

# Town of Atlantic Beach



## **ANNUAL BUDGET** Fiscal Year 2005-06

**To:** Mayor Dawkins and Members of the Town Council  
**From:** Chuck Cooper, Town Manager and Budget Officer  
**Re:** Recommended Budget for Fiscal Year 2005-06  
**Date:** May 16, 2005

In accordance with the North Carolina Budget and Fiscal Control Act, the Town of Atlantic Beach's proposed budget for the fiscal year beginning July 1, 2005 and ending June 30, 2006 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, 2005. Also, General Statute 159-12(b) requires that the governing body hold a public hearing on the budget prior to adoption. This public hearing will be scheduled for June 6, 2005 at 6:00 PM in the Atlantic Beach Town Board Room and will be properly advertised in the Carteret News-Times. A copy of the proposed budget document will be made available for public inspection at the Town Hall during normal business hours.

## **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 (see Organization Chart in Introductory section) 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 (23 staff) – provides crime prevention including community outreach and enforcement; communications and dispatch services; and animal control
- Fire (13 staff) – provides fire suppression and rescue; fire inspections; EMS including paramedic services; and lifeguard services
- Public Services (15 staff) – provides public works including buildings, grounds and beach access maintenance, and landscaping; solid waste collection; roadways maintenance; and water utility services
- Building Inspections (2 staff) – provides code enforcement, building permits and inspections services
- Planning (1 staff) – provides long-range planning; and code enforcement and zoning services
- Administrative Services (4 staff) – provides administrative support for all Town departments including budgeting, accounting, purchasing, personnel and other administrative support

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

## **Budget Organization and Format**

The FY 2005-06 Budget is a departure from prior year's organization and format. This document reflects a reorganization within the Town's departments, change in the Town's budget and accounting chart of accounts, and the effort by the Budget Officer and staff to provide to the Mayor and Council a more informative presentation format to facilitate the decision making process. Key differences that are included in this Budget document include:

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

- The Finance and Administration departments were combined into a new Administrative Services department with the elimination of one supervisory position.
- The Public Services (formerly Public Works) department is being reorganized in October 2005 with the planned elimination of two positions.
- All department heads identified and created budgets for their departments based on key programmatic Activities that demonstrate the primary deliverables that they provide to the citizens of Atlantic Beach. These departmental Activities identify labor related FTE's (full time equivalents) that deliver the services, direct expenses uniquely required for the delivery of services, and other indirect expenses proportional to the Activity. All the department heads will track expenses during the year against these budgeted activities.
- Detail revenue and expense accounts were standardized across all funds and organized into logical groupings of Summary Accounts allowing a more focused and informed analysis of budget changes, impacts, and comparison among the departments.
- The Funds and Summary Accounts are planned as the Town Council's budget approval level, which will make the control and management of the budget more efficient.
- The Chart of Accounts was analyzed in detail to assure standardization across all departments and effective control and presentation capabilities.
- The new Chart of Accounts will be implemented in the Town's accounting system on July 1, 2005.
- Expansion budget and capital needs were identified by each department for current year consideration by the Council as well as for creation of a long-term inventory of capital requirements. Several key critical capital items have been included by the Council in this year's budget.

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 provide 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 2004-05 fiscal year.

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

## **Fund Summary**

### 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 water services, Building Inspections, Planning, and Administrative Services). Ad valorem property taxes represent the largest revenue source in the General Fund and are based on a tax base of \$863 M of property in Atlantic Beach, which is an increase of \$15 M over last year's valuation. To arrive at the \$1,964,695 ad valorem property tax revenue estimated for FY 2005-06, the tax base of \$863 M is multiplied times a tax rate of .23/\$100 valuation (no tax rate increase in FY 2005-06) times a tax collection rate of 99.0%. One penny of property tax therefore generates \$86,284 in revenues.

