30, 2008

In accordance with the North Carolina Budget and Fiscal Control Act, the Town of Atlantic Beach, North Carolina's proposed budget for the fiscal year beginning July 1, 2008 and ending June 30, 2009 is presented for your review and consideration.

The North Carolina General Statutes specify that the budget ordinance and tax rate be adopted by July 1, 2008. Also, General Statute 159-12 (b) requires that the Town's governing body hold a public hearing on the budget prior to adoption. This Public Hearing has been scheduled for Tuesday, June 10 at 6:00 PM in the Atlantic Beach Town Board Room and has been properly advertised in the Carteret News-Times. A copy of the proposed budget document has also been made available for public inspection at Town Hall during normal business hours for ten days prior to the public hearing.

The proposed budget for 2008-2009 totals \$7,222,376. This figure includes all funds and as required by North Carolina General Statutes, the budget is balanced by a like amount of revenues and expenditures.

REVENUES

The Town's largest single sources of revenue continues to be generated from property taxes. This figure is \$2,791,181 and amounts to some 50.05% of general fund revenues anticipated for the 2008-2009 fiscal year.

At the time this proposed budget is being prepared and based on the uncertainty of tax base numbers which will not become final until after budget adoption, the Town is using a tax base figure of \$2,255,499,642. This figure is multiplied times a tax rate of \$ 12.5 cents per \$100.00 valuation, 02.5 cents less than the previous budget year, times a tax collection rate of 99.0% generating some \$2,791,181 in property tax revenues. One penny of property tax generates some \$223,294 in revenues.

The second largest source of general fund revenue is derived from sales taxes and anticipated to be \$ 876,000 in 2008-2009 and the third being solid waste user fees of \$490,000. Water fees collected in the Town's Utility Fund generate some \$1,502,941 in utility fund revenues.

REVENUES - CONTINUED

Because of the continuing downturn in the National, State and Local economies, caused by the mortgage crisis, level of debt, recessionary and inflationary trends and slow growth on Bogue Banks, sources of revenue have been difficult to project for the upcoming 2008-2009 fiscal year. Increases in the Town's tax base are projected to be flat, with little growth anticipated for the fiscal year. That trend is expected to continue for the next year or two.

Other revenue sources such as sales taxes, interest income and a variety of State Collected Local Revenues and local permits and fees are projected to be stagnant for the foreseeable future.

As a result of these factors and others, revenues will again be of concern in budgeting efforts for the upcoming fiscal year.

EXPENDITURES

Expenditure estimates were compiled and formulated by the Budget Officer and Town Manager based upon written requests and justification submitted by the various department heads. These requests were made available for Council review and included in the Budget Workbook. Each department's request was given consideration based on current year expenditures, proposed work program needs, inflationary trends and a review of each departmental operation. All revenue estimates in the budget are based upon recommendations provided by the North Carolina League of Municipalities, current contracts, figures provided by department heads who have revenue collection responsibility and actual revenues received during the 2007-2008 fiscal year.

As a result of the continuing revenue shortfall, expenditures are being reduced from previous levels and budgeted very conservatively in an attempt to insure that they do not exceed, to any great extent, anticipated revenues.

The proposed budget does include a 2.5% Cost of Living (COLA) Adjustment Increase for Town employees. Once again, medical insurance rates are proposed to increase by some 18.0%. Budgeted expenditures for Capital Improvements are very limited and practically non-existent for the 2008-2009 fiscal year because of revenue shortfalls, economic conditions and the Town's attempt to conservatively balance the budget.

Mileage allowances for employee use of personal vehicles, unless other vehicle allowance arrangements have been specified, are based on current rates allowed by the IRS. Pier Diem meal allowances are capped at \$35.00 per day unless higher amounts are authorized by the Town Manager.

GENERAL FUND BALANCE

The estimated town's General Fund Balance for the year ending June 30, 2009 is projected to be \$2,609,325 and should amount to 46.79% of General Fund expenditures. The State requires that municipalities maintain a minimum General Fund Balance of 8.0%.

It is the intended goal of the employees of the Town of Atlantic Beach to accomplish objectives established by the Mayor and Town Council to provide the highest level of service to our constituency at the lowest possible cost and to meet the challenges of serving as local government employees.

The proposed budget is a financial plan that strives to meet those objectives. The support of the Mayor and Town Council is most appreciated. We and the Staff look forward to working with you in achieving these goals.

Respectfully submitted,

Pete Allen
Town Manager

Sabrina Simpson
Budget Officer