Key highlights of the General Fund budget for FY 2005-06 include:

- The Fund Balance for this fund is estimated to be in excess of \$2, 205,500 at June 30, 2005.
- Revenues are estimated to be \$4,446,417, an increase of approximately \$115,000 primarily based on increases in the Property Tax valuation, increased Franchise and Sales Tax collections, and improvements in the return on the Town's Investments.
- Overall expenses related to departmental operations are estimated at \$4,922,377, an increase over last year primarily due to accounting re-classifications and the funding of new capital spending – Personal Services (people) equal 64% of budget while Other Expenses (materials and purchased services) equal 34%.
- Funding of critical capital expenditures include:
  - Necessary repairs to Town Hall and the Public Services maintenance building to prevent major interruptions in services to the Town
  - Addition of a vehicle wash down station to improve life expectancy of Town equipment
  - New mower to replace current unreliable equipment
  - Irrigation system for Atlantic Beach causeway to improve survivability of trees and plants
  - Replacement of aging and worn-out fire hoses and nozzles

- Additional computers for police cars to improve access to critical data and improve officer/citizen safety
- Permitting software and plotter for Inspections and Planning to improve service levels to customers
- The budget reflects a 2.5 % COLA for staff in addition to funding an additional 2% 401(k) contribution, making the overall 401(k) contribution 5% for all staff.
- All service levels are maintained at levels consistent with last year's budget and operational plans.

### Beach Nourishment Fund

The Beach Nourishment Fund, an existing special fund, is 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 Fund Balance for this fund is estimated to be in excess of \$300,000 at June 30, 2005. Revenues for the FY 2005-06 are anticipated at \$110,000 with limited expenses of \$4,000 planned for sand fences in public areas along Atlantic Beach.

### Circle Infrastructure Fund

The Circle Infrastructure Fund, a new fund this year, is established to account for the proceeds from the sale of Town property in the Circle Development District. This fund will provide the opportunity for a clear accounting for the collection and use of these funds. The Fund Balance for this fund is estimated to be in excess of \$74,000 at June 30, 2005. Revenues for the FY 2005-06 are anticipated at \$1,810,600 (payment for four properties from FMB, Inc.) with no expenses planned at this time.

### Powell Bill Fund

The Powell Bill Fund, a new fund this year, is established to account for distributions from the State of N.C. for Powell Bill distributions to counties and municipalities related to the maintenance of roadways. These funds have in prior years been accounted for in the General Fund but are being segregated to assure compliance with the N.C. General Statute spending requirements.

The Fund Balance for this fund is estimated to be in excess of \$290,000 at June 30, 2005. Revenues for the FY 2005-06 are anticipated at \$83,300 with an equal amount of expenses planned for roadway improvements in Atlantic Beach.

## Water Fund

The Water Fund, an existing enterprise fund, is established to account for the management of the Town's water utility services. The Water Fund is a self-supporting enterprise activity of the Town and as such is appropriately budgeted and accounted for in a separate fund. The rates charged for water services are intended to support current operations as well as fund the maintenance and replacement of key water utility infrastructure.

The Fund Balance for this fund is estimated to be in excess of \$5.6 M at June 30, 2005, composed of \$3.9 M invested in water plant assets and \$1.7 M in cash on hand. Revenues for the FY 2005-06 from the Water Fund activities are anticipated at \$969,350 with expenses of \$912,380 planned for the operation of the water purification and distribution systems. In addition to funding the normal operations of the water plant, this year's budget includes \$45,000 in capital expenditures to maintain and repair the water plant facilities.

### **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 Town of Atlantic Beach's fund balance at June 30, 2004 (the last audited figures available) was 46.68% of General Fund expenditures and 56.83% of all governmental fund expenditures. The Town's General Fund Balance percentage at June 30, 2005 is estimated to be 46.9% of General Fund expenditures and 51.2% of all governmental fund expenditures.

While the FY 2005-06 Budget reflects no increase in the ad valorem property tax rate of .23/\$100 valuation, the proposed General Fund budget does reflect an appropriation of Fund Balance estimated at \$475,961. This is estimated to bring the General Fund Balance to 35.0% of General Fund expenditures at June 30, 2006. Fund balances available for use by the Town and the General Fund at June 30, 2006 will be increased due to the Circle Infrastructure revenue which is accounted for in a reserve fund. While this revenue is not typical operating revenue of the Town, it will increase the available governmental fund balances to an estimated 71.7% at June 30, 2006. The purpose of maintaining these reserves is to have the ability to withstand periods of revenue and expense inequity

and still provide the services demanded by the Town's citizens. The Town staff is committed to delivering these services in the most cost effective manner possible and reserving funds wherever practical.

## **Conclusion**

It is the mission 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 vision and policy setting actions of the Mayor and Town Council we strive to accomplish this each day. The proposed budget is a financial plan that realistically defines the financial structure to meet those objectives. The support of the citizens of Atlantic Beach, the Mayor and all the five Town Council members is greatly appreciated. The staff and I look forward to working with you in achieving these goals.